



**Encompass Health®**

Sustainability

## A letter from Mark Tarr

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## PRESIDENT AND CHIEF EXECUTIVE OFFICER



As the nation's largest provider of inpatient rehabilitation services, Encompass Health is dedicated to continuously improving our sustainability while providing the high-quality, compassionate care that makes us the trusted choice.

We are driven by our purpose, which is at its core focused on sustaining our patients' independence. Our purpose states, "We serve our patients and communities through customized rehabilitation that exceeds expectations. Our care teams are committed to achieving the best possible outcomes and getting our patients back to what matters most." In other words, our goal is to treat our patients' medical conditions so that they can resume their lives to the greatest extent possible. That is sustainability on an individual level.

More patients and communities across the country need intensive rehabilitative care as the population continues to age. To meet those needs, we are expanding our capacity by building and maintaining a robust pipeline of new hospital projects, in many cases as joint ventures with acute care hospitals, and adding capacity to our existing hospitals.

However, our sustainability story extends beyond the walls of our inpatient rehabilitation hospitals. We are also dedicated to supporting the communities in which we serve. Whether it be through strategic sponsorships, research grants or educational endowments, Encompass Health is partnering with a variety of worthy organizations and individuals to make a positive impact.

In the following pages, you will learn more about our sustainability story. The story continues to unfold as these efforts grow and evolve, so visit our [Patient Success Stories](#) webpage to see the difference we are making in the lives of our patients.



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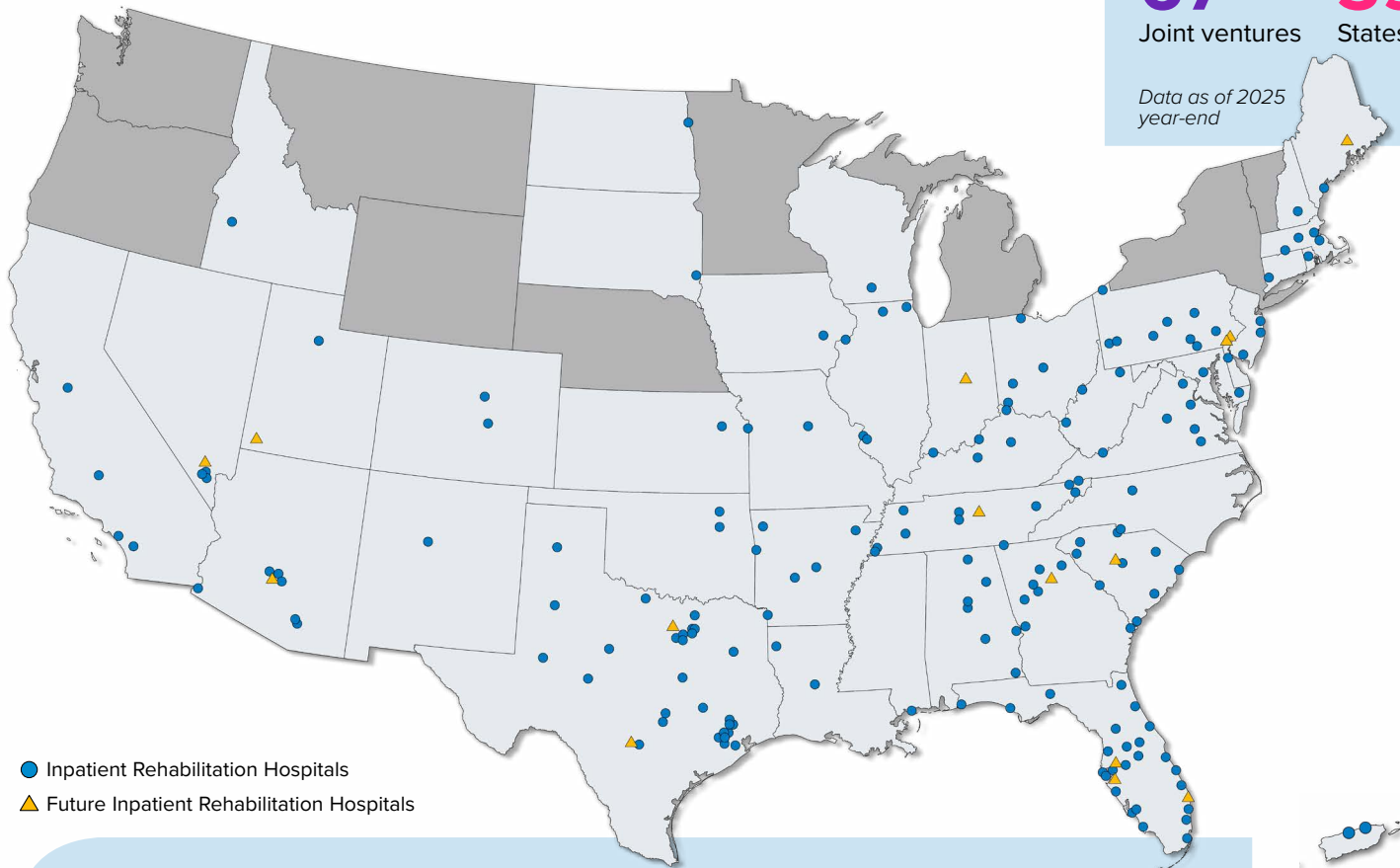

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# About us

As the nation's leading inpatient rehabilitation provider, we deliver care that helps patients achieve life-changing results.

