

**U.S. Physical Therapy, Inc.
ESG Report
2024**

Introduction

U.S. Physical Therapy, Inc. (“USPH” or the “Company”) is one of the largest publicly traded, pure-play operators of outpatient physical and occupational therapy clinics, operating more than 750 clinics in 43 states through its majority-owned subsidiaries. In addition, USPH owns other subsidiaries which operate a robust industrial injury prevention business, providing services to hundreds of companies to help them foster a culture of safety and wellness for their respective employees.

The rehabilitation clinics provide pre- and post-operative care for a variety of musculoskeletal conditions and sports-related injuries, as well as rehabilitation of injured workers. USPH subsidiaries also manage physical therapy facilities for third parties, including physician groups and hospitals. Most of USPH subsidiaries’ clinics are directed by licensed physical therapist partners who oversee the business and clinical operations of the facility.

USPH has grown its business through a combination of de novo development and strategic acquisitions. The strategic acquisitions have accelerated the Company’s growth, and typically are structured with significant ownership retained by the practice owners and founders, who remain with the business. A core tenant of our ability to grow is achieved by empowering clinic leaders to maintain their operations with decision making power and lasting connections with patients and employees and communities.

Company Structure

We believe that healthcare services generally, and our services specifically, should be accessible and driven by a community-oriented approach. The best organizational leaders are those that come from the communities they live in and serve. Our operating structure reflects this strongly-held point of view, as mostly all of our healthcare services are performed within separate subsidiary provider entities that operate in specific local communities, and which are owned partly by clinicians who reside in the local community.

USPH serves as the parent-level holding company for more than 150 subsidiary entities, and it is these subsidiaries that perform the patient care and other services to clients (hereinafter collectively referred to as “Subsidiary Partnerships”). Most of these Subsidiary Partnerships have minority owners who are active in the management and operation of the local health care services operations, with USPH serving as the majority owner and providing management and operational guidance and a wide variety of support services. Day-to-day operational decisions for these Subsidiary Partnerships are made locally, under a governance structure that includes the local partners. As a result of this operating and governance structure, business operations vary among our Subsidiary Partnerships. While legal and healthcare compliance is mandated by USPH and is applied and complied with on a uniform basis among these Subsidiary Partnerships, hiring decisions, career development opportunities, charitable and philanthropic endeavors, and many other day-to-day decisions are determined by these local partners.

Our operating model has proven to be very successful in fostering great patient care and providing opportunities for our staff to make a difference in the lives of millions of patients. In this Report, depending on the nature of the specific information, we report on our parent company (USPH) and our Subsidiary Partnerships separately, and/or on an aggregated basis, as applicable.

About this Report

USPH is proud to release its third annual publication regarding the initiatives, practices and programs across the organization pertaining to environmental, social and governance (“ESG”) risk management and oversight. This report is guided by the Sustainability Accounting Standards Board (SASB) standards for Health Care Delivery. This report is also aligned to the United Nations Sustainable Development Goals (UN SDGs) to capture sustainability priorities for our broader stakeholder landscape. This document contains information through June 30, 2024, unless otherwise noted.

In this Report, we highlight a number of initiatives and processes underway during 2024 and into 2025 as part of our ESG journey, which we see as a reflection of USPH’s overall mission and strategy. Our values and culture emanate from a care-driven, patient-focused purpose to serve people in their everyday lives by helping them to achieve health and wellness and to return to the activities they love.

This Report contains forward-looking statements regarding our future business expectations and objectives and our environmental, social and governance goals, which involve risks and uncertainties. Actual results may differ materially from the results anticipated depending on a variety of important factors, including without limitation the risks detailed in our filings with the U.S. Securities and Exchange Commission. In relation to this Report, we are (wholly or in part) reliant on public sources of information and information provided by our own suppliers and business partners.

Relevance of ESG to Our Business

Our review and evaluation of ESG is based on our assessment of those environmental, social and governance factors that are relevant to our business. Through our Subsidiary Partnerships, we provide patient care services primarily in freestanding outpatient physical therapy settings, and we also provide onsite injury prevention and rehabilitation, performance optimization, post-offer employment testing, functional capacity evaluations and ergonomic assessments on behalf of third-party employers. As a services company in healthcare, our Subsidiary Partnerships are highly regulated at the federal and state level, and we are subject to a variety of healthcare-specific laws concerning patient privacy, government payment policies, and other regulatory and compliance matters. We lease all of the spaces where we operate, including clinics and our corporate offices. We do not manufacture products. Most of our services are performed “person to person” in direct contact with our patients and clients.

As a result, our approach to ESG focuses on protecting, sustaining, and caring for our most important assets – our employees and our patients. These stakeholders are key to the success of our organization. Recruiting and retaining skilled workers has a significant impact on our ability to conduct business. Building an organizational culture that promotes inclusion, training, continued learning and autonomy is pertinent to our ability to retain top talent. Human capital

management, relational interaction and development of ability is at the forefront of our culture and our strategy.

As of September 30, 2024, our Subsidiary Partnerships employed more than 2,900 full and part-time licensed physical therapists, occupational therapists and physical and occupational therapist assistants, and more than 3,800 therapy aides/technicians and other administrative staff. These clinicians work within partnership structures where the leadership, culture and clinical excellence is led by local, licensed, owner-clinicians. These partnerships are supported by regional management and our corporate and internal support structure, whose purpose is to provide the necessary support and services so that our clinicians and partnership organizations can focus on their core competency – taking care of patients. These support functions are vast, and include compliance, managed care contracting, revenue cycle management, information technology, clinic development, legal support, human resources and support for other back-office areas.

As a public company, we are also committed to operating with transparent and responsive governance policies and practices that serve the long-term interests of the Company and our stakeholders.

Although the physical locations from which we operate are leased from third parties, we are committed to exploring practical opportunities with the managers of our leased spaces to engage in energy and waste management strategies that will positively impact our environment. Over the past few years our operations have become more efficient with respect to travel. Routinely we now use established video conferencing tools like Zoom and Teams to conduct meetings rather than asking people to fly to do face-to-face meetings which, while necessary for some considerations, can be augmented effectively with these well-established tools.

