



2023

Ensign Group

ESG Report



About this report

This report covers the independent operating entities affiliated with The Ensign Group throughout the United States. All data provided is for 2023, 2022 and 2021, unless otherwise noted.

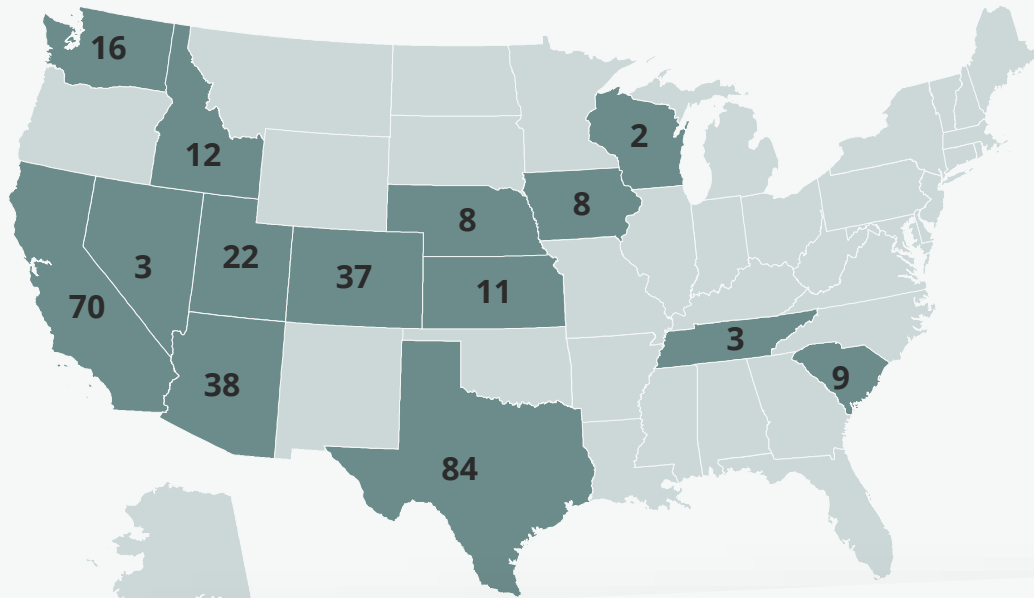
While we have worked diligently to ensure the accuracy of all the data presented here, and believe this report is a fair and transparent statement about our ESG performance, the data has not been audited or externally assured.

During this presentation we may reference operations in any or all of the skilled and senior living operations and other businesses operated by our subsidiaries. Each such business is operated as a separate, wholly-owned independent operating subsidiary that has its own management, employees and assets. References in the presentation to the consolidated "Company" and "its" assets and activities, as well as the use of the terms "we," "us," "our," and similar verbiage are not meant to imply that The Ensign Group, Inc. has direct operating assets, employees or revenue, or that any of the operations, the Service Center, Standard Bearer Healthcare REIT, Inc., or the captive insurance subsidiary are operated by the same entity.



Where we operate

National presence



323 Total Operations

282 Skilled Nursing Operations

30 Campus Operations

122 Real Estate Properties

14 States

In 2024, we expanded into Tennessee.

Data is as of October 1, 2024.



Who we are

And our impact

14

States that we operate in

323

Business operations

30,000+

Residents cared for daily

48,000+

Team members and partners

Since 1999, the independent operating subsidiaries of The Ensign Group (NASDAQ: ENSG) have provided a broad spectrum of skilled nursing and senior living services, physical, occupational and speech therapies and other rehabilitative and healthcare services at multiple locations in Arizona, California, Colorado, Idaho, Iowa, Kansas, Nebraska, Nevada, South Carolina, Texas, Tennessee, Utah, Washington and Wisconsin.



Data is as of October 1, 2024.



Our focus



● Skilled nursing

We provide short and long-term nursing care services for patients with chronic conditions, prolonged illness, and the elderly. We use interdisciplinary teams of experienced medical professionals to provide services prescribed by physicians. These medical professionals provide individualized comprehensive nursing care to our short-stay and long-stay patients.



● Senior living

Whether you are looking to simplify your life in an independent living environment or need a little assistance with day-to-day tasks in our senior living, Ensign affiliated communities offer a range of lifestyle options so you can live the way you want to live.

● Ancillary services

We have invested in and are exploring new business lines that are complementary to our existing skilled nursing services and senior living services. These ancillary business lines consist of mobile diagnostics, dialysis, pharmacies and patient transportation to people in their home or at long-term care facilities.

● Standard Bearer

Our captive real estate investment trust (REIT) owns and manages our real estate business. The REIT structure allows us to better demonstrate the growing value of our owned real estate and provides us with an efficient vehicle for future acquisitions.



Letter from our ESG Committee

Since 1999, our mission of dignifying post-acute care in the eyes of the world through moments of truth has permeated every aspect of our organization. We would not have been able to serve who we have served over the last 25 years without prioritizing our commitment to our people, our residents' health and safety and the impact that our operations have on the environment.

Our ESG journey began from the moment we opened our first facility in 1999. Since, we have expanded to 323 operations, most of which are underperforming skilled nursing facilities that we have turned around. Our mean score on the Five-Star Quality Rating System, a national tool that ranks skilled nursing facilities, is 3.3, which exceeds the national average score of 2.9.

In 2008, Elevate Charities was formed as a public charity dedicated to elevating the condition and quality of life for members and participants of the senior healthcare community – employees, caregivers, family members, patients, and residents. Through three unique programs (Helping Our Heritage Program, Helping Our Heritage Scholarship Program & The Emergency Fund), Elevate Charities supports local communities and affiliated organizations in caring for those in need.

In 2019, we began publishing sustainability reporting and in 2021, we formed our ESG Committee. In 2023 and since, the momentum has continued as our ESG Committee has taken further steps to strengthen our commitment. Our ESG Committee has expanded to include the highest-level leaders in our organization from construction, legal, operations, clinical, compliance, accounting, reporting and more.

On the environmental front, our enterprise risk management program adopted the TCFD framework related to climate risk. We've taken steps to build a foundation for data collection all while deploying case studies at several facilities to evaluate sustainability offerings. For our people, we have focused on increasing the availability of training through our online learning system. We have seen continued reductions in the use of nursing agency as we have focused on being Customer Second. For our residents, we have continued to strengthen the clinical systems that make our operations a provider of choice. From a governance standpoint, the Board of Directors selected a Lead Independent Director and all ESG related efforts are now monitored by the Nominating and Corporate Governance Committee.

We are excited to show our progress, but we know that there is still a ton to do on all fronts as we continually evaluate our initiatives.





Our ESG Measures

The operation of skilled nursing and senior living facilities requires many highly skilled healthcare professionals and support staff. Our employees are the heart of the operations they serve, and we are committed to their health, professional development and workplace satisfaction. Our core values guide us in our decision making and inspire us to be better people.

C

Customer Second How we see people matters much more than what we say to them. We are a flat organization with the focus of empowering people to do the right thing.

A

Accountability Taking responsibility for results is the essence of accountability. We highlight peer accountability in our “cluster model”, a core organizational structure in which a small group of peers huddle together to celebrate wins and fix shortfalls.

P

Passion for Learning We are a leadership development company where everyone has the opportunity to be a leader. We learn how to improve in our individual roles, we learn how to partner with our interdisciplinary teams, and we learn about our culture to enhance and achieve the mission of our organization.

L

Love One Another We do not see our people as objects, but as individuals who have needs, hopes, and dreams. We focus on caring for each other as a family.

I

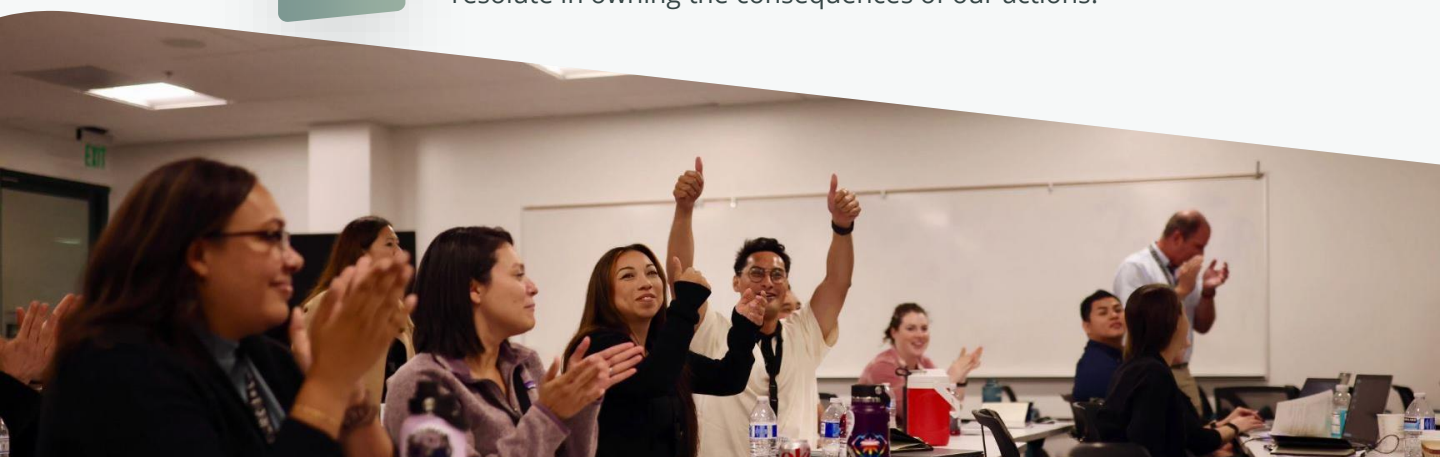
Intelligent Risk Taking We have a field-driven model where the organization is not directed by a corporate office, but by each affiliated leader placed in the operations we serve. These leaders take measured and intelligent risks. Most companies aren’t willing to take that risk.

C

Celebration We celebrate by recognizing those individuals who are creating Moments of Truth for those we serve.

O

Ownership Ownership is a mentality, and our team takes ownership in everything we do from solving problems to being resolute in owning the consequences of our actions.





2023 ESG Highlights

Board Oversight

The Board of Director's Nominating and Governance Committee monitors ESG efforts.