Learn more in our [Investor Reference Book](#).





**173**  
Inpatient rehabilitation hospitals

**67**  
Joint ventures

**39**  
States & Puerto Rico

*Data as of 2025 year-end*



**~42,300**  
employees

**~263,300**  
patient discharges

**~\$5.9 billion**  
revenue

*Data as of 2025 year-end*

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# Board of directors

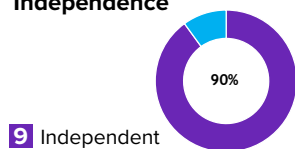
Our board is comprised of directors who represent a diverse set of experiences, expertise and perspectives. The board is almost entirely independent, with Mark Tarr (our president and CEO) being the only non-independent member. We have a beneficial mix of director tenures, which gives our board the benefit of fresh perspectives while maintaining experience, continuity and stability on our board. The board's membership guidelines recognize that diversity of skills, perspectives and experiences promotes improved monitoring and evaluation of the business and management on behalf of the stockholders and produces more creative thinking and solutions.

In evaluating the suitability of individual candidates for board membership, our board of directors considers relevant factors, including, but not limited to: a general understanding of marketing, finance, information technology and cybersecurity; corporate strategy and other elements relevant to the operation of a large publicly-traded company in today's business environment; senior leadership experience; an understanding of our business or a related healthcare business; educational and professional background; character; and whether the candidate would satisfy the independence standards of the New York Stock Exchange.

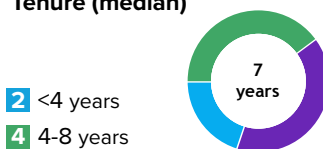
**Skills and experience**



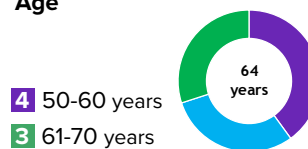
**Independence**



**Tenure (median)**



**Age**



[Greg Carmichael](#)



[Edward M. Christie III](#)



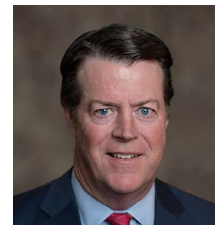
[Cain A. Hayes](#)



[Joan E. Herman](#)



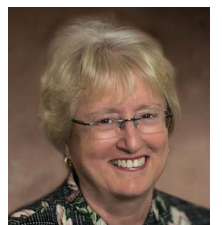
[Leslye G. Katz](#)



[Kevin J. O'Connor](#)



[Christopher Reidy](#)



[Nancy Schlichting](#)



[Terrance Williams](#)



[Mark Tarr](#)

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# The Encompass Health Way

Encompass Health is a purpose-driven company. Our business provides real value to the communities and patients we serve. As our purpose states, “We serve our patients and communities through customized rehabilitation that exceeds expectations. Our care teams are committed to achieving the best possible outcomes and getting patients back to what matters most.”

To further embed our purpose, The Encompass Health Way, our core set of values, was created by our employees for our employees and provides:



## Set the standard

We are committed to going above and beyond, never settling for anything less than excellence. We pride ourselves on being industry leaders and challenge ourselves to continuously improve.



## Lead with empathy

We start with empathy, taking the time to understand the physical, mental and emotional needs of each other and those we support. We listen, make deep connections and engage on a personal level to better serve others.



## Do what's right

We do the right thing the right way, no matter how difficult, even when no one is looking. We're not afraid to have hard conversations. If we make a mistake, we acknowledge it, proactively find a resolution and make it right going forward.



## Focus on the positive

We have a positive spirit and find the light even in the most difficult situations. We bring our whole self to work. We celebrate successes and inspire others to create meaningful impact.



## Stronger together

We believe our individual strengths make us stronger together. We take accountability for our actions, connect across teams and lean in to get it done – at all levels of the Company.



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# Governance

We have long been committed to best practice corporate governance and have been repeatedly recognized for our corporate governance.

 **GOVERNANCE**  
**QUALITYSCORE**  
HIGHEST RANKED BY ISS ESG

1

## Here are some of our corporate governance highlights:

- Independent, non-executive chairman of the board
- Heightened board independence requirement (75% must be independent; currently 90% are)
- Independent sessions are scheduled at every regular meeting of our board and its committees
- Robust stock ownership requirements for directors and officers
- No poison pill in place
- Declassified board
- Single class of voting stock
- Stockholders may amend our bylaws by simple majority vote
- Proxy reimbursement bylaw for stockholder proxy solicitation expenses
- Stockholders may act by written consent
- Stockholders representing 20% of outstanding shares may call a special meeting
- Term limit for directors of 15 years, subject to exceptions at the board's discretion
- Mandatory retirement age for directors of 75, subject to exceptions at the board's discretion
- Limitations on directorships for executive officers
- Enterprise risk management, including cybersecurity, and ESG oversight by full board and designated committees on regular schedule

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# Ethics & compliance

Encompass Health has a comprehensive ethics and compliance program based on the “Seven Elements of an Effective Compliance Program,” that government regulators deem necessary to demonstrate a culture that encourages ethical conduct and a commitment to compliance with legal requirements. The program employs an ongoing awareness model and risk management framework to promote compliance and appropriate standards of business conduct. It is administered by the Chief Compliance Officer (CCO) with guidance and support of an executive compliance committee and has been embedded into every level of company operations.