Building a Resilient and Engaged Workforce

As of September 30, 2024, we employed a total of 7,032 people nationwide working for USPH and its Subsidiary Partnerships, including 3,988 full-time employees. A total of 295 of these employees work within the USPH corporate support group, and the remaining 6,737 of these employees work within the Subsidiary Partnerships. During 2023, our clinics performed more than 5 Million patient visits and, during 2024 we performed more than 5.3 Million patient visits, making a profound impact on the health and well-being of millions of patients.

The following information is consistent with UNSDG Standard 8: Decent Work and Economic Growth – promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Human Capital Management

As of September 30, 2024, USPH and the Subsidiary Partnerships employed a total of 7,032 employees nationwide, including 3,988 full-time employees. As of the end of 2023, our total employee count was 6,372. Our Subsidiary Partnerships have more than 750 clinics and operate in 43 states. Approximately 43% of this workforce work part-time and enjoy the flexibility that provides them and their families.

Employee Recruitment, Development, & Retention (HC-DY-330a.2)

Our Subsidiary Partnerships' continued ability to provide superior, high-quality, patient care services depends on our ability attract, develop and retain clinicians who are qualified, thoughtful, and highly engaged. We strive to attract and retain exceptional people by providing access to extensive resources and career development opportunities, investing in our people to aid in their development and skill-building as they grow their careers at USPH. We offer established and highly regarded leadership, operations, sales and cultural enhancement programs that we broadly refer to as "Masters Institute." Further, we fund and encourage employees to broaden their abilities through a myriad of nationally recognized educational and specialty clinical training, mentorship and fellowship training programs. Internally we deploy certain updates to patient care, coding, compliance and related continuously evolving areas through webinars and an internal learning management platform, all of which are important to support our growing workforce.

Recruitment

We stay closely connected to the communities where we operate, not only because it is our responsibility as a corporation, but it is also a key tool used to recruit top talent. Across our operations, recruitment begins at the local level, as our partners and local leaders are embedded within the local communities they serve. Our Subsidiary Partnerships' local brand awareness and strong community ties enable our clinics to attract quality local candidates. Further recruiting support is provided from our Houston-based support services group, which coordinates these efforts with the local partners.

Many of our Subsidiary Partnerships also have established Clinical Affiliation Agreements with local colleges and universities. Across the country, we currently have relationships with approximately 215 accredited universities. Through these arrangements, aspiring physical therapists are able to obtain practical clinical experience working side by side with our experienced licensed staff, as they pursue their Doctor of Physical Therapy Degree. USPH provides support to university athletics and educational programs in many ways including pro-bono coverage in their clinics, mentorships, internships, speaking engagements, teaching assignments and alumni involvement. Some of the universities involved include Baylor University, The University of Michigan, University of Florida, Washington University, Arizona State University, Louisiana State University, and Georgia State University, among others. These arrangements enhance our local recruitment efforts, since many of the participants look to practice in these same local communities upon graduation. For the twelve (12) months ending June 30, 2024, we had 435 interns and professional students participated in the care provided to our patients at our subsidiary partnerships.

Our Subsidiary Partnerships advertise through various means including job boards, college campuses, social, trade and professional websites, community sites and local events. We also partner with local high schools in many of the communities we serve, providing services and mentoring opportunities to high school students who may have interest in pursuing a career in our industry. We encourage partners to utilize every opportunity available within their operating community to get connected with top talent as well as to give back to those communities we serve.

We strive to recruit diverse candidates and are committed to making an impact in increasing diversity of talent in the field of physical therapy, so that our care providers better reflect the

patients and communities we proudly serve. Our internal recruiters and local partnership leaders work with historically black colleges and universities (HBCUs) and use campus recruitment opportunities, as well as word of mouth recruitment through our Partners to enhance diversity in our applicant pools. In 2024, more than 61% of our clinical hires and approximately 70% of all Company hires were diverse by gender, race, or ethnicity. In total, as of September 30, 2024, 60% of our clinicians are female.

Many of our clinics provide services in rural and underserved communities. Our Company is a founding member of the Alliance for Physical Therapy Quality and Innovation (APTQI). Part of APTQI's mission is to further enhance diversity in our profession particularly among under-represented minorities. As such, APTQI has a very active diversity and equity committee as part of the APTQI Board, which is led by our Chief Executive Officer – Chris Reading, who has served as President of APTQI for many years. Under the leadership of Mr. Reading and other physical therapy industry leaders, APTQI has embarked on several initiatives to fund scholarships and awards for HBCU students, as well as promoting the physical therapy profession within historically marginalized or underserved communities. A recent example is a new initiative by APTQI to have its member companies, such as USPH, participate in programs that allow high school students in these underserved communities to observe, shadow and otherwise gain exposure to the field of physical therapy. The goal is to facilitate both awareness and interest, as well as to create an individualized mentorship relationship that will help interested students to pursue the field of physical therapy or other non-licensed careers within the industry and member companies.

Training and Development

We provide multiple opportunities for our Subsidiary Partnerships' employees to grow through our Masters Institute classes, continuing education, annual compliance training, internal leadership development programs, and both formal and informal mentoring initiatives. Our Partnership Subsidiaries have over 2,900 licensed professionals who maintain in good standing with their education requirements.

The Masters Institute has been a foundation of our Company for the past 15 years, the 3-day course is offered four times each year and involves extensive training for our local partners, clinic directors, lead therapists, directors in training, and sales professionals. The program is tailored to equip our Subsidiary Partnership's team members with the necessary tools, knowledge, and skills to excel in leadership roles and contribute to the growth and success of their organizations. Masters Institute participants have the opportunity to learn from USPH Managers and Executives how to run a successful and compliant clinic through unique interactive presentations, role plays, and team-building activities. The program provides the following:

- Management and Operations tools
- Development of strategic growth goals for individual clinics
- Financial and business operations education
- Guidance for managing staff
- Customer service awareness
- Sales and marketing training
- Compliance and legal guidance for staff, clinic, and patient management

Because of our commitment to superior quality and clinical education, our Subsidiary Partnerships provide their licensed professionals with access annually to generous continuing education stipends which are used for outside specialization and other training opportunities. Subsidiary Partnership clinical staff also are able to participate in a variety of internally-developed clinical programs, such as Falls Prevention, Workers Compensation modules, Work Conditioning, and Remote Therapeutic Monitoring, among others. Our Compliance and Clinical Services Department also provide bi-annual and other periodic educational programs to all staff within the Subsidiary Partnerships, through a combination of webinars and an online training platform.