Environmental Management Team

Created the EMT as part of our ESG committee with a focus on managing climate-related risks and creating and implementing our environmental policy.

Sustainability Case Studies

Case studies performed at Heritage Park and Villas at Sunny Acres.



Adopted the Task Force on Climate-related Financial Disclosure framework.

Quality Management Systems

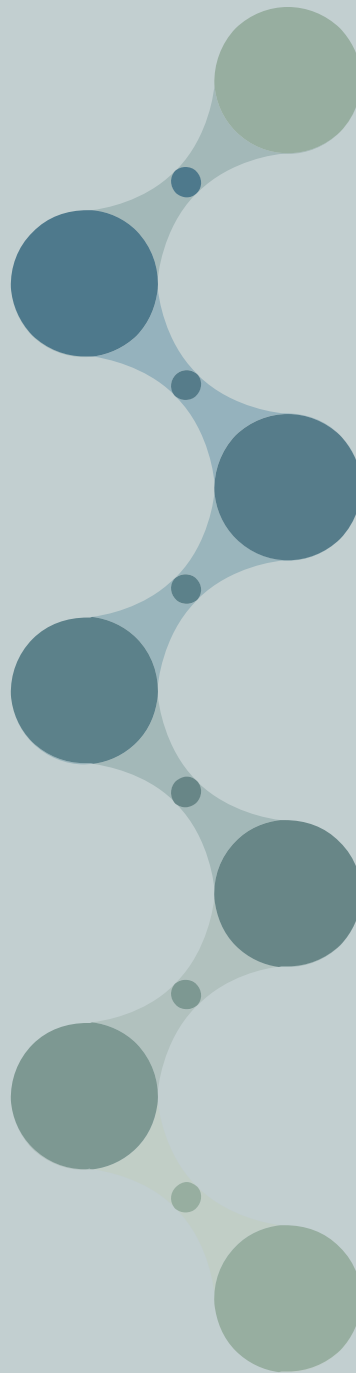
Additional disclosure is provided for our systems.

Clinical Quality

Continue to refine our quality management system to deliver quality care and results.

Lead Independent Director

The Board of Directors appointed Barry M. Smith as its lead independent director.





Kenosha Assisted Living - Wisconsin

Environmental

Balancing sustainability to improve resident quality of life and safety



Sea Cliff Healthcare Center - California



Environmental Management Team

We strive to reduce our environmental impact through initiatives to modernize our facilities, conserve water, optimize waste, work towards a paperless office and partner with green vendors. Our ongoing and planned facility modernization initiatives include solar projects, heating, ventilation and air condition (HVAC) upgrades, water systems updates, lighting retrofits and utility upgrades. Additionally, we track and evaluate the utilities used by our facilities to drive our initiatives. For the year ended December 31, 2023, we spent \$106.2 million on purchases of property improvements and equipment which included facility modernization initiatives.

Risk Management and Strategy

We identify and assess environmental risk to the organization by:

- Conducting assessments of transition risks, which are risks related to the transition to a lower-carbon economy, and physical risks, which are risks related to the physical impacts of climate change.
- Identifying climate-related opportunities, which includes programs to reduce electricity usage and carbon emissions at our independent subsidiaries.
- Identifying the potential financial impact of transition risks, physical risks and climate-related opportunities.
- Developing and implementing our strategy, which focuses on monitoring environmental policy and on-going developments, ensuring community resiliency, evaluating usage of energy management systems and tools, building operational and emergency response systems, performing hazard vulnerability assessments and tracking and responding to developing natural disasters.

Governance

Ensign's environmental management team (EMT) is part of our ESG Committee. The EMT is led by the Service Center's leadership team members including Construction and Asset Development as well as its Executive Management. The EMT is responsible for:

- Implementation and continuous execution of our environment management system and policy.
- Development of the Company's environmental management policy.
- Identification of climate related risks under the Task Force on Climate-Related Financial Disclosures framework.
- Providing structure and support to our independent subsidiaries that are led by local operators to make decisions on their capital expenditure projects at their facilities. The team advises our local field operators on best practices and identifies opportunities for them to assess priorities of projects that may be chosen to be executed.
- Overseeing environmental programs which include the evaluation and installation of LED lighting, solar panel, improved doors and insulation, automated HVAC controls and thermal efficiency projects related to micro-turbine, demand control ventilation.
- Development of target goals for reduction of carbon emissions, savings and ENERGY STAR scores.
- Tracking and monitoring of currently available environmental metrics such as utility usage and development of an energy management system that tracks greenhouse gas emissions and more.
- Preparing for applicable environmental audits in the future.





Facility Usage Key Metrics

	2023	2022	2021	2023 Change over 2022	2023 Change over 2021
Electricity (kWh)	700,045	737,397	726,050	-5.1%	-3.6%
Natural Gas (therms)	21,056	21,560	24,075	-2.3%	-4.6%
Water (kGal)	4,466	4,419	4,375	1.0%	2.1%
Total Waste including Recycling (tonnage)	76.5	93.5	98.7	-18.2%	-22.5%
Recycling Waste (tonnage)	41.7	41.5	41.8	0.6%	-0.1%
Recycling as a % of total	54.5%	44.4%	42.4%	+10.1%	+12.2%

Over 10,000 tons of waste diverted from landfills between 2021 to 2023

Amounts calculated above are based on the average number of facilities in a month. We believe it is meaningful to look at the average data by facility due to our expansion activity. For example, from January 1, 2022 to December 31, 2023, we expanded our operations by 66 facilities. Information is sourced from the facilities' utility invoices provided by various utility vendors.

Total waste and recycling waste are new key metrics in this report. Information is sourced from facilities' utility invoices provided by waste management vendors. Note that total waste and recycling waste does not include hazardous materials. We are committed to the safe handling of hazardous waste and biosafety. Our team members are required to train on policies and procedures that we have in place to safeguard hazardous waste. Additionally, we utilize reputable third-party vendors to handle our hazardous waste.



Case study

The Villas at Sunny Acres in Colorado

The Villas at Sunny Acres is a large campus located in Thornton, Colorado with 160 skilled nursing beds and 339 senior living units across its various buildings. One of the facility's buildings underwent a renovation project to improve patient care and safety and to make it a more sustainable building.

The renovation project was built on a system that included the following components:

- LED Lighting – Older fluorescent lamps were replaced with LED lighting. LED light is a top priority for the Company as it has been shown to have a significant impact on patient safety and quality of living.
- Combined Heat and Power (CHP) systems. The CHPs are natural gas fired and requires no external power source to operate. The CHPs allow the building to have full electrical operability in the event of a grid power outage. So long as natural gas is provided, the building is fully self reliant with respect to electrical needs.
- The CHPs are currently able to produce enough heat for the entire building through the winter operating at 60% capacity.
- Absorption Chiller – Absorption Chillers utilize hot water to create chilled water through a chemical absorption process. With the CHPs, it was logical to use available heat in an absorption chiller to provide cooling to the building.
- Utility costs decreased by 20%, heating capacities increased by 100% (1,000,000 to 2,000,000 btus, cooling capacities increased by 67% (from 60 tons to 100 tons) and power production capacities increased from 0 kW to 175 kW.





Case study

Heritage Park Healthcare and Rehabilitative Services

Heritage Park, a skilled nursing facility located in Roy, Utah, is an example of projects that are taking place across the organization. The facility operates over 100 beds with laundry facilities, a kitchen and a daycare.

Built in 1960, this facility has changed ownership multiple times without any major upgrades to the infrastructure. After our acquisition in 2017, we began upgrading the facility with a focus on sustainability rather than short-sighted band-aids. While the savings generated are recognized, the most impactful effect of the projects according to the director and the residents, is the dramatic improvement to the environment and comfort of the building.

The renovation project was built on a system that included the following components:

- LED Lighting – Older fluorescent lamps were replaced with LED lighting. LED light is a top priority for the Company as it has been shown to have a significant impact on patient safety and quality of living.
- New exterior doors and R-60 insulation on resident rooms
- Geo-thermal coupled water-source variable refrigerant flow
- Low-E glass windows
- Automated control system for HVACs
- Other items such as demand control ventilation and other efficient updates for boilers, pumps and heating.
- The impact has been a reduction in carbon emissions by 354 metric tons per year, \$70,000 in utilities savings per year and an increase in the facility's ENERGY STAR score by 71 points.





Risk Management

Enterprise Risk Management Program

We have an established enterprise risk management program to identify, assess and mitigate risks that can impact our operations including climate risks. Ensign assesses and mitigates risk exposure related to financial, compliance and operational.

Our Board actively oversees the Company's risk and enterprise-wide risk management process in a way that balances managing risks while enhancing the long-term value of the Company for the benefit of the stockholders.

Our Board focuses on effective risk oversight to set the Company's tone and culture towards effective risk management by developing and establishing a mutual understanding with management of the Company's risk philosophy and overall appetite for risk.

Our Process

- Annually, identify high-risk focus areas through analysis and regular communication between management and the Board of Directors.
- Conduct meetings and communication to discuss the magnitude of each risk and mitigation strategies. Confirm mitigation strategies and report on progress to the Board of Directors and its committees.
- One of the programs that informs our enterprise risk management process is the Company's Anti-Fraud Program. The Anti-Fraud Program is designed to prevent, detect, report, investigate, and remediate fraud throughout the Company. The main components of our anti-fraud program include: the tone at the top, a strong corporate culture, program governance and the establishment of key operational components. The anti-fraud program serves the needs of independent, separate, yet wholly owned subsidiaries of the Ensign Group, Inc. Legal Risk Services is responsible for the overall operation and coordination of the program, with functional ownership of individual components residing in the Ensign Services departments of Accounting, Human Resources, and Compliance. Adequate reporting to and appropriate oversight by the Board of Directors is essential to the program.
- Disclose risk factors within our Annual Report on Form 10-K and Quarterly Report on Form 10-Q.

Climate Risk and Transitional Risk Management

To proactively assess and manage risks that could impact critical business functions, Ensign has taken steps to identify climate-related risks, both physical and transitional. The analysis following this page summarizes these risks, groups them by timeframe and identifies opportunities for risk mitigation.