The program empowers employees and other stakeholders to work in a legal and ethical manner by providing the necessary tools, oversight and guidance to foster compliance with legal requirements, support ethical business decision making and promote a “speak-up” culture. These include:

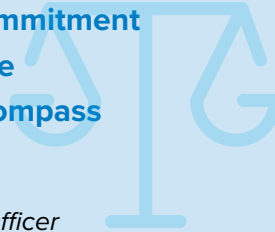
- Mandatory compliance training annually
- Open lines of communication, including a hotline administered by a third-party vendor that allows for anonymous reporting 24 hours a day, seven days a week
- A code of conduct, compliance policies and other written materials that provide practical guidance on compliance obligations and expectations
- Open and unfettered access to the CCO, privacy officer, general counsel, Inspector General (IG) and other key leaders to ask questions about compliance obligations or report suspected noncompliance

In addition, to continuously monitor various operational functions, we use independent audits, data mining and analytics, risk assessments, ongoing performance evaluation, trending and other risk identification techniques. We promptly address audit or survey findings that fall below target thresholds and substantiated allegations of noncompliance. We track the resulting corrective actions to completion and, as appropriate, we retest at a later date to verify effectiveness of remedial efforts.

Our board of directors and its committees maintain direct lines of communication with our executives overseeing compliance matters. The Compliance and Quality of Care Committee of the board appoints and oversees our CCO and receives direct reports from the CCO, the Chief Information Officer and the Chief Medical Officer. The Audit Committee appoints and oversees our IG, who leads our internal audit department, and receives direct reports from the IG quarterly.

**“We embrace the Standards of Ethics and Business Conduct as the foundation of our corporate culture, which is based on honesty, openness and integrity. Our shared commitment to these core principles is the cornerstone of a strong Encompass Health.”**

— Dawn Rock, Chief Compliance Officer



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# Cybersecurity

The proper function, availability and security of our internal and third-party information systems are critical to our business. We recognize the growing cyber threat to the healthcare industry and have attempted to structure our cybersecurity program and its incident response policies and procedures around the National Institute of Standards and Technology Cybersecurity Framework, which provides best practices to identify, protect from, respond to and recover from cyber attacks.

The cybersecurity program, led by our chief security officer (“CSO”), consists of dedicated internal IT security employees, including the staff of a security operations center and long-term third-party security service providers. The CSO reports directly to our Chief Information Officer (“CIO”). Our CIO provides quarterly detailed reports, including cyber-hygiene measures, on our cybersecurity program to the Board’s Compliance and Quality of Care Committee and at least annually to our full board of directors.

We also maintain an inter-departmental privacy and security committee that meets at least monthly and oversees our programs and initiatives that seek to protect and secure our data and systems. For example, this committee is responsible for our annual IT-Security Incident Response Plan and various training and awareness programs that promote good patient privacy and system security practices by employees.

## Cybersecurity program

As part of an aggressive cybersecurity program, we continually evaluate and test the tactics, techniques and processes used by “bad actors” to adequately prepare and provide a secure and trusted environment for our patients, clinicians, employees and other stakeholders.

### Our external risk assessment process includes:

- Cybersecurity maturity reviews
- Penetration tests
- External dependencies management assessments
- Incident response exercises
- Continuous internet perimeter vulnerability scanning
- Industry and expert security collaboration on current and emerging threats
- Annual significant vendor risk assessments
- Ongoing engagement with industry and governmental cybersecurity cooperative groups, including the Health Information Sharing and Analysis Center and the FBI’s InfraGard, to identify and combat known and emerging threats

### We practice resilience on a routine basis through:

- Multi-disciplinary participation in an annual incident response plan exercise
- Quarterly disaster recovery exercises
- Annual corporate business continuity exercise
- External parties perform disinterested cybersecurity penetration tests and risk assessments
- Continual security awareness training for all employees, including quarterly email phishing exercises
- Continual advancements of tools and techniques to protect and defend our environment with a focus on vulnerability discovery, patching and mitigation

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# Environmental initiatives

Our greatest contribution to sustainability is the nature of our services. We provide high-quality, cost-effective patient care to the communities we serve.

Our inpatient rehabilitation hospitals are substantially smaller than the typical acute care hospital and consume fewer resources. Our hospitals, allow for the transfer of patients not prepared to go home, transfers patients from higher-cost, more resource-intensive facilities to lower-cost settings. Further, a significant percentage of our patients go home, not to another facility. Not only is the preferred outcome for our patients, but it also reduces the total cost of healthcare and the burden on the healthcare system.

We undertake various recycling and energy conservation efforts. Current initiatives include recycling of non-medical waste and sharps containers, replacement of interior and exterior lighting in our hospitals with LED fixtures and migrating to energy-efficient HVAC equipment. We also trend and benchmark energy utilization by hospital and region on a quarterly basis to identify significant energy usage outliers.

## Building materials

- Prefabrication technology is reducing construction waste by cutting material scrap and minimizing on site labor hours, and we are deploying it across everything from full hospital builds and bed additions to bathrooms and headwalls.
- We are launching a solar panel pilot at up to four hospitals to advance renewable energy use and lower long term operating costs.
- Standard paint has zero volatile organic compounds and is Greenguard certified.
- Vinyl and porcelain tile and wall coverings include recycled content and are recyclable.