Many of our Subsidiary Partnerships also internally have developed clinical residency programs that allow physical and occupational therapists to further develop their clinical expertise. These programs provide a post-professional clinical and didactic education for physical therapists that is designed to significantly advance the physical therapist preparation as a provider of patient care services in a defined area of clinical practice. It combines opportunities for ongoing clinical supervision and mentoring with a theoretical basis for advanced practice and scientific inquiry.

These programs help our partnerships to attract and retain high-quality therapists in their local communities.

Employee Retention

The Company and its Subsidiary Partnerships offer competitive compensation and benefits packages to their employees, along with the opportunity to work in a partner-centric environment where local leaders are significant owners in the business operations. While the competitive environment for clinical talent continues to be difficult, we believe that our stability, ownership structure and culture are differentiating factors that help us to succeed in retaining our highly skilled employee base.

Our Subsidiary Partnerships provide some other benefits at the local level that contributes to the employee experience such as community outreach initiatives; engagement opportunities with local universities, high schools and other institutions to raise awareness in our industry; employee spotlights internally, externally and through social media to celebrate our employee successes; gym access; mental health support; continuing education and leadership development opportunities; residency program offerings; and even overseas opportunities to assist local practitioners in underserved cultures and areas.

USPH also engaged Gallup to assist in an inaugural employee survey, which was rolled out to the USPH during 2024. The survey tool provides us with invaluable insights into the satisfaction, motivation, and commitment of our workforce. This collaboration underscores our commitment to harnessing Gallup's renowned expertise and comprehensive approach to measuring employee engagement, which will help us gain a deep understanding of our workforce's sentiments and drive meaningful improvements. We are eager to embark on this journey with Gallup and anticipate significant positive changes in our workplace culture, performance and retention.

USPH and its Subsidiary Partnerships work hard to provide a satisfying, quality workplace for their employees to build a career and provide for their families, all while making a difference in the lives of patients in the local communities that they serve. These efforts have resulted in overall retention rates moving in a positive direction. Within our Subsidiary Partnerships, which employ

more than 95% of all employees, the turnover rate has reduced slightly from 39% in 2023 to 28% in 2024 (based on actual numbers through September 30, 2024 annualized). For the same periods, the turnover rate among licensed staff has slightly increased from 24.2% to 25% for 2024 annualized. Turnover for administrative staff within our Subsidiary Partnerships reduced from 50% in 2023 down to 44.5% for 2024 annualized. While some degree of turnover is expected in the ordinary course of business, we and our Subsidiary Partnerships strive to continually make improvements in this area.

Similarly, our Subsidiary Partnerships have worked very hard to fill open positions as they arise, so that our clinics are able to operate at or close to staffing capacities. In 2024 and 2023, our vacancy rate for all employees was 8.3% and 9.8%, respectively. This compares favorably to outpatient physical therapy practices generally, which have historical vacancy rates between 10% and 16%, as reported by the American Physical Therapy Association in its October 2023 Report (*APTA Benchmark Report: Hiring Challenges Continue in Outpatient Physical Therapy Practices, October 2023*). In addition, among licensed staff, our Subsidiary Partnerships had a 13% vacancy rate in 2024 and 2023, which was consistent with industry averages as reported.

Equitable Employment Practices

We are committed to fair and equitable employment practices. At the USPH, parent company level, 69% of all employees are women. USPH's executive level, which is comprised of Vice Presidents and other executives, consists of 27% women; managers and directors are 63% female.

Our Board of Directors also is committed to diversity at the Board level. In 2020, the Board adopted a Diversity Policy, which has at its core the following policy statement:

The Company recognizes and embraces the importance of a diverse Board in its success. The Company believes that a truly diverse Board will leverage differences in thought, perspective, knowledge, regional and industry experience, background, race, age, gender and other distinctions between directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

Our current Board of Directors consists of seven directors, three of whom are female. In fact, our three most recently elected directors all have been female. Our CEO has joined "CEO Action for Diversity & Inclusion" which is the largest CEO-driven community of leaders committed to advancing diversity and inclusion in the workplaces in which they represent.

Our Subsidiary Partnerships make hiring and promoting decisions based solely on qualifications, merit and business needs at the time. We are proud of the diversity we currently have with a workforce that is 69% female, but we know there is still much work to do to better represent racial diversity in the communities in which we live, work and serve. We work with many accredited universities and have targeted recruitment at Historically Black Colleges and Universities (HBCUs) to try and raise awareness and interest in the opportunities that we present. Some of the HBCUs with which our partnerships have affiliation agreements, include Delaware State University, Hampton University, Jackson State University, Tennessee State University, Morgan State University and Florida A&M. We are excited about the opportunity to work with these programs and look forward to partnering with their current students and graduates. Our Subsidiary

Partnerships continue to mentor and provide internship opportunities to current and future students and will continue to offer these programs both for the benefit of students and the positive impacts that enhanced diversity provides for all of USPH’s operations.

Generating Positive Feedback in Local Communities

Reputation Management is an online digital platform that provides a numerical rating to a clinic based on the solicited and unsolicited feedback from patients which is communicated directly by patients over the internet. Throughout 2024 many of our Subsidiary Partnerships started tracking and relying on the patented algorithms behind Reputation Score X™ to provide a reliable index of clinic performance to make targeted business improvements.