Ensign has chosen to align with the TCFD, which helps guide our strategy for identifying, managing and disclosing climate risks and opportunities.

In addition to physical climate-related risks, Ensign assesses financial risk related to changing building performance standards, climate related regulations and the impact of natural disasters on our operations.





Climate-Related Risks, Opportunities and Financial Impact

Using the Task Force on Climate-Related Financial Disclosures framework, the Company and its ESG Committee has determined the Company's risk as follows.

Risk Type	Risk	Risk Description	Impact to Business	Management Approach
Transition risk	Policy and legal risk, market risk	Due to the nature of our operations, we are subject to regulatory developments related to climate change and energy-specific regulations domestically. Examples include regulation of greenhouse gas (GHG) emissions, pricing of utility costs and construction costs. This includes the supply and demand for certain products and services.	<p>Policy-driven changes in energy prices Increased energy prices in geographies where we operate could make it more expensive to purchase electricity, gas and water to operate our SNFs.</p> <p>Increasing regulation on long-term care facility construction Requirements of construction of LTC facilities may make it more expensive for us to build out additional units or renovate existing units within our SNFs.</p>	<p>Monitor policy and regulatory developments We monitor policy and regulatory developments related to climate change and the environment. We also work with strategic partners to monitor energy-specific regulation domestically and to create a course of action specific to the area(s) affected, as appropriate.</p> <p>Setting climate goals Recognizing the impact climate change could have on current and emerging regulations and the market, we are working toward a low-carbon future and are committed to reducing our environmental footprint through a variety of climate-related goals.</p> <p>Reducing electricity usage and carbon emissions We recognize there are many ways in which we can reduce our exposure to a carbon price (i.e., a cost we directly or indirectly incur because of a carbon policy mandate to reduce GHG emissions).</p>
Transition risk	Reputational risk	There is a reputational risk to businesses as climate change moves up the investor agenda. Businesses that are seen as not doing enough or not actively contributing to climate change mitigation may fall out of favor.	Our residents, team members, investors and other stakeholders expect us to be environmentally responsible and take appropriate measures to minimize the impact of our operations on the environment. At the same time, our number one priority is the health and safety of our residents.	<p>Building a brand that supports community resilience Each of our skilled nursing facilities operate within the communities they serve, and we strive to be looked upon as a place of trust for our residents and their families. Our SNF operations support the communities that they are a part of through charitable actions.</p> <p>Internal reputation Our company revolves around our core values. Customer second, accountability, passion for learning, love one another, intelligent risk taking, celebration and ownership. We consider CAPLICO heavily in our sustainability efforts.</p> <p>Cortex utilization Immediate feedback mechanisms for staff, resident and visitors.</p> <p>Facility first impressions Routine audit of facility grounds, appears and presentation as part of environmental management system.</p> <p>Online reputation management We utilize a third-party vendor as well as our IT team to manage our online reputation.</p>



Climate-Related Risks, Opportunities and Financial Impact

Using the Task Force on Climate-Related Financial Disclosures framework, the Company and its ESG Committee has determined the Company's risk as follows.

Risk Type	Risk	Risk Description	Impact to Business	Management Approach
Physical Risks	Acute physical risk	Extreme weather, including flooding, wildfire, drought and heatwave. According to the Intergovernmental Panel on Climate Change (IPCC), in a 4°C world where carbon policy fails to mitigate global average temperature increases, the frequency and severity of acute events will be more drastic than today. In a 2°C world, these changes will be felt to a lesser extent. Current and future physical risks from increased extreme and severe weather could disrupt our business. Our residents and regulators expect our nursing services to operate regardless of weather conditions.	There is a potential negative impact on market share if Ensign and its affiliates are unable to respond adequately to adverse weather situations that could impact our services. The future of our business is dependent on the protection of our employees, our residents and our structural facilities. More frequent and severe weather could pose a threat to these assets.	<p>Enterprise strategy Our business continuity planning strategy prepares our individual operators to respond to natural and man-made events around the U.S. that could adversely impact our business operations. Our facilities are monitored 24/7. Our facilities have a course of action in the event of an emergency. These programs protect our residents, our employees and our facilities.</p> <p>FEMA Map Hazard vulnerability assessment annually in conjunction with federal, state and local. Perform annual training, staff and resident education around acute physical risks. Property insurance provides risk stratification and risk abatement strategies.</p> <p>Alternative sources of electrical energy We are piloting alternative sources of electricity at some of our facilities in California. These alternative sources include microturbine technology and back-up generators. These alternative sources are meant as a back-up plan to natural disasters that may contribute to a loss of electricity obtained from the electric grid. These technologies will enable us to not only keep our systems up and running, but also serve as a location that can support others in our local community in the event of a natural disaster.</p>
Physical Risks	Chronic physical risk	Long-term changes in climate and weather patterns, including changing levels of precipitation, mean temperatures, and sea level rise. According to the IPCC, in a 4°C world where carbon policy fails to mitigate global average temperature increases, the severity of changes in overarching climate patterns will be much more intense than today, including an average rise in sea level of 11.81 inches by 2030 and a reduction in worldwide productivity and GDP growth. In a 2°C world, we expect the increase in chronic impacts to occur over a much longer time scale and to be more limited.	Our operational costs may increase because of shifts in climate patterns, and the threat of these issues may impact current and future business decisions related to our facilities. It could also impact our operational costs through increased energy usage and spend and costs to repair facilities. These impacts could also result in drops in productivity or increased operational costs for our suppliers that would be passed on to Ensign.	<p>Building operational systems Rising and extreme temperatures could cause our SNFs' HVAC to run more frequently and, in turn, present an additional burden to local power and water resources. Efforts to reduce the energy required to run these units and boost efficiencies include programs to optimize energy use by upgrading to more efficient units, increasing temperature set points, leveraging green energy (including wind and solar), and using smart technology in managing our cooling systems. In addition, our selected use of ENERGY STAR has helped to reduce energy usage.</p> <p>Increased precipitation and drought Increased risk of flooding to low-lying facilities due to longer-term increases in precipitation patterns could increase operating costs to maintain and/or repair our SNFs. Decreased precipitation could generate drought conditions which increase the risk of wildfires that could damage SNFs. It could also create an increased burden to local water resources.</p>



Climate-Related Risks, Opportunities and Financial Impact

Using the Task Force on Climate-Related Financial Disclosures framework, the Company and its ESG Committee has determined the Company's opportunities as follows.

Opportunity	Description	Potential Financial Impact	Management Approach
Resource efficiency	Reduced energy and water usage and consumption	Reduced operating costs Increased value of SNFs Improved health and safety, employee satisfaction	Reducing electricity usage and carbon emissions We recognize there are many ways in which we can reduce our exposure to a carbon price (i.e., a cost we directly or indirectly incur because of a carbon policy mandate to reduce GHG emissions). Here are a few examples of opportunities we look for across our SNFs: <ul style="list-style-type: none"> • LED lighting • New exterior doors and R-60 Insulation • Geo-thermal coupled water-source variable refrigerant flow • Low-E glass windows • Automated HVAC controls
Energy source	Use of supportive policy incentives (solar, wind)	Decreased cost of capex when using energy credits Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon	Seek out projects with credits. Focusing on using federal, state and municipal grants and incentives to offset additional cost.



Social

The Strength of our Clinical Systems





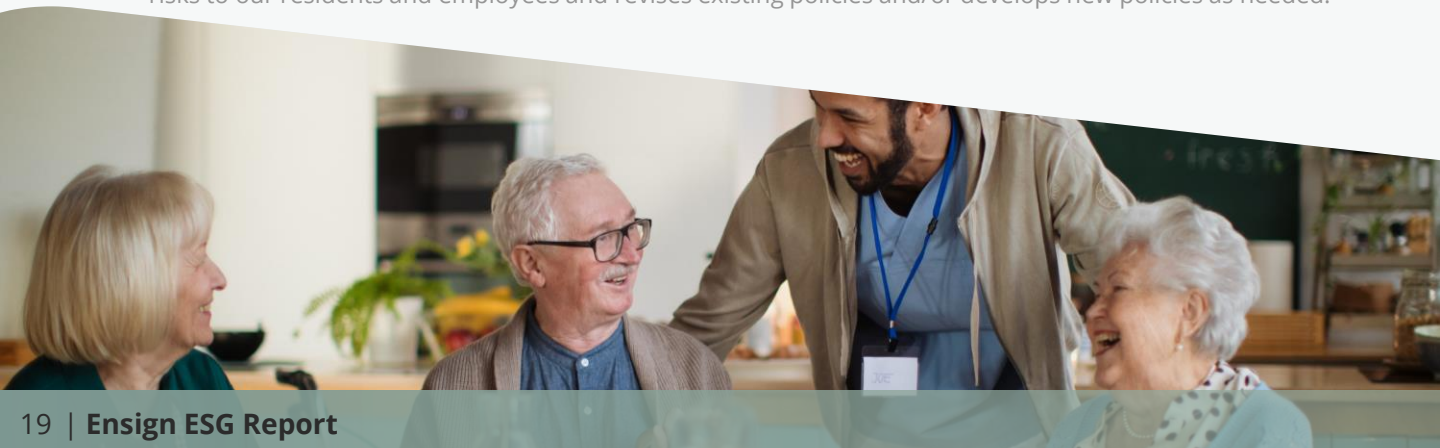
Quality Management System

The System

- We have a strong commitment to quality improvement that includes clear objectives, policies, and a vision that aligns with our independent subsidiaries' goals.
- We understand the federal and state regulations as well as standards of quality set forth by organizations in our industry such as American Health Care Association (AHCA).
- Our policies and procedures reflect our understanding and dedication to compliance with regulations and standards of care.
- Our staff engagement and training includes a focus on quality management principles, and we foster a culture of quality that encourages continuous improvement through QAPI programs at each facility, open communication, and teamwork focused on quality and patient safety. The training includes a mandatory test each year.
- Each facility engages interdisciplinary teams to form quality improvement groups to address specific areas of care and operation to help identify areas for improvement, implement changes, and evaluate outcomes.
- We use data to measure performance and improvement and some of the quality indicators we focus on are rates of falls, pressure ulcers, psychotropic medication, improvement in physical function, patient satisfaction and more.
- We set goals based on benchmarks and track our progress over time.
- We are dedicated to continuous improvement and use a feedback loop where data collected, and lessons learned from staff, residents, and families are all used to make informed improvements.