## LED Lighting

- LED lighting is installed in all new hospitals in order to reduce energy consumption and maintenance costs. A program to upgrade all facility lighting at our hospitals began in 2019 with only a few upgrades yet to be completed.

## Waste Recycling

- We have national pharmaceutical, medical and universal waste programs to ensure these materials are disposed of properly and their containers are recycled.
- 80% of our hospitals utilize reusable sharps collection containers.



## Home Office

Our home office incorporates building design and environmental initiatives that include:

- Intelligent lighting controls with occupancy sensors
- Walking trail surface of slate rock, a natural and sustainable material
- Native plants and tree placement to minimize heat gain in summer and block winds in the winter
- Centralized printing stations that default to two-sided paper printing
- Plastic and aluminum container recycling

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# Supply chain operations

Supply Chain Operations integrates best-in-class business practices to build a sustainable and resilient supply chain.

These goals are accomplished through:

- Our purchasing supply chain technology system monitors our suppliers' invoice pricing compared to underlying contracts and confirm necessary corrections.
- Our process of soliciting feedback from our hospitals on our top 70 vendors includes an annual satisfaction survey on service levels, product quality and other metrics. Corrective action is taken for poor performance. We also have an internal digital tool that any employee can utilize to submit a concern about a national supplier. Supply chain staff reviews all concerns submitted.
- Our group purchasing organization benchmarks our supply chain contracts with competing suppliers to ensure we are maximizing our purchasing leverage.
- Our clinical committees routinely evaluate our patient care products and services for clinical best practices and desired outcomes.
- Our data analytics processes provide energy utilization data to our hospitals for benchmarking and to identify potential opportunities to improve efficiencies.
- Our resiliency program has transformed how we safeguard supplies, equipment, and service delivery across our hospitals. We created a reserve warehouse strategy, secured secondary supply agreements, and proactively substituted more than 700 critical products to stay ahead of disruption and introduced real time disruption alerts. The result is a smarter, faster, more dependable supply chain that keeps our hospitals equipped and ready to deliver exceptional care.

[Learn more about how we're ensuring compliance with all of our vendors](#)

**Our purchasing system identifies sustainable products via an icon. Vendors must meet at least one of the following criteria to be considered sustainable:**

1. Biodegradable
2. Certified sustainable
3. Compostable
4. Energy conservation
5. Green cleaning
6. Product-recycled content
7. Raw material reclamation
8. Third-party certified
9. USDA organic



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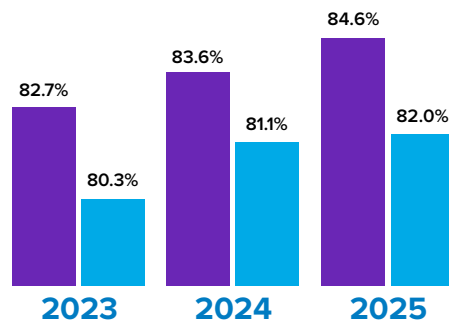
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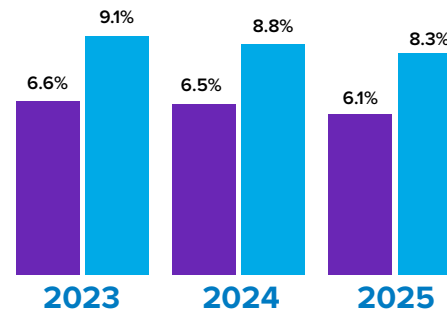
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# Our commitment to quality

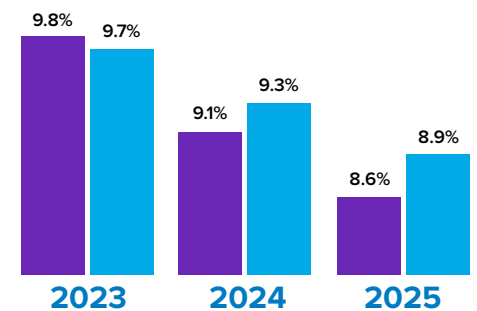
We are proud of our track-record of providing quality care, as benchmarked against national industry standards. Our patients consistently achieve higher functional gains compared to the national risk-adjusted data. All our hospitals are certified by The Joint Commission. Additionally, our hospitals participate in The Joint Commission's Disease-Specific Care Certification program, with 149 of our hospitals holding one or more Disease-Specific Certifications, including 148 hospitals with stroke-specific certifications. Our stroke rehabilitation certifications represent more than 60% of all stroke rehabilitation certifications issued by The Joint Commission. Other Disease-Specific Care Certifications include hip fracture, brain injury, amputee, Parkinson's disease rehabilitation and more.



Percent of patients discharged to the community, including home or home with home health



Percent of patients discharged to a skilled nursing facility



Percent of patients discharged to an acute care hospital

**Encompass Health** UDSMR

The above UDSMR measures include IRF units that are located within acute care hospitals.