As of September 30, 2024, our Subsidiary Partnerships have 573 clinics utilizing Reputation Management with a cumulative Reputation Score X™ of 794. This is a significant increase when compare to our score of 757 last year. Significantly, 480 of these clinics have made it to the coveted “800 club”, which is in the “Excellent” range on the applicable scale. Receiving high ratings on Reputation Management demonstrates a commitment to customer service and can influence patient’ decisions to choose one of our Subsidiary Partnerships’ clinics for their therapy treatments.

2024



We also monitor our clinics’ ratings on Google. Google ratings are based on the volume and nature of the feedback provided over the internet. During the first six months of 2024, our Subsidiary Partnerships ratings and reviews increased by 25% to 9,416, but we maintained our aggregated Google rating of 4.9 stars out of 5.

In 2024, we automated our survey tools and integrated the tool with our EMR system. These recently integrated surveys include a First Impressions Survey and a Net Promoter Score Survey (NPS). Our Subsidiary Partners have an NPS score of 93 for January 2024 through September 2024. The First Impressions Survey asks patients about the ease of the scheduling process, whether they are new to physical therapy, the friendliness of our staff, the explanation of their benefits, and treatment plans. The Net Promoter Score Survey (NPS) asks patients how likely they are to recommend our clinics to a family member or friend. As more of our Subsidiary Partnership clinics participate in these additional survey tools, we will be able to report on the feedback and scores achieved.

Health and Safety

We take safety in our facilities very seriously. We have a robust incident reporting system that we use for all occurrences including our patients, visitors and our employees. In 2024, USPH had 10,166,723 hours worked. During this period, there were minimal workers compensation claims, and all incidents were managed and handled through proper channels. During the first six months of 2024, we continued to experience a very low volume of workers compensation claims. In all, our business operations have been very successfully in minimizing the occurrence of any material incidents affecting our patients, employees or others.

Incident Reporting and Follow Up

USPH has an online incident reporting system for employees to report incidents relating to a patient, a visitor, an employee, or any property damage/theft at the clinic. Follow up is conducted by the Compliance Department, Human Resources Department and/or Legal Department, depending on the nature of the matter. The Company's Compliance Committee of its Board of Directors reviews quarterly such reported incidents, providing input and guidance to the Company regarding its program and efforts to minimize and mitigate any such reported incidents.

Reporting on health and safety programs and performance

The Company maintains a Risk Management Committee which meets quarterly to review incidents and to identify trends and strategies to reduce incidents. The Committee consists of leaders from operations, clinical services, human resources and legal. The Committee also makes recommendations to Company leadership on areas of concern or initiatives that should be considered to promote health and safety. Incident Reporting trends are reported by the Committee to the Company's Board of Directors on a quarterly basis.

The Company has implemented a number of policies which are focused on ensuring the health and safety of employees and patients. These various policies include:

Emergency Preparedness Policies & Procedures - The Company's uses a comprehensive approach to ensure that clinic staff have planned and prepared to meet the health, safety and security needs of all staff, patients, visitors, the facility, and the community during and after an emergency or disaster situation. Emergency Preparedness policies and procedures comply with all applicable emergency preparedness requirements and are reviewed on an annual basis and updated as necessary.

Emergency Preparedness Program – This program has been developed and implemented at each clinic to ensure adequate planning for both natural, facility based, and man-made disasters as well as potential hazardous materials events.

Hazard and Vulnerability Assessment - The Company utilizes a Hazard and Vulnerability Assessment Tool that follows an "All Hazards" approach to identify and address facility and community based specific risks for natural hazards, facility-based hazards, man-made hazards, and events related to hazardous materials. The Hazard and Vulnerability Assessment is completed at each clinic on an annual basis to determine the areas of risk. By determining the areas of greatest risk for the clinic and community the Clinic/Facility Director shall ensure that the staff and individuals providing services under

arrangement are aware of the most common types of emergencies, disasters, hazards, or emergent infectious disease threats they may encounter when working at the facility so that they are able to participate in a coordinated emergency plan.

Emergency Preparedness Plan - The Emergency Preparedness Plan (EPP) provides the framework for the Emergency Preparedness Program. Each clinic develops and maintains a clinic/community specific EPP based upon the results of the clinic's "Hazard and Vulnerability Assessment." The EPP assists clinic staff in anticipating and addressing clinic, patients, staff, and community needs and support continuity of business operations. Emergency procedures shall be rehearsed periodically to effectively prepare staff for the management of an emergency or hazardous situation.

Emergency Preparedness Communication Plan - Each clinic maintains an Emergency Preparedness Communication Plan that complies with applicable law. The emergency communication plan provides guidelines, contact information and procedures for how information should be shared during all phases of an unexpected occurrence that requires immediate action.

Preservation of Patient Information - Each clinic has implemented policies, procedures and processes to preserve and protect the confidentiality of and securely maintain patient information stored electronically in the electronic medical record (EMR) system. Each EMR system also has processes in place that provide for the regular and/or continuous secure backups of the information. Patient records stored in paper format are maintained in a manner that protects the information from unnecessary disclosures and damage.

Staff Role during an Emergency or Disaster - All staff have knowledge of emergency procedures. All staff that are present in the clinic at the time of an emergency or disaster are expected to participate in the mitigation of the situation.

Emergency Preparedness Resources - Each clinic has the proper equipment and resources to administer a response in an emergency and disaster. Employees and contractors have been trained to use the equipment and resources, and to know where the equipment is stored and be able to obtain it at the time of an emergency.

Clinic Evacuation Procedures - Each clinic has a procedure for the complete evacuation from the clinic in the event of a fire, natural disaster, national emergency, or other situation that requires it. The evacuation procedure includes the handling of evacuees, the security and removal of essential records/documents, the provision of temporary shelter and when applicable, the continuation of essential services. The procedures are compliant with state and municipal laws and Medicare and other regulatory requirements regarding evacuation procedures. All staff that are present in the facility are expected to participate in mitigating any disaster or emergency.