Patient Safety Initiatives

- We implement systems to actively monitor and record adverse incidents involving residents. This includes falls, medication errors, pressure ulcers, and infections. Such systems enable facilities to identify patterns, root causes, and to develop targeted interventions to prevent recurrence.
- Medication safety in our independent subsidiaries involves several layers, including the use of automated medication dispensing systems, regular medication reconciliation processes, and training staff on safe medication administration practices. Additionally, facilities might adopt electronic prescribing (e-prescribing) to reduce errors related to handwriting or dose calculation.
- Effective communication among staff, across departments, and with residents and their families is essential for ensuring patient safety. We implement structured communication tools and protocols, such as SBAR (Situation, Background, Assessment, Recommendation) for handoffs or transitions of care, to ensure that critical information is accurately and efficiently conveyed.
- Achieve patient satisfaction through surveys and numerous clinical quality metrics. We also conduct detailed evaluations to identify trends and assess areas for improvement within our clinical programs and throughout our facilities.
- The Quality Assurance and Compliance Committee of the Board of Directors evaluates quality and safety risks to our residents and employees and revises existing policies and/or develops new policies as needed.





Quality Management System

Patient Centered Care & Cultural Competency

- We take a patient centered approach to our care model. We accommodate the individual preferences, schedules, mealtimes, and cultural preferences of each patient. There are no uniform wake-up times, mealtimes are flexible as well as meal choices.
- We train our staff on cultural competency so they can be responsive to the diverse backgrounds of the residents we serve. We also hire staff from diverse backgrounds.
- We accommodate religious and spiritual needs by making sure there are spaces for worship, allowing spiritual leaders to visit, and facilitating religious services.
- We offer translation services to ensure effective communication with residents.
- Despite our best efforts, incidents occasionally occur at our facilities. Incidents are reported and analyzed for data trends and follow-up tracking. The data is presented to operations and clinical leadership as well as the Board of Directors.
- Our facilities perform safety assessment walkthroughs guided by safety checklists and risk indicators. These audits provide the basis for immediate corrective action and long-term improvement planning. Additionally, we are subject to routine audits by CMS.
- Our facilities are led by interdisciplinary teams that act as a safety committee. These committees meet periodically to discuss, implement and monitor improvements for patient, employee and visitor safety.

■ Infection Prevention

Required training is provided on the Company's infection prevention protocol. The protocol focuses on the Chain of Infection and Breaking the Chain. It sets forward protocol for hand hygiene, proper and safe use and disposal of individual blood testing or medication administration devices, respiratory hygiene, cleaning and disinfection of workspace and equipment routinely, vaccinations and proper selection and use of personal protective equipment or source control.

Additionally, certain operations have trained infection prevention nurses or medical professionals on staff. The training is required for all staff within the Company's operations and course completion is over 95%.

Further, selected quality measures (see page 26) that demonstrate the impact of our infection prevention protocol include:

- Ensign's independent skilled nursing subsidiaries are 52.4% better than the national average at preventing urinary tract infections.
- Ensign's independent skilled nursing subsidiaries are 11.3% better than the national average at assessing and appropriately giving the seasonal influenza vaccine for our short-stay residents.
- Ensign's independent skilled nursing subsidiaries are 13.1% better than the national average at assessing and appropriately giving the pneumococcal vaccine for our short-stay residents.





Quality Management System

Measures to prevent adverse impacts of economic constraints on the quality of services

Economic constraints can significantly impact the quality of services in skilled nursing facilities (SNFs), potentially compromising patient care and safety. To mitigate these adverse impacts, we have adopted several strategic measures that focus on efficiency, innovation, and resource optimization. Here are some key strategies:

- Staffing models that are resident specific and flexible based on acuity.
- Streamline cost effective purchasing and local control over procurement of supplies and equipment which allows for better rates. We also monitor and vet third parties to ensure they are not on a Centers for Medicare & Medicaid Services (CMS) or Office of Inspector General (OIG) exclusion list.
- Therapy collaboration with clinical to improve preventative care and wellness programs which reduces the incidence of acute health issues.
- Continued collaboration on early change of condition identification and management to reduce unnecessary rehospitalizations.
- Participation in quality incentive metrics
- Utilize electronic health record optimization to improve efficiency of care coordination, reduce errors, and streamline administrative processes.
- Establish partnerships with hospitals, home health, health plans to develop transitions of care programs that reduce readmissions and improve quality.
- Emphasize staff retention to reduce turnover costs and improve consistent, high-quality care.
- Adhere to regulatory requirements to avoid fines and penalties that come with noncompliance.



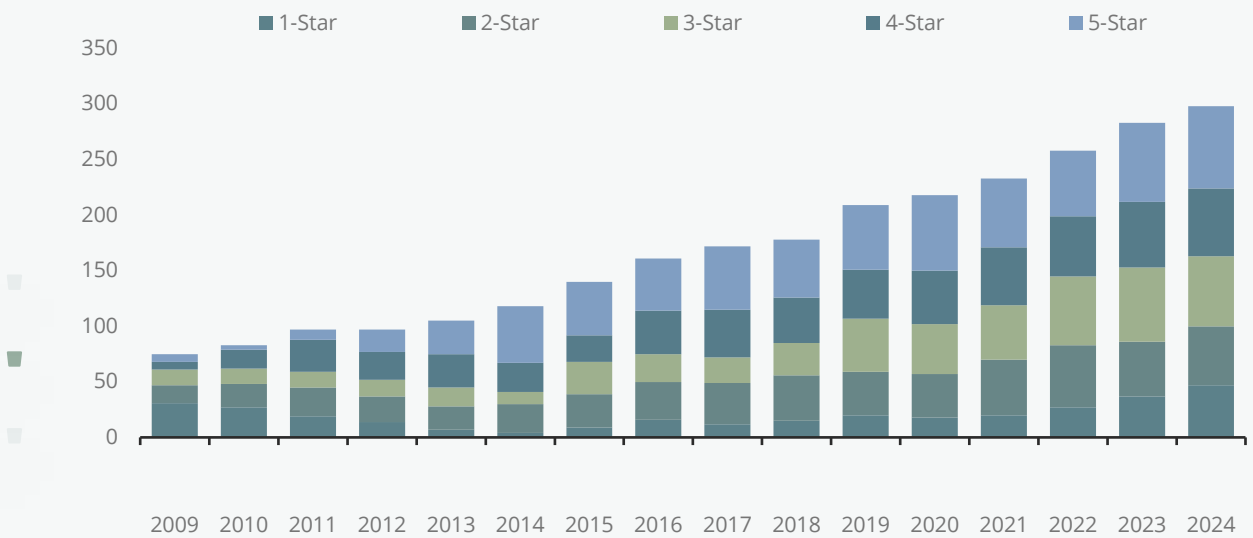


Quality Management System

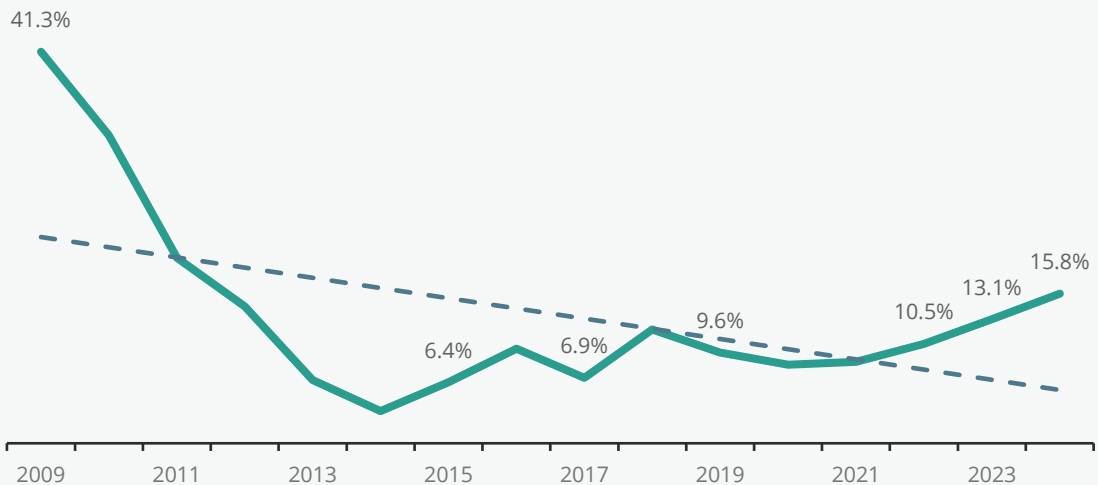
The Five-Star Quality Measures Rating

The Five-Star Quality Measures Rating was created by the Centers for Medicare & Medicaid Services (CMS) to help consumers, their families and caregivers compare nursing homes. Today, the Five-Star Rating System has expanded beyond consumer use. Non-consumers, such as state regulators, health care insurers, lenders and investors, use Five-Star to determine incentive payments, referral networks, and financial loans. Nursing homes with 5 stars are considered to have higher than average quality and nursing homes with 1 star are considered to have below average quality. We believe that our top social responsibility priority is to provide the best quality care at our skilled nursing facilities. At the time of acquisition, most of our facilities have 1 and 2-Star ratings. CMS continues to increase quality measure thresholds, making it increasingly difficult to achieve upward and five-star ratings.

Facility Count by CMS Star Rating



Ensign 1-Star Facility % Trend (1)



Source: CMS Nursing Compare Website as of October 2024

(1) The Ensign 1-Star Facility % Trends have increased in recent years due to the higher number of acquisitions with these ratings. Our mission is to transition these facilities into the leading providers of quality care in their communities.



Quality Management System

The Five-Star Quality Measures Rating

The rating is based on three sources:

01

Health inspections

State inspectors conduct yearly health and safety inspections of nursing homes for compliance with Medicare and Medicaid regulations. A nursing home may also be inspected based on a complaint submitted by a resident (or other individual) or based on a facility's self-reported incident. Nursing homes are also inspected for compliance with infection control and prevention standards.