# Quality initiatives

Some examples of clinical initiatives we have to further improve quality include:



- **Reduce Acute Care Transfers (known as ReACT)** – To improve patient outcomes and reduce healthcare expenditures and penalties, we use our extensive proprietary database of inpatient rehabilitation patient records to develop a predictive model in 2015 to identify patients at risk of an acute care transfer and implement intervention strategies as part of the plan of care. In 2022, we updated the model by expanding the input variables and volume of data used to identify factors that might contribute to a patient needing to be acutely transferred, allowing our clinical teams to apply intervention strategies as part of the plan of care for the patient.



- **Pain control and reducing the use of opioids** – We do not employ physicians, so we have no control over the prescription process. However, we have a multidisciplinary approach to improve pain management, including educating our clinicians on nonpharmacologic treatment of pain and vigilant opioid stewardship.



- **Infection control** – Working with a contracted infection control expert, we have standardized and improved our infection control practices across the Company in order to reduce the risk of infection to patients and apply evidenced-based decision making to prevent the spread of infections. We developed a white paper that describes an approach to preventing infections that maximizes patient safety, promotes optimal clinical outcomes, increases patient satisfaction and avoids unnecessary limitations on participation in therapy. We presented this white paper at the national conferences for the Association for Professionals of Infection Control and the American Congress of Rehabilitation Medicine.



- **Patient falls** – In response to the Institute of Medicine’s report “To Err is Human,” Congress developed the Patient Safety and Quality Improvement Act of 2005. This Act authorized the creation of Patient Safety Organizations for improving quality and safety by reducing the incidence of events that adversely affect patients. In 2016, we developed the Encompass Health Patient Safety Organization and obtained the applicable certification as a Patient Safety Organization from the Agency for Healthcare Research and Quality of the Department of Health and Human Services. In 2022, we implemented the Fall Prevention Program using a predictive analytics model with an interdisciplinary approach to individualized fall prevention. Since implementation, our fall rate per 1,000 patient days has decreased by approximately 32%.



- **Nutrition** – We have developed an early intervention malnutrition screening tool that prompts nurses to start the correct supplement to meet the patient’s nutritional needs based on diet and diagnosis. We implemented food service management technology that provides our hospitals with an electronic meal ordering and preparation system with standardized menu options based on dietary requirements. The system also integrates with our EMR system to provide accurate and timely updates to diet requirements.



- **In-house hemodialysis program** – Patients receiving dialysis treatments historically received their treatment through third-party vendors either onsite or offsite. In 2022, we began the rollout of providing onsite dialysis to our patients through the Tablo hemodialysis system. A patient is treated in an onsite dialysis suite staffed by a nephrologist and RNs with previous dialysis experience. The benefits to our patients include a better coordination of therapy and dialysis treatments, recovery time is shorter compared to traditional hemodialysis, and the hospital’s clinical team can take a complete holistic approach to the patient’s care plan.

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# Patient privacy

Our Company is subject to the Health Insurance Portability and Accountability Act of 1996, commonly known as HIPAA. We spend a significant amount of time and expense protecting the privacy of our patients, and our board of directors and its Compliance and Quality of Care Committee receive regular reports on our privacy and security compliance program. The privacy program is designed to foster a culture of privacy compliance that demonstrates our commitment to appropriately safeguarding the privacy of individuals' protected health information (PHI).

The goals of the privacy program are to:

- Establish policies and procedures to ensure compliance with all applicable federal and state privacy-related laws and regulations
- Outline institutional privacy and compliance roles
- Conduct audits and otherwise proactively identify risks to patient PHI
- Provide education and training
- Establish other mechanisms to implement the privacy program

The privacy program is managed and overseen by a privacy officer in our compliance department with guidance from the privacy and security committee and the executive compliance committee. Each hospital has an assigned employee who acts as a hospital HIPAA officer (HHO). The HHO's role is to coordinate the privacy function at the hospital level and act as a liaison between the privacy officer and the hospital.

Privacy requirements and expectations are spelled out in our HIPAA Policy and Procedure Manual, which is accessible to all employees on our intranet. We ask all employees to complete detailed training on what constitutes PHI and procedures for the appropriate collection, usage, retention, disclosure and destruction of PHI within 30 days of hire and annually thereafter. We employ both physical and electronic safeguards to protect PHI, including card-only access to certain areas, encrypted electronic transmissions, required quarterly system access reviews, electronic auditing functions to help identify inappropriate system access and centralized mobile device management. We require a Business Associate Agreement when entering into agreements with companies that handle, use, distribute or access patient PHI. Our compliance department maintains and publicizes a telephone line and email address that may be used to report possible violations of these and other HIPAA requirements or our privacy policies or standard practices.

The privacy officer and, if warranted, additional staff from across departments such as legal and IT investigate all possible data breaches. They perform root cause analyses on all substantiated breaches, taking appropriate actions to mitigate consequences of an existing breach while also applying safeguards to prevent future failures. They also monitor breach activity and report to the Privacy and Security Committee, Executive Compliance Committee and the Compliance and Quality of Care Committee of our board of directors. A third-party advisor conducts an annual security simulation exercise where we test and prepare for our responses to cybersecurity and privacy breach-related matters.