Clinic Shelter-in-Place Procedures - Each clinic has a plan for sheltering-in-place in the event of a natural disaster, national emergency or other situation that requires it. The shelter-in-place plan shall include criteria used to determine that the patients, visitors, and employees shall shelter-in-place, who has the decision-making authority to determine

when to shelter-in-place, the provision of temporary shelter, the role, and responsibilities of staff, and when applicable, the continuation of essential services. The plan is compliant with state and municipal laws and Medicare and other regulatory requirements regarding sheltering in place procedures.

Emergency Preparedness Training, Testing and Drills - The Company developed and maintains an emergency preparedness training and testing program that is based on the Emergency Preparedness Plan, Hazard Vulnerability Assessment, Emergency Preparedness Policies and Procedures and the Emergency Preparedness Communication Plan. The training and testing program is reviewed annually and updated as needed. Staff participate in Emergency Preparedness Policies and Procedures Training at the time of hire and on an annual basis. In addition, staff demonstrate knowledge of their roles and responsibilities by participating in drills and/or table-top exercises multiple times per year.

Incident Response Strategies - Incident response strategies or Emergency Preparedness Procedures are available to be followed by staff based upon the specific disaster or emergency type. The procedures are based upon information provided by FEMA, the CDC, and the Department of Homeland Security.

Fire Emergency Preparedness Plan - Staff and contractors are trained and test their knowledge and responsiveness through annual fire drills using the incident response strategies. The outlined procedures are based upon information provided by FEMA, the CDC, and the Department of Homeland Security.

Infection Control - All new employees to participate in health and safety training programs that address infection control/bloodborne pathogens and emergency preparedness. These programs are also reviewed on an annual basis.

Serious Reportable Events (HC-DY-250a.2).

The National Quality Forum has identified approximately 70 serious reportable events (SREs). These refer to incidents that can occur related to surgery or procedures, devices, patient protection, care management, environmental factors, radiologic incidents or criminal events. Many of these adverse outcomes are not relevant to our business, while others are of a nature that they could occur in any healthcare setting. For June 30, 2023 and through June 30, 2024, we do not believe that we experienced any SREs in our clinics.

Our Risk Management function is an essential part of our prevention and surveillance program to identify safety risks in our clinics and advance workplace programs in concert with our compliance team to avoid such incidents. Through these efforts, we developed and implemented health and safety policies and protocols in response to the COVID-19 pandemic based on guidance from the Centers for Disease Control and Prevention (CDC), orders from governmental agencies and authorities, and the scientific research regarding SARS-CoV-2 and COVID-19 for application in the USPH work environment.

Patient/Client Health and Safety

At the core of the Company's overall mission is the health and safety of our patients. Our Subsidiary Partnerships are patient-centric, with a focus of caring for patients and returning them

to full function. As compared to other more invasive treatment options, physical therapy treatment services are able to restore patients to full health using a treatment paradigm that:

- is less invasive,
- involves lower overall cost as compared to surgical interventions, injections and imaging, and
- reduces the risk of opioid dependence



In addition, the Company has developed and implemented a falls prevention program to reduce the number of falls sustained by patients and staff, both at home, in the community and in our clinics. Falls are the leading cause of injury among adults 65 years old and older in the United States. Each year over three million older adults are treated in emergency departments for fall injuries and over one million are hospitalized for costly fall-related injuries including fractures and head injuries. Many older adults who fall, but are not injured, develop a fear of falling that limits their mobility, everyday activities, and independence. Each year, the medical cost of falls totaled more than \$50 billion with Medicare and Medicaid programs covering over 75% of these costs. We believe that while falls are common amongst older adults, they are preventable and

physical therapists play a vital role in falls prevention. Our falls prevention program strives to reduce falls in older adults and help them remain healthy, active, and independent. Our multifaceted program includes screening for fall risk, assessment of risk factors, and a treatment program to reduce fear of falling, improve mobility and balance, and recommendations for home modifications to optimize safety and independence. Our falls prevention teams are passionate about reducing falls at their clinic and in their community. These therapists promote awareness, implement falls prevention programs at the clinic and in the community, and work collaboratively with health care professionals and others that are committed to preventing falls in older adults allowing them to stay independent.

Furthermore, during 2023 and 2024, our Subsidiary Partnerships have worked to promote remote therapy monitoring (“RTM”) programs with patients, which are designed to help patients to correctly follow the home exercise programs that are provided to patients during the course of their therapy plan of care, and which generally are an important part of the overall plan of care geared to accomplish a patient’s specific care goals. Getting patients back to full function following an injury or other ailment goes hand-in-hand with patient safety and the ability for patients to safely navigate their everyday lives.

Several of our Subsidiary Partnerships focus their service offerings on providing industrial injury prevention services. These services are provided directly to clients’ employees to help keep those employees safe in the workplace. The services provided by these Subsidiary Partnerships include:

- Safety Management – reducing or eliminating sprains, strains and OSHA recordable injuries by implementing tailored onsite and virtual injury prevention programs for workers
- Occupational Health – improving the health and wellbeing of workers with customized preventative medicine, behavioral health programs and therapeutic exercise
- Ergonomic assessments – improving workforce comfort, productivity and safety with self-help tools, onsite and virtual assessments and training programs
- Employee testing – improving safety and minimizing employee injuries by objectively evaluating employee capability

Prioritizing Patient Care

The following information is consistent with UNSDG Standard 3: Good Health and Well-Being – Ensure healthy lives and promote well-being for all at all ages.

Access for Low-Income Patients

USPH clinicians provide essential services to patients to ensure they feel confident in their mobility and wellbeing. Ensuring that patients have adequate access to care is a key concern for our organization. To assist our patients, our Subsidiary Partnerships participate in federal health plans including Medicare, Tricare, Medicare Advantage, and Medicaid. USPH clinics also provide services to patients with commercial insurance, workers compensation, auto (med-pay) insurance, and patients that pay directly for services (self-pay).

A financial hardship program, patient payment plans, and prompt pay discounts are available for patients that have difficulty paying for services. Where possible, we have implemented programs to ensure our patients can access the care they need.