02

Staffing

Higher staffing levels and lower staffing turnover in a nursing home may mean higher quality of care for residents. Hours worked by different types of staff are reported by nursing homes and are used to calculate a ratio of staffing hours per resident per day and the staffing turnover rate. Hours per resident per day describe the average amount of time staff are available to spend with each resident each day. Staff turnover describes how many staff stop working at the facility within a given year.

03

Quality measures

The quality measures star rating measures parts of nursing home performance in certain areas of care, like if residents have gotten their flu shots, are in pain, or are losing weight. By comparing scores, you can see how nursing homes may be different from each other.

The quality measures star rating is calculated from 2 different types of quality measures: short- and long-stay resident quality measures.

Short-stay quality measures show the average level of a nursing home's performance in certain areas of care for those who stayed in a nursing home for 100 days or less or are covered under the Medicare Part A Skilled Nursing Facility (SNF) benefit. Short-stay residents often are those recovering from surgery or being discharged from a hospital stay. Many short-stay residents get care in a nursing home until they're able to go back home or to the community.

Long-stay quality measures show the average level of a nursing home's performance in certain areas of care for those who stayed in a nursing home for 101 days or more. Residents in a nursing home for a long-stay are usually not healthy enough to leave a nursing home and can't live at home or in a community setting. These residents may be older and have more serious health issues.

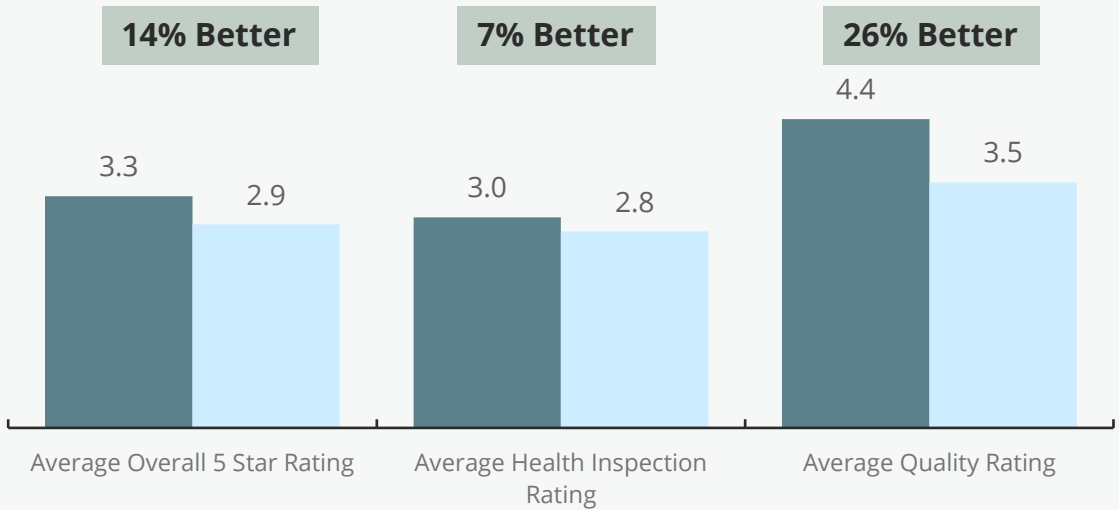
Learn more about the Five-Star Quality Rating System at [CMS.gov](https://www.cms.gov)



Quality Management System

The Impact of our Quality Management System

Below are selected average rating measures for our facilities compared to all skilled nursing facilities that report to CMS. Additional measures are included on the next couple pages.



Source: CMS Nursing Compare Website as of October 2024





Quality Management System

The Impact of our Quality Management System

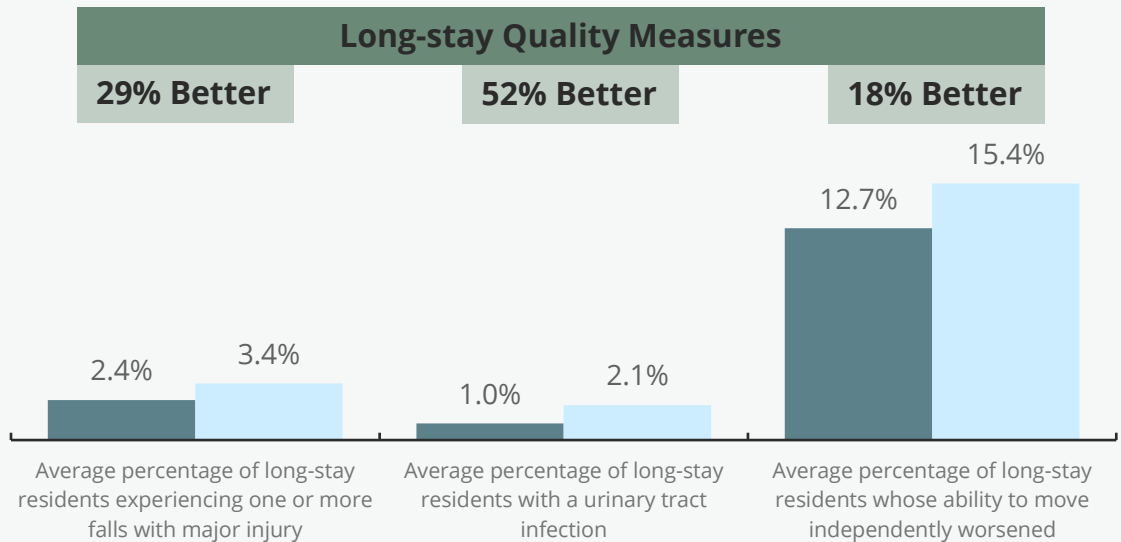
Below are selected average rating measures for our facilities compared to all skilled nursing facilities that report to CMS. Additional measures are included on the next couple pages.



Average percentage of short-stay residents who newly received an antipsychotic medication

Average percentage of short-stay residents who made improvements in function

Average percentage of short-stay residents who were assessed and appropriately given the pneumococcal vaccine



Average percentage of long-stay residents experiencing one or more falls with major injury

Average percentage of long-stay residents with a urinary tract infection

Average percentage of long-stay residents whose ability to move independently worsened

Source: CMS Nursing Compare Website as of October 2024



Quality Management System

The Impact of our Quality Management System

Below is a table of selected quality measures for our facilities compared to all skilled nursing facilities that report to CMS.

Metric ⁽¹⁾	Our independent subsidiaries	All Skilled Nursing Facilities ⁽²⁾	Above or Below National Average
Special focus facilities	0	87	N/A
Special focus facility candidates	5	440	N/A
Average overall 5-star rating	3.3	2.9	Above
Average health inspection rating	3	2.8	Above
Average quality rating	4.4	3.5	Above
Average percentage of short-stay residents who were re-hospitalized after a nursing home admission	20.6%	21.4%	Above
Average percentage of short-stay residents who have had an outpatient emergency department visit	10.6%	11.6%	Above
Average percentage of short-stay residents who newly received an antipsychotic medication	1.1%	1.6%	Above
Average percentage of short-stay residents with pressure ulcers or pressure injuries that are new or worsened	1.6%	2.5%	Above
Average percentage of short-stay residents who made improvements in function	81.4%	76.8%	Above
Average percentage of short-stay residents who were assessed and appropriately given the seasonal influenza vaccine	85.7%	77.0%	Above
Average percentage of short-stay residents who were assessed and appropriately given the pneumococcal vaccine	91.3%	80.7%	Above
Average number of outpatient emergency department visits per 1,000 long-stay resident days	1.65	1.63	Below
Average percentage of long-stay residents who received an antipsychotic medication	1.37	1.64	Above
Average percentage of long-stay residents who received an antipsychotic medication	8.0%	14.7%	Above
Average percentage of long-stay residents experiencing one or more falls with major injury	2.4%	3.4%	Above
Average percentage of long-stay high-risk residents with pressure ulcers	6.2%	7.8%	Above
Average percentage of long-stay residents with a urinary tract infection	1.0%	2.1%	Above
Average percentage of long-stay residents who have or had a catheter inserted and left in their bladder	0.9%	1.2%	Above

(1) Source: CMS Nursing Compare Website as of October 2024

(2) Includes the national average of 14,813 skilled nursing facilities reported to CMS



Quality Management System

The Impact of our Quality Management System

Below is a table of selected quality measures for our facilities compared to all skilled nursing facilities that report to CMS.

Metric ⁽¹⁾	Our independent subsidiaries	All Skilled Nursing Facilities ⁽²⁾	Above or Below National Average
Average percentage of long-stay residents whose ability to move independently worsened	12.7%	15.4%	Above
Average percentage of long-stay residents whose need for help with activities of daily living has increased	12.1%	14.1%	Above
Average percentage of long-stay residents who were assessed and appropriately given the seasonal influenza vaccine	95.9%	94.9%	Above
Average percentage of long-stay residents who were assessed and appropriately given the pneumococcal vaccine	96.6%	92.6%	Above
Average percentage of long-stay residents who were physically restrained	0.1%	0.1%	Above
Average percentage of long-stay low-risk residents who lose control of their bowels or bladder	54.1%	48.6%	Below
Average percentage of long-stay residents who lose too much weight	5.4%	5.8%	Above
Average percentage of long-stay residents who have symptoms of depression	9.7%	9.0%	Below
Average percentage of long-stay residents who used antianxiety or hypnotic medication	17.9%	19.7%	Above
Average rate of potentially preventable hospital readmissions 30 days after discharge from a SNF	10.3%	10.6%	Above

(1) Source: CMS Nursing Compare Website as of October 2024

(2) Includes the national average of 14,813 skilled nursing facilities reported to CMS



Annual Meeting

Social

Living customer second



Ensign Services, Inc. Accounting Team



Moments of Truth

A moment of truth is an everyday situation which is met with out-of-the-ordinary service that surpasses all reasonable expectations. We seek and strive to capture these moments of truth as they are presented through the activities of our affiliates and their employees. After all, our mission statement is:

“Through moments of truth, we will dignify post-acute care in the eyes of the world.”