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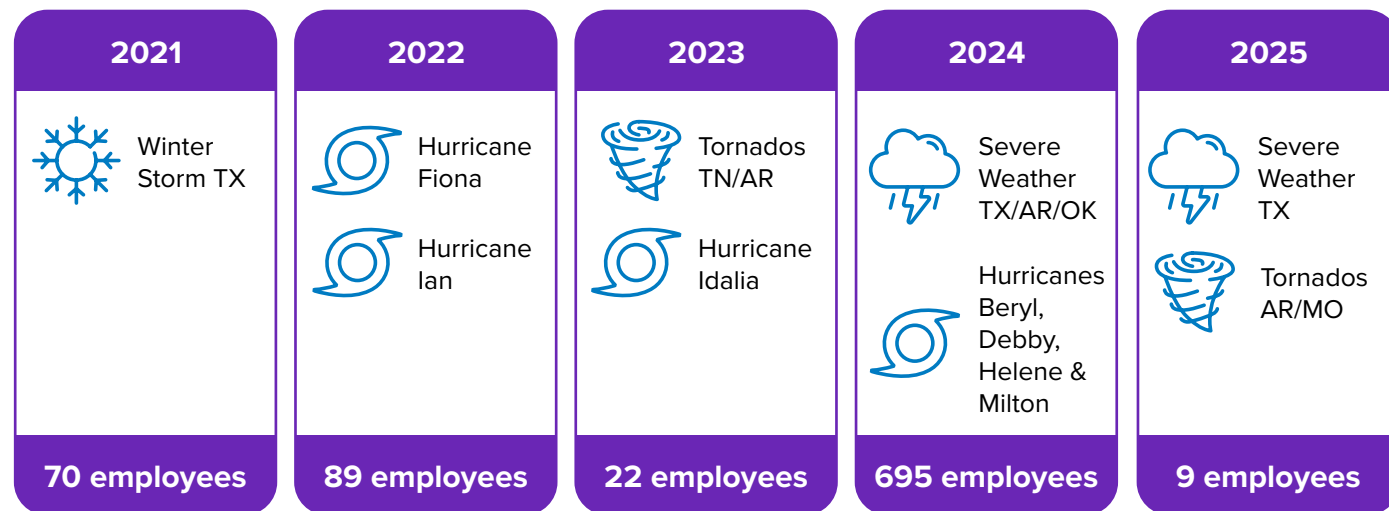


The C.A.R.E. Fund is an employee-inspired initiative as a means for Encompass Health employees to assist their colleagues in the face of adversity. The fund is an example of our values in action, leading with empathy by caring for one another and uniting for a cause because we are stronger together.

The C.A.R.E. Fund has made a lasting impact on the lives of employees and their families who are affected by the aftermath of covered natural disasters, ranging from hurricanes and tornadoes to earthquakes, floods and winter storms. Since inception, the C.A.R.E. Fund has provided assistance to more than 1,400 Encompass Health employees during unanticipated times of need.

Donations can be made by employees as a one-time donation or through payroll deduction. Encompass Health is proud to match employee donations given to the C.A.R.E. Fund dollar for dollar. Donations are used to help employees with temporary lodging, food, transportation and supplies.

## Support provided to 885 employees from 2021 to 2025



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# Education

Through grant and scholarship opportunities, we are committed to assisting future healthcare employees and funding important research to benefit our patients. Some of those opportunities include:

## Encompass Health and Chamberlain University

Encompass Health teamed up with Chamberlain University to offer our nurses an opportunity to seek higher education at a reduced rate. Through the partnership, nurses can advance their degrees at a tuition rate of 30 to 50 percent of the total program cost, depending on the program, which includes a registered nurse with an associate's degree to bachelor of science in nursing degree, master of science in nursing degree, doctor of nursing practice degree and other graduate and post baccalaureate certificates.

## Tuition reimbursement/scholarship programs

Employees have the opportunity to advance their education through Encompass Health's tuition reimbursement and scholarship programs. In 2025, Encompass Health contributed ~\$1.3 million in tuition reimbursement for eligible employees.

## Student loan repayment

In 2025, Encompass Health paid ~\$4.5 million toward student loan repayment for eligible employees.

## Academic donations and partnerships

Encompass Health makes financial contributions to support and inspire students to serve others in the health profession, in turn positively influencing healthcare and society. In 2025, the Company contributed to:

- The University of Alabama at Birmingham
- The University of Alabama
- Samford University
- Auburn University Foundation
- University of Kentucky

In addition to our financial contribution to support students in healthcare professions, our hospitals serve as clinical rotation sites for more than 300 schools. We are providing students with real-world, tangible workforce experience and developing the future inpatient rehabilitation workforce.

## Encompass Health therapy grants

Each year, the Company awards grants to fund research projects aimed at the investigation of the impact and effectiveness of therapy in the inpatient rehabilitation setting. In recent years, grants have been awarded to fund studies and research on topics ranging from caregiver education to the effectiveness of occupation-centered interventions. The program is open to employees, as well as other qualified candidates offering research projects aimed at improving rehabilitation in post-acute care.