The financial hardship program provides opportunities for patients with demonstrated financial need to obtain financial relief when such need could have an impact on the patient's ability to receive needed care. Assistance provided through the financial hardship program is made based upon income/expense determinations and pre-determined eligibility requirements. Patients whose household monthly income from all sources is less than 300% of the Federal Poverty Level Guidelines (FPL) are eligible for consideration of financial hardship assistance.

A prompt-pay discount is offered to patients who are uninsured or who choose not to bill their insurance plan for services rendered.

Pricing and Billing Transparency

In order to ensure that all patients are adequately informed about pricing, we provide patients with relevant financial and pricing information during the initial visit leading the provision of any services. Insurance benefits are verified and reviewed with the patient (or guardian). The patient's financial responsibility, including deductible, coinsurance or copay is documented and reviewed with the patient/guardian. If insurance does not pay for a services or product, the patient is provided a written notice in advance detailing to cost of the service or product.

Pricing information for our services is generally not publicly available. Our clinics and business operations teams make certain pricing information available where required by local laws. Pricing is typically subject to local law and payer fee schedules. As indicated above, patients are made aware of applicable pricing information prior to the provision of services.

Fostering Partnerships in Our Communities

Our Subsidiary Partnerships, local partners and staff promote their local brands in their communities to broaden local awareness of the clinics and the services that they provide. We have invested in significant internal resources across our clinical organization, marketing, and public relations and communications function to support these efforts.

USPH's commitment to philanthropy is at the core of our and our Subsidiary Partnerships' organizational values. We firmly believe in giving back to the communities and causes that matter, both on a national and local level. We are proud to support the initiatives of our Subsidiary Partnerships throughout the country. It has always been our belief that our local Partners know their markets and territory best and it is at that local Subsidiary Partnership level where these charitable causes are identified and pursued to make an impact on the lives of others. Across the country, our Subsidiary Partnerships support a variety of charities like Toys for Tots, Walk to End Alzheimer's, Walk MS, Food Drives, Warmth Drives, Special Olympics, The Kinera Foundation, Transplants for Children, Heal the City, 24 Hours in the Canyon, and Nick's Heart of Gold Foundation. While we may have a variety of philanthropic endeavors across the country, together with our partners we are working to build a brighter and more inclusive world for everyone.

Our therapists at our Subsidiary Partnerships have volunteered their services in underserved communities and overseas through various sponsored outreach programs to help those less

fortunate and those markets unfamiliar with the benefits of physical therapy. We are proud of the work our Subsidiary Partnerships and employees have done domestically and internationally.

We are proud of the efforts from our Partners and employees to connect with their communities and develop relationships with local organizations. Some specific examples of the meaningful charitable work performed by three of our Subsidiary Partnerships is as follows:

Momentum Physical Therapy (San Antonio, Texas)

Our Momentum Physical Therapy partnership has participated for many years in a local San Antonio program called Project Hispaniola. The purpose of Project Hispaniola is to provide pro bono medical and physical therapy (PT) services to the agricultural workers and their families living in the bateyes (sugarcane plantations) surrounding La Romana, Dominican Republic (DR).

Project Hispaniola is an established team of medical students and faculty from University of Texas Health and Momentum Physical Therapy who, for many years, have provided medical and physical therapy care to underserved populations in the bateyes surrounding La Romana, DR. The teams travel into the local communities and establish mobile clinics to triage over 500 patients annually of varying diagnoses. Our therapists participate in the physical therapy treatments for these patients, helping to reduce symptoms and facilitate a path toward healing.

STAR Physical Therapy (Tennessee)

Our Star Physical Therapy partnership in Tennessee actively supports a variety of organizations and causes at local, state, and national levels in a concerted and determined effort to give back to those communities. Some examples of their initiatives are as follows:

- Sponsored elementary school reading programs and collected countless books for the Charles Davis Foundation.
- Sponsored numerous community-based youth sports organizations.
- Collected and donated truckloads of shoes for Soles 4 Souls.
- Collected winter coats for the underprivileged in conjunction with the Buena Vista Church of Christ.
- Set up blood drives at Star Physical Therapy clinics in conjunction with the American Red Cross.
- Organized disaster relief efforts for those affected by Hurricane Katrina, Nashville's floods, and the destruction caused by tornadoes and hurricanes throughout the mid-south in recent years.
- An ongoing partnership with the Arthritis Foundation has raised more than \$40,000 for research.
- Ongoing partnerships with the YMCA, Mission Lazarus, Brightstone, LiveBeyond, and Tucker's House.
- Continue to partner with the Siloam Family Health Center and the Mercy Children's Clinic to help provide quality medical care to those in need.

- Past partnerships with Susan G. Komen, Prostate Cancer Foundation, Make A Wish Foundation, Wounded Warrior Project, American Heart Association, Tennessee Association of Chiefs of Police, Tennessee Fire Chiefs Association
- Partnership with St. Jude Children’s Research Hospital to raise funds for the children and families at St. Jude.

Advance Rehabilitation & Consulting (Georgia, Florida, Alabama)

Our Advance partnership in Georgia/Florida/Alabama has participated for many years in a variety of local and national charities to give back to their communities. Some examples of their initiatives include:

- Participated in the Barnabas Center empty bowl event.
- Served residents of Hope House
- Adopted a family for the holidays
- Participated in the NSAT – Senior Advocate Team
- Sponsored Arthritis Foundation Jingle Bell Run
- Contributed items for battered women’s home hygiene kits MUST Ministries
- Sponsored Autism Fun Day by the Muscogee County Sheriff’s Office
- Donated Drawstring Bags to the Columbus Running Club Kids Running Program
- Salvation Army Angel Tree—Advance is the largest donors in Glynn County
- Served local Food Banks
- Penguin Project of Golden Isles
- Brunswick Glyn County Council on Disabilities
- Glynn County Parkinson's Support

In addition to the charitable and philanthropic efforts of our Subsidiary Partnerships as reflected in the above three examples, USPH also maintains and supports a Foundation which our employees, officers and board members have graciously contributed to over the years. Funds from the Foundation are used to assist employees and their families during challenging times. Most recently funds have been used to assist those in need after natural disasters such as the hurricanes that have devastated our employees living near the Gulf of Mexico. USPH also routinely engages in community-based holiday giving programs utilizing trusted community not-for-profit providers to assist children, families and immigrants with necessary food, clothing, furniture and (for children) toys and other gifts to provide love and support to assist them in their time of need. For many years, the Company’s Houston-based headquarters office has “adopted” hundreds of children who are part of the Texas Child Protective Services system and who otherwise might not receive any clothing, toys or other gifts for the holidays.