These moments of truth are happening every day in our operations. Sometimes, the greatest moments of truth are done without fanfare or a desire to be noticed. However, as we strive to dignify long-term care in the eyes of the world, we have a responsibility to recognize those that are achieving greatness by these performing acts of kindness that go above and beyond their day-to-day duties. It's through these moments of truth that we can become an “Ensign” or “standard” for others to follow.

1,256

Moments of Truth Submissions in 2023

A few examples of Moments of Truth

A CNA at a skilled nursing facility in California was assigned a resident that was admitted without a name or emergency contact. She browsed an online community neighborhood watch website and was able to determine that the resident was a missing person. After verifying the information, she assisted in reuniting the resident with his family. The proactive action she took to help this resident reunite with his family has changed lives.

At a skilled nursing facility in Colorado, one of our CNAs demonstrates an extraordinary commitment to love and care. Her and her family come to the facility, creating heartwarming interactions between her children and our residents. During these visits, the family actively engages with residents, participates in meals, exercises, walks, games and conversations. The joy and positive radiating from these interactions have a profound impact on the atmosphere of our facility, making each resident's day brighter.

A therapist at a skilled nursing facility in Texas was running her errands when she saw a couple struggling in the parking lot. The husband, who was a resident at the skilled nursing facility, had fallen besides their vehicle and seemed to be injured and agitated. Although six police offers and four EMS arrived, no one could pacify him enough to render aid. The therapist stepped in and used her skills to de-escalate his agitation, allowing EMS to tend to his injuries. Both his spouse and the EMS were truly thankful for her assistance.





Training and Education

Our Process

- We have a robust training and education plan for new hires. Training plans are available by state and by job function with detailed guides.
- The trainings are administered virtually through our learning and development system.
- Individualized training plans are tailored to employee’s job functions. Additionally, optional courses are available at any time. There are more than 25 training plans for different roles within our facilities.
- Below is an example training plan for those in our nursing operations. These required trainings require between 17 and 18 hours for new hires and 15 and 16 hours as part of annual required refresher training.

Plan	New Hire Required Trainings
State specific	<ul style="list-style-type: none"> • State specific training such as care of LGBTQ residents
Compliance	<ul style="list-style-type: none"> • Introduction to Compliance and Code of Conduct • Abuse, Neglect and Exploitation • Emergency Preparedness • Ensign Services Diversity, Equity and Inclusion • Fire Safety • HIPAA • Infection, Prevention and Control • OSHA Essentials • QAPI- Developing and Implementation Effective QAPI programs • Nondiscrimination under Section 1557 of the ACA • Sexual Harassment
Base Plan	<ul style="list-style-type: none"> • Trauma Informed Care • Change of Condition • Alzheimer’s disease and related dementias • Fall Prevention • Drug diversion • Oxygen Safety • Preventing Falls • Effective Communication • Knowing Resident Rights • Medicare SNF Benefits • Infection Control with a Clinical Focus • Natural Disasters and Workplace Emergencies • Wandering and Elopement • Preventing and De-Escalating Crisis Situations • Caring for people with substance use disorder • Skin and Wound • Medication training

- Our training plans for new Certified Nursing Aides, Nursing Aides and Registered Nurses require between 24 and 25 hours of training with annual refreshers requiring between 25 and 26 hours per year.

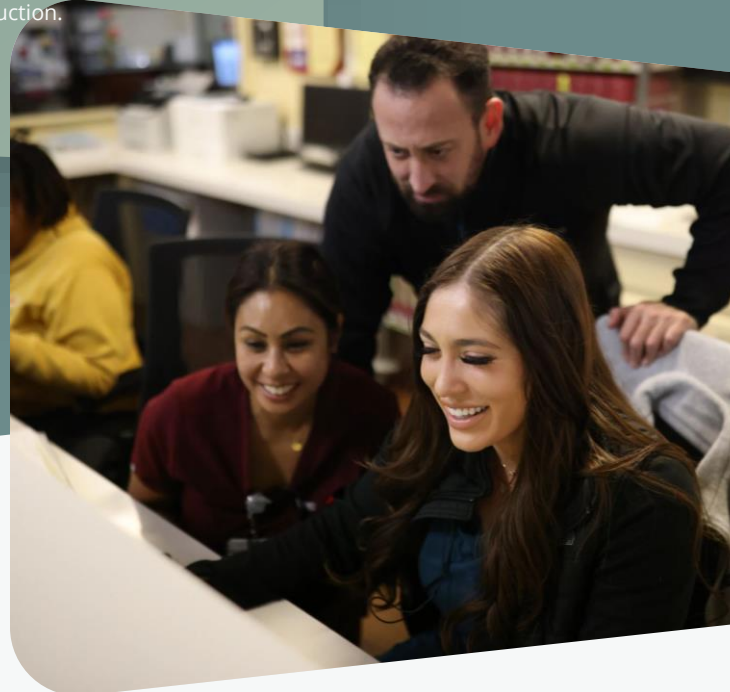


THE EMERGENCY FUND

89.5%+ Employee Participation
18,400+ Grants Distributed
\$19 million Grants Distributed

We continuously working toward bridging the gap between what the healthcare system currently provides and the basic needs of individuals. We aim to have an enduring impact on the communities in which we live and work. Elevate Charities is a non-profit organization that is dedicated to elevating the condition and quality of life for members of the senior healthcare community - employees, caregivers, family members, patients and residents. Elevate Charities has three unique funds: Heritage Fund, Heritage Scholarship Fund and the Emergency Fund.

The Emergency Fund is a way of passing the hat to help our co-workers whose lives are affected by tragedy. This program is funded for Company team members by the Company team members. All Company team members can contribute to the fund either through a one-time donation or by recurring payroll deduction.





The Heritage Fund

The best and most knowledgeable advocate for a patient is their caregiver. Our mission is to help the caregiver identify specific and practical ways to meet the needs of those they care for. Caregivers don't have to face the challenges of senior healthcare alone—together we can help provide a better life, improved experiences, and greater satisfaction for patients.

The financial support provided by Elevate Charities benefits seniors directly, not the healthcare organizations. Without this financial support, some seniors would not be able to receive the essential assistance they need.

We are working to bridge the gap between what the healthcare system currently provides and the basic needs of individuals.

Elevate Charities can provide hearing aids, glasses, dentures, walkers, and other therapies that are not covered under Medicare or Medicaid. Elevate Charities understands the importance of quality living—our network of programs aims to provide the senior community with the means to care for their needs by contributing in specialized ways with a personal focus. Along with healthcare professionals and caregivers, Elevate Charities can give a better life to patients and create a healthier, happier community.

The Heritage Scholarship Fund

Senior healthcare is at its best when it's coupled with resources and support for the professionals who dedicate their careers to serving our seniors. Elevate Charities assists in providing those resources.

We are helping outstanding nursing aides and nursing assistants who may not be able to afford to advance their clinical abilities. Through grants and scholarships, we are helping these qualified professionals gain the education needed to advance in the field of senior-focused healthcare.

In addition, our scholarship programs can facilitate larger access, helping more caregivers and healthcare professionals have the information they need.

For those who have a passion for senior-focused healthcare and are interested in progressing in their career, the Helping our Heritage Scholarship Fund can provide the resources needed. The need for professionally trained clinicians is growing, and that the population of individuals who will require geriatric care in the next decade is increasing at an equal or greater rate.





Diversity, Equity & Inclusion

Our organization is deeply committed to fostering a sustainable and inclusive future through our comprehensive Diversity, Equity and Inclusion (DEI) program and its initiatives. In 2022, the DEI Executive Committee was established to develop and oversee a program that upholds our CAPLICO core values and dignifies post-acute care in the eyes of the world through recognizing the value of diversity and fostering a culture of inclusion. Led by our Chief Executive Officer, who serves as the Executive Sponsor and Chair, the DEI committee recognizes that a diverse, equitable and inclusive work environment makes for a more relevant, competitive, and resilient organization. We believe diverse teams improve performance, drive growth, and enhance the engagement of our employees and those they serve.

The Ensign Flag is symbolic of the highest standard. We believe that varied perspectives and lived experiences, inclusive of all backgrounds, genders, ages, abilities, and sexual orientations, reflect the communities we serve and enable caregivers to provide the highest standard of care to all people. The DEI program is a valuable investment designed to support equal opportunities for all employees of Ensign-affiliates, support underrepresented groups, and foster a culture of belonging. Initiatives such as our monthly DEI newsletters, educational forums and compliance trainings are available to employees of Ensign's independent subsidiaries. We are also proud to have a dedicated DEI Resource who provides support, education, and training throughout the entire organization. In 2023, we launched a Women in Leadership program that provides education, support, and coaching to women leaders in independent subsidiaries who hold operational leadership roles. Several of our independent subsidiaries have now created their own unique Women in Leadership programs.

- By integrating DEI principles into our culture of CAPLICO, we are not only driving sustainable growth but also contributing to a better world for all employees and customers of Ensign's independent subsidiaries.
- We are dedicated to continuous improvement and will regularly assess and report on our ESG performance to ensure we meet our commitments and exceed expectations.
- Ensign's independent subsidiaries do not tolerate any discrimination based on race, ethnicity, gender, religion, disability, age, sexual identity, or any other form of identity.



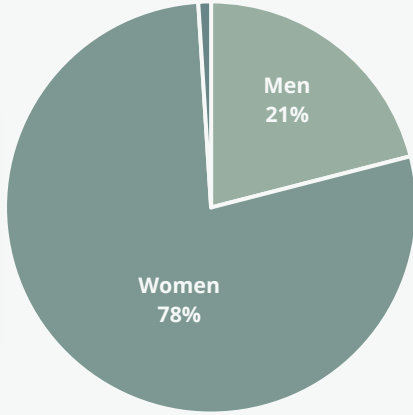
Women in Leadership Program



Our Diversity

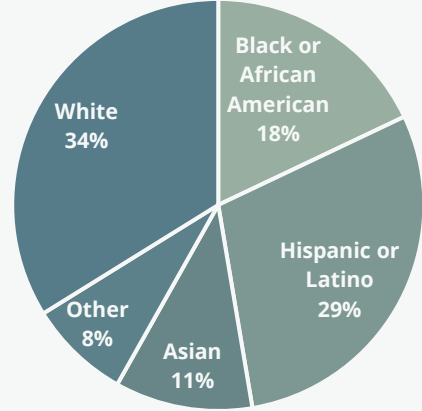
All Employees

Gender Representation



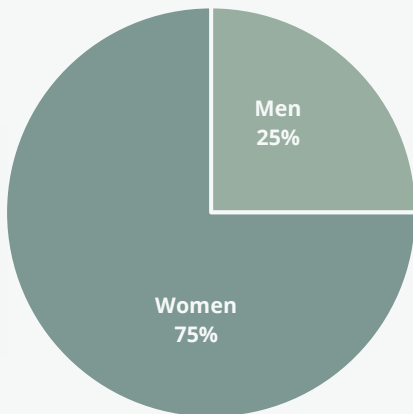
Less than 1% is not disclosed or other.

