

U.S. Physical Therapy, Inc.

AI Governance Policy

Dated: March 27, 2026

I. Purpose

U.S. Physical Therapy, Inc. (the “Company”) has adopted this policy to provide a framework for the safe, ethical, and lawful use of artificial intelligence (“AI”) in business operations. The Company is committed to delivering high-quality patient care while responsibly leveraging modern technologies.

This Policy establishes requirements for the evaluation, approval, and use of AI systems to ensure compliance with applicable laws, including healthcare privacy regulations, and alignment with Company standards.

II. AI Governance

The Company has designated representatives from Information Technology (IT), Legal, and Compliance (the “AI Governance Team”) to:

- Evaluate and approve AI tools and vendors prior to use
- Assess risks associated with AI systems
- Oversee implementation and ongoing use
- Ensure compliance with applicable laws, regulations, and Company policies

No AI system may be used for Company business unless it has been reviewed and approved by the AI Governance Team.

III. Data Privacy and Confidentiality

The Company is committed to protecting sensitive information, including Protected Health Information (PHI).

Employees must:

- Not input PHI, patient data, or other confidential information into AI systems unless the tool has been explicitly approved as compliant with applicable privacy laws (e.g., HIPAA)
- Use only Company-approved AI tools that meet security and data protection standards
- Follow all existing Company data privacy, security, and confidentiality policies

Improper disclosure of sensitive data through AI systems may result in disciplinary action.

IV. Transparency, Oversight, and Accountability

AI tools are intended to assist—not replace—human judgment.

- Employees remain responsible for all work product generated with AI
- Outputs must be reviewed for accuracy, completeness, and appropriateness before use
- Use of AI does not reduce or eliminate professional, ethical, or legal responsibilities
- Where appropriate, employees should disclose the use of AI in producing work outputs

V. Security and Safety

AI systems may introduce unique cybersecurity risks.

Employees must:

- Use only secure, Company-approved platforms
- Report any suspected data exposure, system vulnerability, or misuse immediately in

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- accordance with incident response procedures
- Avoid uploading sensitive Company data into unapproved systems

VI. Fairness and Bias Mitigation

The Company is committed to using AI in a fair and unbiased manner.

Employees must:

- Review AI outputs for potential bias, discrimination, or inappropriate content
- Avoid prompts or uses that could lead to unfair or discriminatory outcomes
- Escalate concerns regarding biased or harmful outputs to the AI Governance Team

VII. Risk-Based Use of AI

AI use should be evaluated based on risk level:

- Low Risk: Administrative tasks (e.g., drafting emails, summaries)
- Moderate Risk: Internal analysis or decision support
- High Risk: Patient-related, clinical, or regulatory-impacting use

High-risk use cases require additional review and explicit approval prior to use.

VIII. Acceptable and Prohibited Use

Employees may:

- Use AI for authorized, Company-related activities
- Use only Company-approved accounts and tools
- Use AI in compliance with this Policy and other Company policies

Employees may NOT:

- Input PHI, confidential, or proprietary data into unapproved AI systems
- Use AI to make clinical decisions without appropriate validation and oversight
- Use AI to generate misleading, fraudulent, or inappropriate content
- Bypass Company approval processes for AI tools or integrations

IX. Training and Compliance

Employees using AI tools may be required to complete training on responsible AI use.

Failure to comply with this Policy may result in disciplinary action, up to and including termination.

X. Policy Review

This Policy will be reviewed periodically and updated as necessary to reflect evolving legal, regulatory, and technological developments.