Patient Privacy, Electronic Health Records and Cybersecurity

As part of the Company’s and our Subsidiary Partnerships’ business, patient personal medical information is obtained, created and documented in a variety of areas. Accordingly, the Company has adopted and trained all of its and its Subsidiary Partnerships’ employees on a variety of the policies and processes to ensure that all such personal health information (“PHI”) and other personal identifiable information (“PII”) is kept confidential. The federal Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for

Economic and Clinical Health Act incorporated in the American Recovery and Reinvestment Act of 2009 (collectively “HIPAA”) requires companies that create and handle PHI and PII to adopt and follow certain specific policies and practices to ensure that this information is kept confidential, is protected from being accessed by third parties, and when shared for appropriate reasons to third party “business associates” is done so with certain contractual protections in place with such third parties.

In order to ensure compliance with these laws, the Company has a robust HIPAA Compliance Training program. All employees are provided training on the applicable HIPAA Privacy and Security policies and procedures using the Company’s online education platform. Annual training and periodic webinars are provided to repeatedly educate and remind employees of the important policies and procedures regarding HIPAA compliance. The Company uses electronic records management platforms that contain the necessary security related measures to protect patient PHI and PII.

Cyber Security

Cybersecurity refers to technologies, processes, and practices designed to protect networks, devices, programs, and data from attack, damage, or unauthorized access. Cybersecurity is an important issue for the Company and its Subsidiary Partnerships and requires secure infrastructures and periodic education for employees in order to maintain secure operating environments.

The Company and the Subsidiary Partnerships have established cybersecurity policies that set forth standards of behavior for activities such as:

- The encryption of sensitive information/attachments sent via email
- Restrictions on the use of social media
- Remote access
- Asset management
- The use of personal devices
- Installation of unauthorized software
- Protection of user passwords
- Use of multi-factor authentication
- Device compliance

Although the Company and the Subsidiary Partnerships employ a variety of infrastructure and systems to protect against cyberattacks and data breaches, the Company continues to work toward employing a consistent, uniform approach amongst its Subsidiary Partnerships, many of which were acquired having legacy systems and infrastructure. Furthermore, since the Company and its Subsidiary Partnerships utilize cloud-based services for file and document storage, email, and other hosted applications, various infrastructure and products are being deployed to safeguard the Company’s and the Subsidiary Partnerships’ network, computer systems, user accounts, passwords, data, and overall access to data. The Company and the Subsidiary Partnerships utilize the “defense in depth” approach to protect their respective networks and systems, using a variety of independent methods. This approach, conceived by the National Security Agency (NSA), is intended to serve as a comprehensive approach to cyber security.

The variety of infrastructure and system defenses that are employed by the Company and the Subsidiary Partnerships in their respective operating environments include

- (i) controls over the purchase and deployment of computer equipment to ensure appropriate software and operating systems;
- (ii) processes to ensure that computer equipment and access is limited to active employees only, and that the equipment and credentials of departing employees are collected and terminated timely, along with regular audits to confirm compliance;
- (iii) system monitoring to ensure that software updates and security patches are deployed as necessary in a timely manner; and
- (iv) infrastructure hardware and software protocols to provide firewalls, intrusion detection, malware protection, anti-virus, anti-phishing and similar protections.

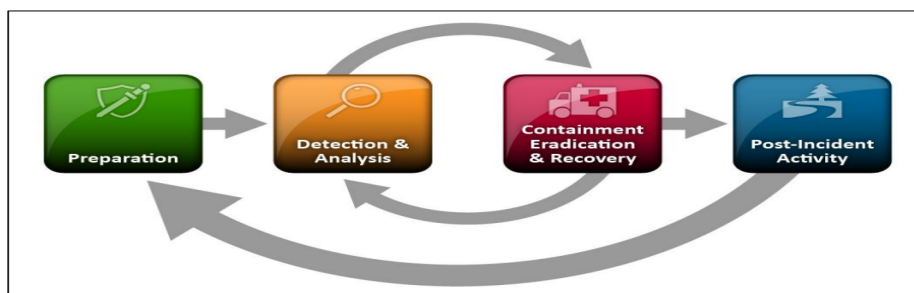
The Company is committed to maintaining best practices information security policies and procedures in order to safeguard and protect patient PHI and PII against unauthorized incursions and hacking. The Compliance Committee of the Board of Directors has the responsibility to oversee this area of the Company's operations, and to that end each of the directors on the Compliance Committee are participating in the Diligent Cyber Risk and Strategy Certification Program, which teaches cyber literacy for corporate directors to effectively govern significant enterprise-wide cyber risks and have meaningful conversations with management.

Cyber Incident Response Plan

The Company also has developed an Incident Response Plan (IRP) to govern and guide responses to physical, privacy, financial, or data security incidents and emergency events in accordance with Federal and State privacy laws. The ability to react to an incident or system compromise depends first upon the ability of the employees to recognize the event and to report appropriately; and second upon the Incident Response Team's preparation and coordination of the response.

The primary purpose of the IRP is to facilitate an effective response when an incident is identified and reported. The IRP will evolve over time and will house specific templates that will be used in managing and communicating the response to an incident. While the response to an incident must adapt to the size, scope, and severity of the incident, the Company intends to address each incident according to this IRP.