Ethnic or Racial Representation



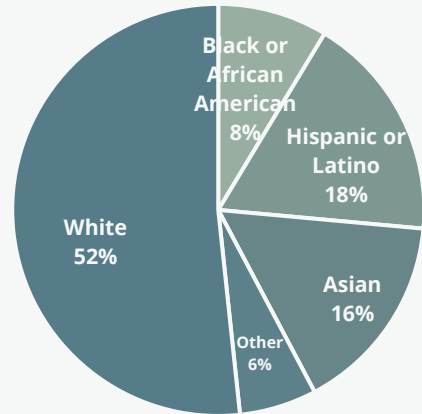
Management Positions

Gender Representation



Management positions is defined as all roles that are responsible for leading and developing our team.

Ethnic or Racial Representation



Types of Employment

Ratio of directly employed to not directly employed

1.62 : 1

Headcount

33.7 : 1

Hours

Data is as of and for the year ended December 31, 2023.



Our Benefits

We provide a competitive package of benefits to our team. To encourage an ownership mentality, we grant equity awards to many of our key employees. Current benefits for all employees who work more than the requisite hours include the following:

Medical Insurance	Dental Insurance	Vision Insurance
Health Savings Account	Flexible Spending Accounts	Paid Time Off
Transportation Benefit Program	Life and AD&D Insurance	Accident Insurance
Short-term Disability	Long-term Disability	Critical Illness Insurance
Hospital Indemnity Insurance	Auto and Home Insurance	401(k) Savings Plan
Deferred compensation plan	Employee Assistance Program	Tuition Reimbursement
Purchasing Power	Tickets at Work	Child Care Benefit Program
Employee Discount Programs	Employee Emergency Fund	Prescription Drug Coverage



Governance

Ensuring accountability





ESG Governance

Cross-functional teams support our ESG governance structure and promotes accountability.



Our ESG Governance includes:

- Oversight by our Board of Directors through the Board's Nominating and Corporate Governance Committee
- Members of the Board have ESG experience.
- ESG Committee is led by Chad Keetch, Chief Investment Officer.
- Regular ESG touchpoints with NCGC Committee Chair, Board of Directors, Chief Executive Officer and Chief Financial Officer
- Expanded benchmarking and sustainability data collection protocols

Environmental

- Environmental Management
- Sustainability projects
- Construction

Social

- Patient health and safety
- Human capital
- Learning and development

Governance

- Risk Management
- Accounting
- Legal
- Internal Audit
- Information Security and Technology





Board of Directors

Our Board of Directors sets high standards for the Company's employees, officers and directors. Implicit in this philosophy is the importance of sound corporate governance. It is the duty of the Board of Directors to serve as a prudent fiduciary for shareholders and to oversee the management of the Company's business.

Our Board Committees including the Audit Committee, Compensation Committee and Nominating and Governance Committee comprise entirely of independent directors. Additional information regarding our Board of Directors is available in our 2023 Proxy Statement and our website.

Lead Independent Director

On May 16, 2024, the Board of Directors approved and adopted the Lead Independent Director guidelines and also approved the appointment of Barry M. Smith as its lead independent director.

Mr. Smith has served as a member of our Board of Directors since 2014. He most recently served as Chairman and Chief Executive Officer of Magellan Health, Inc., the nation's largest provider of behavioral health services and a leading national provider of radiology benefit management services, specialty pharmacy, and prescription benefit management services, since 2013. He retired from Magellan at the end of 2019. He founded and served as Chairman, President and Chief Executive Officer of VistaCare, Inc., a national provider of hospice services, from 1996 to 2002, and he served as Chairman of VistaCare in 2003. From 1990 through 1995, Mr. Smith served as Chairman and Chief Executive Officer of Value Rx, Inc., which was then one of the country's largest pharmacy benefit management companies and, prior to that, served as vice president of operations for PCS Health Systems, also a pharmacy benefit management firm. We believe that Mr. Smith's extensive experience and leadership qualify him to serve as our Lead Independent Director.

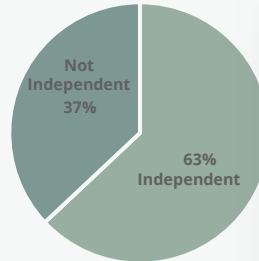
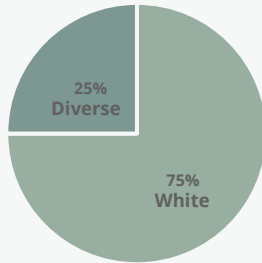
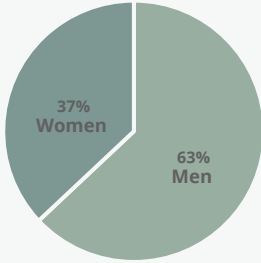
The Lead Independent Director guidelines are available on the Investors Relations section of Ensign's website at <http://investor.ensigngroup.net>.





Board of Directors

Board Diversity and Background



Director	Compensation Committee	Audit Committee	Nominating and Corporate Governance Committee	Quality Assurance and Compliance Committee
Christopher R. Christensen <i>Chairman of the Board</i>				
Daren J. Shaw	Member	Chair	Member	
John. O. Agwunobi		Member		Member
Ann S. Blouin			Member	Chair
Swati B. Abbott	Chair	Member	Member	
Barry M. Smith, Lead Independent Director	Member		Chair	Member
Barry R. Port				Member
Suzanne D. Snapper				Member

- 100% of the Audit Committee are financial experts
- Members of the Board of Directors have ESG experience
- A member of the Audit Committee is a cybersecurity expert
- All Committee chairs are independent directors
- The Board of Directors is led by a Lead Independent Director
- Members of the Board of Directors are healthcare industry experts.





Governing Policies and Practices

Cybersecurity

We utilize information technology that enables our operational leaders to access and share with their peers, both clinical and financial performance data in real time. Armed with relevant and current information, our operation leaders and their management teams can share best practices and the latest information, adjust to challenges and opportunities on a timely basis, improve quality of care, mitigate risk and improve both clinical outcomes and financial performance. We have also invested in specialized healthcare technology systems to assist our nursing and support staff. We have installed software and touch-screen interface systems in each operation to enable our clinical staff to monitor and deliver patient care and record patient information more efficiently. We believe these systems have improved the quality of our medical and billing records, while improving the productivity of our staff. Such uses of information systems give rise to cybersecurity risks, including system disruption, security breach, ransomware, theft, espionage and inadvertent release of information.

RISK MANAGEMENT AND STRATEGY

Risk Management

We assess and identify security risk to the organization by:

- conducting assessments of risk including likelihood and magnitude from unauthorized access, use, disclosure, disruption, modification or destruction of information systems and the related information processes, stored, or transmitted.
- performing risk assessments and producing security assessment reports that document the results of the assessment for use and review by information technology (IT) senior leadership, including the Service Center's Chief Information Officer.
- ensuring security controls are assessed for effectiveness, are implemented correctly, operating as intended and producing the desired outcome; and
- continuously scanning for vulnerabilities and remedying all vulnerabilities in accordance with the associated risk.

Monitoring

We have established a continuous monitoring strategy and program, which includes:

- a set of defined security metrics to be monitored.
- performance of security control assessments on an ongoing basis.
- addressing results of analysis and reporting security status to the executive team.
- monitoring information systems to detect attacks and indicators of potential attacks.
- identification of unauthorized use of the information system resources; and
- deployment of monitoring devices strategically within the information system environment.

Data Protection

We have implemented an Information Security Management System (ISMS) Program to secure sensitive data protected by us. This program includes:

- Establishing policies governing data security.
- Monitoring data access throughout the organization's independent subsidiaries.
- Providing continuous security training and awareness.
- Establishing controls over devices on the network which are actively tracked, monitored and evaluated for new, missing, or updated software needed to strengthen security on the device, patch known vulnerabilities, or stabilize software or operating system issues.
- Protecting sensitive data through encryption techniques.
- Designing and implementing systems to include backup and recoverability principles, such as periodic data backups and safeguards in the case of a disaster.



Governing Policies and Practices

Cybersecurity

Incident Management Plan

Our cybersecurity incident management plan comprises the following six-step process:

- The Service Center's Chief Information Officer and Director of Information Security lead its Information Security Office (ISO) team in the development, documentation, review and testing of security procedures and incident management procedures. Beyond initial creation, procedures are continually re-assessed, updated and tested on an ongoing basis.
- The Service Center's Chief Information Officer and Director of Information Security work with the Executive Team on the identification, assessment, verification and classification of incidents to determine affected stakeholders and appropriate parties for contact.
- The Service Center's Chief Information Officer and Director of Information Security are responsible for launching the Incident Response Team (IRT) if necessary and for notification to the Executive Team, who in turn will contact the Board of Directors and the Audit Committee to validate that the response is being addressed appropriately.
- The IRT, in consultation with outside experts if needed, is responsible for the following:
 - Initial containment by making tactical changes to the computing environment to mitigate active threats based on currently known information.
 - Analysis to establish the root cause of incidents, identification and evidence collection from all affected machines and log sources, threat intelligence and other information sources. Once all appropriate information has been collected, we perform a careful analysis using forensically-sound tools and methods to prevent any contamination of evidence.
 - Incident containment by further analyzing additional information and further identifying any additional compromised machines or resources not previously identified.
 - Incident eradication by re-assessing the root cause of incidents where solutions are then implemented to solve underlying problems and prevent re-occurrence.
 - Recovery and restoring normal business functionality, which includes the reversal of any damage caused by the incident and responding as necessary.
 - Review after closure of each incident and conducting a lessons learned analysis to improve prevention and help to make incident response processes more efficient and effective. Also, the IRT evaluates competency and any additional training requirements needed. A final incident report will then be provided to key stakeholders and IRT members, which includes, but is not limited to the summary of the incident and its impact, a timeline of events, a detailed description of the incident, an evaluation of the organizational response and an assessment of the damages.

