Compliance with Foreign Corrupt Practices Act

GENERAL INFORMATION
The Foreign Corrupt Practices Act (FCPA) is intended to prevent the bribery of foreign officials. Business dealings in foreign countries need to be performed in a manner compliant with the FCPA.

1. The purpose of this compliance policy is to establish Select Medical’s FCPA stand alone policy and procedure to ensure compliance with the FCPA.

2. The compliance policy applies to all officers, the Board of Directors, and employees and third parties that are contractors, agents or consultants that work with Select Medical and could be involved with any international transaction, communications or audits.

POLICY
It is the policy of Select Medical (“Select Medical” or the “Company”) that the Compliance and Audit Services Department be responsible for the development, operation and continuing implementation of the Select Medical U.S. Foreign Corrupt Practices Act (FCPA) Compliance Program. The purpose of the FCPA Compliance Program will be to ensure that Select Medical and each of its subsidiaries, affiliates and entities managed or controlled by Select Medical comply with all applicable federal rules and regulations relating to the FCPA. Failure to comply with the FCPA can result in significant criminal and civil penalties for Select Medical as well as for Select personnel individually. It is essential that all Select personnel, its contractors, agency and consultants that work with foreign contracts and international relationships follow the FCPA and Select Medical’s FCPA Compliance policy and procedures.

PROCEDURES
1. It is the responsibility of the Compliance Officer to develop, implement and monitor the Select Medical FCPA Compliance Program, while maintaining a system of reporting that provides the Compliance and Audit Committee and Board of Directors with timely and relevant information pertaining to all FCPA compliance issues.

2. It is the responsibility of the Compliance and Audit Committee to make recommendations to the Compliance Officer in the implementation and ongoing maintenance of the FCPA Compliance Program.

3. It is the responsibility of all persons subject to the Select Medical FCPA Compliance Program to become aware of, understand and abide by all elements of the FCPA Compliance Program.
4. Each employee, contractor, and agent subject to FCPA training must annually acknowledge and certify their understanding and agreement with the FCPA policy and procedure. It shall be the responsibility of each manager or supervisor to ensure that all employees under his or her supervision have executed the FCPA certification process. The FCPA Certification requirement will be a factor included in the employee’s annual performance evaluation.

5. The FCPA makes it unlawful for any U.S. company, any agent of a U.S. Company or any U.S. citizen or resident to offer or promise to give a gift, payment or anything of value or to do any act in furtherance of biding a gift, payment or anything of value to any foreign government official, foreign political party, foreign political party official or candidate to obtain or retain business.

6. The FCPA makes it unlawful for any U.S. company, any agent of a U.S. Company or any U.S. citizen or resident to offer or promise to give a gift, payment or anything of value or to do any act in furtherance of biding a gift, payment or anything of value to any other person while knowing that all or a portion of that will be given, offered or promised to a foreign official to obtain or retain business.

Definition: **Foreign Official** is any officer or employee of a foreign government, a public international organization, or any department or agency thereof, or any person acting in an official capacity. This includes doctors, pharmacists and other healthcare practitioners employed by government owned or controlled hospitals, clinics, formulary boards or other healthcare facilities.

Exceptions: **Expediting or Securing Routine Governmental Action**
The definition of foreign official excludes employees of foreign governments whose duties are essentially ministerial and clerical. The FCPA does not prohibit “grease payments” to foreign officials. These are payment for expediting shipments through customs or placing a transatlantic telephone call, securing required permits or obtaining adequate police protection and transactions to ensure proper performance of duties.

7. Select Medical shall prepare and maintain accurate books, records and accounts that reflect the transactions and dispositions of assets. Select Medical shall also institute and maintain internal accounting control systems to assure managements control, authority and responsibility over the firm’s assets.

8. No gifts may be given to or on behalf of any foreign official in connection with efforts to obtain or retain business except for gifts of relatively small value to foreign government officials whose duties are essentially ministerial or clerical and where gift giving of that type is recognized as customary or accepted protocol. Any such gifts must be reported promptly to the Compliance Officer and must be properly accounted for on the books, records and accounts of the appropriate facility.
9. No payments may be made to or on behalf of any foreign official in an effort to obtain or retain business except for reasonable and bona fide payments directly related to a) the promotion, demonstration or explanation of Select Medical’s products or services or b) the execution or performance of a contract between Select Medical and a foreign government or agency.

10. To ensure compliance with the FCPA in connection with the use of foreign agents, there must be an agency agreement in place prior to initiation of services rendered. The agreement must be reviewed and approved by Select Medical’s Legal Department.

11. Personnel doing business with a foreign country must be aware that the FCPA may differ from foreign law on the same subject. If there is a conflict between the FCPA and similar foreign law consult Select Medical’s Legal Department for guidance.

12. Select Medical’s system of internal controls will include appropriate review and approval of payments and fees and monitoring of foreign agents.

13. Personnel are required to report potential violations of the FCPA or Select Medical policy to the Compliance and Audit Services Department. Refer to the Reporting Policy for methods of reporting.