**“Samford revitalized my life. What this scholarship stands for is the most important thing to me.”**

HANS RICE, SAMFORD UNIVERSITY

**“I am very grateful and thankful ... Because of your scholarship, I am one step closer to graduating.”**

NATASHIA FANNING, TUSKEGEE UNIVERSITY

**“Thank you ... This scholarship has directly impacted my family.”**

ERIC GONZALEZ DIAZ, SAMFORD UNIVERSITY

**“Thank you for supporting me ... and allowing me to continue my dreams. Your generosity truly makes a difference.”**

NINA BATTLE, TUSKEGEE UNIVERSITY

**“I really have a heart for missions, and I love getting to do service learning projects as part of my curriculum.”**

JOY DEES, SAMFORD UNIVERSITY

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# Talent development

Developing talent internally and attracting top talent is an integral part of our recruitment and retention strategies. We recruit from top professional organizations across the country as a way to source talent with diverse experiences and backgrounds. We have identified top colleges for nursing, therapy and healthcare administration to recruit candidates. We have also implemented programs to develop future hospital chief executive officers and chief nursing officers, which are two of the most critical positions in our hospitals. These programs provide an experiential and hands-on development opportunity for internal and external candidates to fill these critical positions.

Employee development programs include but are not limited to:

- **Career Ladders** – Programs designed to recognize and reward eligible staff members for expanding their skill sets, clinical knowledge, and leadership responsibilities within nursing, therapy, case management and pharmacy. Career ladders play an important role in supporting recruitment and retention by providing meaningful advancement pathways. Participation continues to increase as clinicians pursue opportunities to grow professionally while contributing to improved patient outcomes.
- **Online Development Library** – Access to a wide range of readily available internal and external content on many topics important for success in current or desired jobs. The library includes our Clinical Excellence University series of inpatient rehabilitation specific educational offerings taught by expert Encompass Health clinicians.
- **Developing Future Leaders** – Developing Future Leaders (DFL) is a two-year program designed to accelerate the development of full-time employees in good standing who aspire to grow into management. The program has three levels: Aspire to Supervisor, Aspire to Manager and Aspire to Director. This program provides a developmental road map to follow with your manager's support, giving participants an opportunity to develop their qualifications for management roles.
- **Leadership Precepting** – Provides new leaders six to 12 months of structured mentoring from experienced, high-performing peers
- **Leadership Coaching** – The purpose of Leadership Coaching is to accelerate the development of key talent. We do this by supporting and coaching the employee through the creation and implementation of a structured development plan to address development needs mutually agreed upon by the employee and manager. The goal of Leadership Coaching is for the employee to experience growth that may come in the form of positive change in behavior or insight into their own leadership. Since its inception, our Leadership Coaching Program has developed 120+ coaches which have in turn coached 900+ employees across Encompass Health.
- **Developing Future Chief Executive Officers** – Designed to rapidly accelerate the development of candidates who aspire to become a hospital CEO, our 18 to 24 months Developing Future CEOs (DFCEO) program provides hands-on training and mentorship for emerging leaders. Candidates develop the skills needed to lead improvements in the hospital's clinical, financial, employee and patient satisfaction outcomes.
  - Originated in 2013 with 4 participants
  - 54 placements to the CEO role since inception

[Our latest workplace demographic data from the EEO-1 Report can be found here.](#)

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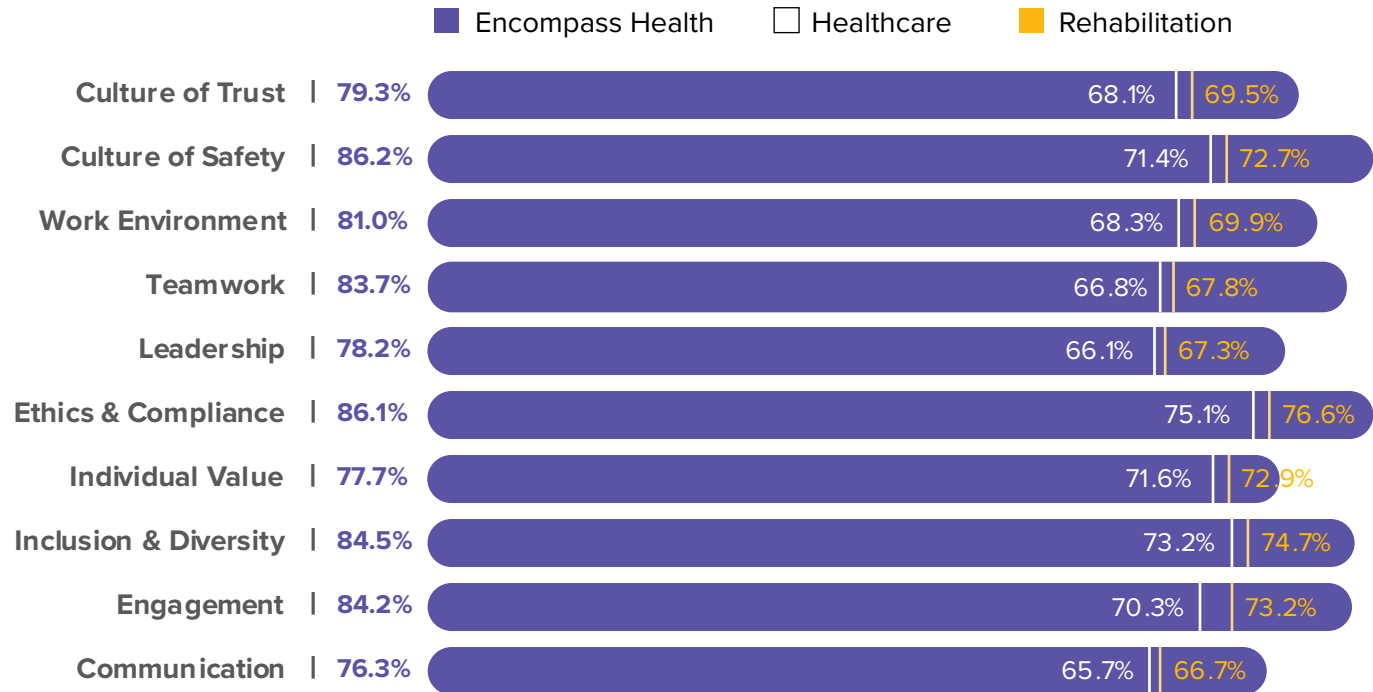
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# Employee engagement