We have not experienced a material cybersecurity breach in the past five years and, as a result, there have been no charges related to a breach in the past five years. Moreover, no risks from cybersecurity threats have materially affected our business strategy, results of operations, or financial condition. While we have implemented processes and procedures that we believe are tailored to address and mitigate the cybersecurity threats that our Company faces, there can be no assurances that such an incident will not occur despite our efforts.

Our Audit Committee receives quarterly reports on our information security and cyber fraud prevention programs from the Service Center's Chief Information Officer and Director of Information Security, who each have over 25 years of experience in IT, including various leadership roles at other large corporations. One of the three members of our Audit Committee is a cybersecurity expert.

The ISO has been established by the Service Center's Chief Information Officer, with dedicated cyber security staff focusing on security monitoring, vulnerability management, incident response, risk assessments, employee training, security engineering and management of cyber security policies, standards and regulatory compliance. Like many organizations, we align to a Cyber Security Framework and take a risk-based approach during control assessment and implementation. We align to the National Institute of Standards and Technology (NIST) Special Publication 800-53 Revision 4, a globally recognized cyber security framework of Policies, Standards and Controls that comprises of five categories of defense – Identify, Protect, Detect, Respond and Recover. We are committed to the protection of our data, systems, network and continually invest in enhancements to mitigate or reduce the impact from a cyber security threat. We conduct periodic tests to maintain readiness and resiliency while regularly reviewing policies in the interest of protecting data security. External companies or agencies may be called upon to provide consulting, guidance, assistance, or some other form of support in response to a cybersecurity incident. The regular training of employees, at least annually, on the ever-present threat of cybersecurity helps maintain data security.



Governing Policies and Practices

Vendor Code of Conduct

Our decisions on relationships with third party vendors can have important economic, environmental and social impacts in the healthcare communities served and beyond. Therefore, this Vendor Code of Conduct (“Vendor Code”) was developed to establish principles, guidelines and standards with respect to the supply of the products, materials and services including professional healthcare human services provided by The Ensign Group and its independent subsidiaries.

These principles, guidelines and standards build on those contained within the Ethics Policies and Procedures and are intended to help address certain third-party vendor risks. The expectation of covered vendors and service providers is to respect the principles, guidelines and standards in this Vendor Code as well as in the Ethics Policies and Procedures. The expectation extends to covered vendors and service providers to follow best industry practices.

Principles, Guidelines and Standards

- Applies to all third-party vendor or contracted person(s).
- Principles include compliance with both Ensign compliance and governance policies as well as applicable laws and standards such as:
 - Federal Anti-Kickback Statute
 - Federal Anti-Self-Referral (Stark) Statute
 - False Claims Act (FCA)
 - Deficit Reduction Act
 - International Labor Organization Conventions 138 and 182 over child and forced labor
 - Discrimination and harassment
 - Conflicts of interest
 - Health and safety
 - Environment and sustainability

CAPLICO N’ ME = COMPLIANCE

One of our core values is accountability. To us, accountability means we hold ourselves to the highest standards of care and professionalism. We developed our Compliance Program as a way to guide us in this effort. The Compliance Program establishes a process for educating, monitoring, auditing and documenting our efforts to comply with all applicable laws, regulations and our own internal policies and procedures. Additional information regarding our compliance program can be found at our website.

Employee Code of Conduct

- Applies to our directors, officers, employees, vendors, contractors, volunteers and other business associates.
- Provides guidelines concerning ethics and compliance as well as rules and regulations.
- The belief is that our continued success requires the policies and principles contained in the Code of Conduct are a component of everyone’s decision making.
- Employees receive mandatory annual training on the code of conduct and other governance policies.
- Additionally, we have a vendor code of conduct that is a supplement to our code of conduct.

Whistleblower Hotline

- Provides for anonymous reporting of any issues to an independent third-party operator.
- Accessible online or via phone 24 hours a day, 7 days a week, 365 days a year.
- Any matter reported through the hotline is confidential and the reporting party is protected against retaliation.
- Matters are reviewed by our compliance team as well as third party external auditors.
- Access the hotline here.

(866) 256-0955

<http://ensigngroup.silentwhistle.com>



Governing Policies and Practices

Human Rights Policy

In 2022, we created The Ensign Group, Inc. Human Rights Policy.

This policy is guided by international human rights principles contained in the Universal Declaration of Human Rights, including those expressed within the International Bill of Rights and the International Labor Organization's 1998 Declaration on Fundamental Principles and Rights at Work. The policy focuses on the following:

Principles, Guidelines and Standards

- Respect for Human Rights
- Community Engagement
- Diversity, Equity and Inclusion
- Freedom of Association and Collective Bargaining
- Workplace Health and Safety
- Workplace Security
- Forced Labor and Human Trafficking
- Child Labor
- Work Hours, Wages and Benefits
- Guidance for Employees
- Compliance Hotline

Environmental Impact Guidelines

The policy recognizes and accepts the responsibility of environmental sustainability and management as among the highest priorities to ensure sustainable development; to establish policies, programs, and practices for conducting operations in an environmentally sound manner; to respect and protect the local, regional, and global environment; and to support just, sustainable, social and economic development while fulfilling Ensign's healthcare mission.

Pillars of sustainability

1. Identifying, measuring, and offsetting the environmental impact of Ensign's independent subsidiaries: Collectively, they hold themselves to higher standards when calculating their carbon footprint calculations and make efforts to offset their scope 1 and 2 emissions resulting from day-to-day operations. They promote forming partnerships with third party groups to benchmark their utilization and risk as they continue to evolve in unique ways to lessen their impact.
2. Collectively, the independent subsidiaries encourage reducing impact on the local, regional, and global environment through field driven operational initiatives. Each independent subsidiary is dedicated to reducing the energy consumption and waste generation resulting from their operations, by evaluating strategies including LED lighting, HVAC turbine use, geothermal application in new builds and increased use of sustainable / recyclable material.
3. Our independent subsidiaries strive to minimize pollution and be good stewards of their natural resources. Working with 3rd party partners, they strive for efficient use of natural resources including air, water, and environmental capabilities while ensuring they minimize any negative effects on the quality of these resources.
4. Collectively, our independent subsidiaries are dedicated to maintaining full compliance with applicable environmental laws, regulations, and other obligations of stake holders. They take steps to ensure we develop strategies and internal benchmarks and best practices to meet and exceed what is currently required.



Governing Policies and Practices

Environmental Impact Guidelines

Ensign independent subsidiaries strives to:

- Reduce and, where possible, eliminate waste through various strategies around packaging and items they order and dispose of waste.
- Focus on assessment, pollution prevention, and control of environmental impacts of their operations activities and services.
- Implement systems and standard operating procedures to maintain compliance with all EPA, state, and local jurisdiction environmental requirements and standards.
- Provide adequate resources and training to personnel to carry out the four pillars of sustainability and other related policies and activities.
- Identify, evaluate, and track preferred vendors for energy efficiency service, implementation and adherence to a similar standards of environmental sustainability policies and procedures.
- With support from the Service Center, there will be an annual self-evaluation of environmental practices and policies to make appropriate changes to standard operating procedures and policies affecting related activities. Annually, a similar audit of supplies and vendors will be conducted to ensure compliance and adherence to generally accepted conformity to sustainability practices and Ensign's vendor code of conduct.

By taking the above steps, in conjunction with suppliers and vendors, Ensign independent subsidiaries will lessen their environmental impact.

Information security with third parties

- The Company uses third parties for cloud computing arrangements where our information may be hosted by these third parties. Prior to entering into these arrangements, there is a robust process performed by our Information Security office including the requirement for these third parties to fill out a questionnaire. As part of the assessment, risk analysis is performed, integrity of the third party is verified through examination of their track record, red flags are determined, and a formal recommendation is made by the Information Security office.
- On an on-going basis, all third parties must obtain a Service Organization audit, and we review reports focused on the results of these audits to inform our risk assessment.



Governing Policies and Practices

Insider Trading Policy

The Company's insider trading policy was adopted in August of 2007 and has been amended most recently in May of 2023. The policy provides guidelines with respect to securities transactions and the handling of confidential information about the Company and the companies with which the Company does business. The policy is intended to promote compliance with federal, state and foreign securities laws that prohibit certain persons who are aware of material nonpublic information about a company from: (i) trading in securities of that company; or (ii) providing material nonpublic information to other persons who may trade on the basis of that information. The policy is also intended to prevent the appearance of improper conduct, which can cause reputational harm to the Company, on the part of any persons subject to the policy. In summary, the policy states or defines the following:

- Defines the definition of those subject to the policy which includes officers, directors and employees of the Company with access to material nonpublic information. The policy also covers non-employees and family members.
- Defines material non-public information.
- Defines the consequences associated with an insider trading violation which includes civil penalties, criminal fines, jail time and company-imposed sanctions.
- Defines when information is deemed to be "public".
- Defines prohibited transactions as well as excluded transactions which includes Rule 10b5-1 Plans under the Securities Exchange Act of 1934.
- The policy is administered by the Company's General Counsel.

Policy for Recovery of Erroneously Awarded Incentive-Based Compensation

The Company adopted this policy to provide for the Company's criteria and process of recovering certain incentive-based compensation erroneously awarded to or earned or received by certain officers under certain circumstances.

This policy is designed to comply with, and shall be interpreted to be consistent with, Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as codified in Section 10D of the Securities Exchange Act of 1934, as amended, Rule 10D-1 promulgated under the Exchange Act and Listing Rule 5608 of the corporate governance rules of The Nasdaq Stock Market.

The policy is administered by the Compensation Committee of the Board of Directors. In summary, the policy defines accounting restatement and its date, covered executive officers, erroneously awarded compensation and incentive-based compensation. It then sets forth the Company's process for recovering the defined compensation as a result of an accounting restatement.



Thank you!