The Scope of the Incident Response Plan extends to all of the Company's and the Subsidiary Partnerships' systems, enterprise data and the people and devices that access these systems or data. The IRP's incident response process consists of four phases:



- Preparation Phase: In this phase, the Company establishes the controls, processes and materials that it will use and make available to manage incidents in an effective and timely manner.
- Detection and Analysis Phase: In this phase, the Company assesses a suspected incident to determine the extent or additional investigation. Then, for actual incidents, determining the materiality and scope of an incident with internal and external counsel to ensure proper steps to preserve confidentiality and evidence that may be involved in the matter.
- Containment, Eradication and Recovery Phase: In this phase, the IT teams development a strategy to best reduce the impact and/or risk consequences from an incident, depending upon the particular circumstances. Internal and outside technical resources are leveraged to determine extent of any breach or exposure. The legal and IT team determine whether the incident warrants the notification of external parties, including regulators, law enforcement, client's and/or affected individuals. The response team then coordinates the remediation efforts to ensure all vulnerabilities identified with the incident are resolved. Finally, the team develops a methodology to restore the information system to its normal operations and validate the eradication and recovery.
- Post-Incident Activity Phase: In this phase, the Incident Response Team documents the circumstances surrounding the incident, reviews the “lessons learned” from the incident, and considers any gaps and necessary modifications to the existing security policies. The Incident Response Team communicates these findings to appropriate senior leadership as warranted.

Environmental Risk Management

Our Subsidiary Partnerships own and operate approximately 750 outpatient physical therapy clinics, performing their patient care services at locations that are leased from third-party landlords. In our industrial injury prevention segment, those services are performed at employer locations or at other third-party locations. As a result, neither we nor our Subsidiary Partnerships have centralized management of electric, gas or water utility use in these clinics or in other third-party locations. Recycling services are also localized. As a healthcare services company which leases virtually all of its premises, our business is not significantly or uniquely exposed to the impacts of climate-related risks.

All of our clinics abide by all local and federal laws pertaining to environmental risk and regulation for all physical spaces we occupy. In addition, all of our outpatient therapy clinics comply with the CMS Emergency Preparedness Rule (implemented in 2018). The Emergency Preparedness Rule requires our clinics to develop and maintain a comprehensive emergency preparedness program that contains the following: an Emergency Plan, Emergency Preparedness Policies and Procedures, a Communications Plan, and an Emergency Preparedness Training and Testing Program.

The program is based on an individualized risk assessment that focuses on capacities and capabilities that are critical to preparedness for a full spectrum of emergencies or disasters, including man-made emergencies and natural disasters. This all-hazards approach is specific to each clinic and considers the particular type of hazards most likely to occur in their areas.

Upon implementation of the emergency preparedness plan, clinic staff are prepared to meet the health and safety needs of patients, visitors and employees during an emergency or disaster situation.

Approximately 30% of our Subsidiary Partnerships' clinics are Certified Rehabilitation Agencies, and one of the applicable Conditions of Participation requires compliance with the Emergency Preparedness Rule; the remaining approximately 70% of our Subsidiary Partnerships' clinics participate in the Medicare Program as private practices, but nonetheless voluntarily comply with the Emergency Preparedness Rule.

Governance and Business Ethics

Enterprise Compliance.

The Company is committed to a strong corporate culture that promotes the highest standards of ethics and compliance for our business and has a Code of Business Conduct and Ethics that sets forth principles to guide employee, officer and director conduct.

- We operate in a highly regulated industry, governed by federal and state regulations regarding patient privacy, reimbursement, conflicts of interest, and many other federal, state and local regulations.
- We maintain a robust compliance function to ensure compliance with applicable healthcare regulations. Examples of processes and personnel to support this include:
- A Chief Compliance Officer, who reports directly to our CEO, as well as to the Compliance Committee of our Board of Directors.
- We have demonstrated our commitment to regulatory compliance by having a large and robust compliance department
- Maintenance of a whistle-blower policy providing for confidential reporting of any suspected violations of policies
- An appropriate level of resources, including internal auditors and clinical services personnel, who regularly review our clinics billing and coding practices to help to ensure company-wide compliance.
- Externally monitored employee hotline which is anonymous and available on a 24/7 basis to all of our employees to report any ethical or other concern or issue
- We recently adopted a Clawback Policy that would require our executives to disgorge financial metric driven incentives and bonus payments in the event we restate our financial statements on which any such awards were made.
- We recently updated our Code of Conduct for Employees and Officers.

Corporate Governance

USPH's Board of Directors is currently comprised of 7 members. Six of our directors are deemed independent directors under applicable SEC regulations.

- None of our independent directors has a familial, direct or indirect material relationship with the Company.
- Our directors serve one-year terms and are elected each year at our annual meeting of shareholders.
- We have Corporate Governance Guidelines which provide that a director (or prospective director) who has attained the age of 78 should not be nominated nor stand for election to the Board
- The current gender makeup of our Board of Directors is 42.8% female, consisting of three Directors.
- From a diversity perspective, one of our directors is represented by non-Caucasian ethnicities.
- Four standing committees serve the Board: Audit, Compensation, Nominating and Governance, and Compliance. Each committee's charter is available on our Corporate Governance section of our investor relations website, along with our Corporate Governance Guidelines.

The following information is as of December 31, 2024:

Board Composition	Disclosure
Age of Directors	
Average Age	67
Gender Diversity	
% Female	42.8%
Male	4
Female	3
Ethnic/Racial Diversity	
% Diverse	14.3%
Ethnic/Racial	1
Tenure	
Average tenure	12
Independence	
% Independent	85%
Independent	6
Non-Independent	1

Best Practices	
Overboarding limits	Yes
Continuing education for directors and orientating for new directors	Yes
Mandatory retirement age	Yes
Shareholder engagement program	Yes
Board oversight of ESG	Yes
Independence	
Separate CEO and Chair role	No
Standing board committee membership independence	100%
Accountability	
Annual election of all directors	Yes
Director resignation policy	Yes
Annual board and committee self-evaluation	Yes
Annual evaluation of CEO by independent directors	Yes
Clawback Policy	Yes
Shareholder Rights	
Proxy access	Yes
Shareholder right to call special meeting	Yes
Shareholder right to act by written consent	Yes
No poison pill	Yes
One-share, one-vote	Yes