Encompass Health's 2025 Employee Engagement Survey provides valuable insight into employee perceptions, enabling us to reinforce strengths and prioritize actions that enhance engagement. In 2025, our results outperformed both healthcare industry and rehabilitation benchmarks in every engagement category.



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# Employee engagement

When broken down by any race, age or gender category, every group scores above both the healthcare and rehabilitation average in the questions that indicate a work environment ripe for innovation.



## Why inpatient rehabilitation

When looking at national benchmarks, rehabilitation hospitals outscore healthcare overall averages in 97% of measured items. In the other 3%, rehabilitation hospital scores were equal to healthcare overall. Below summarizes the categories rehabilitation hospitals excel in:

- visible, caring and values driven leadership
- collaboration, teamwork and trust
- clear communication and transparency
- work life flexibility and well being
- strong manager effectiveness and support
- employee voice, inclusion and belonging
- resources and support for high quality patient care
- engagement, pride and intent to stay
- recognition and appreciation of employees
- ethical culture and psychological safety
- career development and growth opportunities

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# Succession planning

We annually review our talent to identify potential successors for key positions and candidates for accelerated development based on their performance and potential. This process supports business continuity during management transitions. It includes an assessment of each employee's promotability based on a set of leadership core competencies defined as part of the Company's talent strategy. There are times we have to hire externally, but we look to promote within when possible.

In addition to executive and management succession, the Nominating/Corporate Governance Committee regularly oversees and plans for director succession and refreshment of our board of directors to ensure a diverse mix of perspectives, skills, experiences and tenures that promote and support our long-term strategy. In connection with long-term succession planning, the Nominating/Corporate Governance Committee engages, from time to time, a search firm to identify director candidates for our board in anticipation of replacing the directors who are approaching the tenure limits set forth in our [Corporate Governance Guidelines](#).





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# Charitable giving

Encompass Health is committed to making a difference in the communities it serves by providing financial and volunteer support to non-profit organizations in local communities. Our Home Office, as well as our individual locations, focus charitable giving in the following four areas:

- **Rehabilitation-related healthcare:** Charities that focus on providing information, research or treatment in the healthcare arena, with special consideration given to organizations conducting physical rehabilitation research and patient support
- **Human services:** Charities that focus on supporting human service organizations, particularly ones that improve the lives of those who are at risk or are facing unique challenges
- **Education:** Charities that are committed to education as a means of helping young people prepare for the future with special consideration given to schools serving low- or moderate-income communities. Also included in this focus area are higher education initiatives and training programs, particularly those relevant to the healthcare industry. Organizations that focus on creating and maintaining an environment that fosters and promotes opportunities for higher education in minority communities.
- **Art and culture:** Encompass Health believes art and culture make life more vibrant for everyone.

Each year, we give nearly  
**\$2 million**



*In addition to monetary donations, our hospitals also routinely take part in fundraisers and local charity events.*

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# Together to End Stroke

In 2019, Encompass Health became a national supporter of the American Stroke Association (ASA) and its Together to End Stroke campaign. Research from the ASA's Guidelines for Adult Stroke Rehabilitation and Recovery shows that of the approximately 795,000 patients who have a stroke each year, two-thirds will require rehabilitation. That's why we're working together to show that stroke is treatable, beatable and preventable. Encompass Health treated more than 47,000 stroke patients in 2025 with an opportunity to continue to increase our market share.



## Co-branded educational materials

Through our continued collaboration, we have strengthened our support of stroke survivors, caregivers, and their families. In 2025, we added two additional evidence-based tools to the American Heart Association library, Dysphagia After Stroke lesson module and Fall Prevention Toolkit. Our modules have been promoted at various conferences with more than 4.1 million video views. Our co-developed Stroke Prevention Toolkit, Life After Stroke Guide and Simply Good cookbook are also available. [Learn more here.](#)

**In 2025, more than 7.5% of patients recovering from a stroke in the U.S. were treated at our hospitals, accounting for approximately 18% of our overall patient mix.**

## Local community outreach

Encompass Health staff are actively engaging with their local AHA/ASA chapters by serving on volunteer committees, local board of directors and more. Our sponsorship of the AHA's "Go Red for Women" luncheons allows us to educate our communities about the warning signs of stroke and the deficits a stroke patient may face.

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# Supporting our Central Alabama community

- 82% of Home Office staff participated in our 2025 United Way fundraising campaign, raising \$763,802
- Encompass Health's Home Office is proud to sponsor a Habitat for Humanity home build to advance affordable home ownership in the Birmingham area. Our employees support the project by contributing their time and talents.





This is only part of sustainability at Encompass Health. Learn more about [the people and the stories](#) that are helping sustain Encompass Health and its patients, people and communities for generations to come.