

## 2016 PUBLIC ACCOUNTABILITY QUESTIONNAIRE

This Questionnaire Covers Calendar Year 2016.  
Please return your response to [sonja.nesbit@arentfox.com](mailto:sonja.nesbit@arentfox.com) no later than  
**May 26, 2017.**

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On February 11, 2016, Vizient, Inc. (“Vizient”) completed an acquisition of the Spend and Clinical Resource Management business of MedAssets, Inc. that has resulted in the combination of the businesses and operations of both organizations. Vizient Supply, LLC (“Vizient Supply”), formerly known as Novation, LLC, is a wholly-owned subsidiary and the supply chain contracting arm of Vizient. For the purposes of this questionnaire, all answers reflect Vizient and, where applicable, Vizient Supply, and its structure and national contracting practices as they existed in 2016.

### OWNERSHIP AND ORGANIZATIONAL STRUCTURE

**1. Describe the ownership structure of your GPO and/or its parent or affiliated companies, including details regarding the following:**

- **Person(s) or entities that control the majority of voting interests in your GPO;**  
Vizient is the largest member-owned healthcare company in the U.S. with approximately 318 stockholders (as of December 31, 2016).
- **The types of equity holders of your GPO (e.g., publicly-held company, healthcare providers, individuals, for-profit and/or not-for-profit entities);**  
Vizient’s stockholders are all member institutions, made up of community-based healthcare providers and academic medical centers.
- **The corporate form of your GPO and/or its parent or affiliated companies – such as corporation, partnership, limited liability company, co-op;**  
Vizient is a Delaware corporation.
- **Whether the GPO is organized as a for-profit or not-for-profit organization; and**  
Vizient is a private, for-profit company.
- **Location of corporate headquarters.**  
Vizient is organized in Delaware and headquartered in Irving, TX.

**2. Describe the composition of your Board of Directors or other governing body and reflect any changes from the previous HGPII reporting year. Include the following in your response:**

- **Number of individuals serving on your Board;**  
Vizient is governed by a 22-member Board of Directors representing diverse experience and professional backgrounds from for-profit and not-for-profit health systems and educational and research centers of varying sizes across the nation.

- **Percentage of Board representing GPO customers;**  
Approximately seventy-five percent (75%) of the members of the Board represent entities that participate in Vizient.
- **Percentage of Board that are employees of the GPO; and**  
Curt Nonomaque, the President and CEO of Vizient, is the only member of the Board that is an employee of Vizient.
- **Percentage of Board members also serving as employees, officers, or directors of a participating vendor.**  
None of Vizient’s Board members serve as employees, officers or directors of any participating vendor.

**3. Indicate whether any equity holder of your GPO and/or its parent or affiliated companies is a physician (or an immediate family member of a physician).**

No physician (or immediate family member of a physician) owns an equity interest in Vizient.

**CONFLICT OF INTEREST**

**4. Describe the GPO’s policies and procedures that address conflicts of interest for:**

- **Employees in a position of influence with regard to contracting decisions;**
- **Clinical Advisory Members; and**
- **Members of the GPO’s Board of Directors or other governing body.**

**As part of your response, provide details about reporting requirements for conflicts and provide a copy of written policies.**

Vizient’s Standards of Business Conduct and Conflicts of Interest Policy cover all employees and officers. In addition, Vizient has conflict of interest policies for members of its Board of Directors and clinical advisory committees.

The primary conflict of interest constraints for each of these categories of individuals are as follows:

- (a) Ownership of Individual Equity Interests in Participating Vendors.  
Officers and employees (and their spouses and minor children) may not own an Individual Equity Interest (as defined below) in a vendor if they are in a position to influence a Vizient contracting decision with such vendor.

Employees who do not influence contracting decisions must disclose individual equity interests in participating vendors and recuse themselves from any negotiations or decisions regarding those participating vendors. The term “Individual Equity Interest” means securities, options, warrants, debt instrument (including bonds and loans) or rights to acquire any of the foregoing; provided, however, that (i) interests in mutual funds, (ii) interests held in blind trust, or (iii) interests held in a professionally managed fund or account where the employee has

(a) no control over decisions to buy or sell Individual Equity Interests, and (b) no communication with the manager regarding the security to be purchased or sold by the account/fund (a “Managed Account”) shall not be included. Members of Vizient’s Board of Directors and advisory committees must adhere to conflicts of interest policies that require the member to disclose ownership of an Individual Equity Interest in a participating vendor and be recused from any decisions relating to such vendors.

(b) Service on Boards of Participating Vendors.

Employees and officers are prohibited from serving as an officer, director, employee or consultant of any company whose business interests materially conflict with the interest of Vizient, including any participating vendor. Members of Vizient’s Board of Directors and advisory committees must adhere to conflicts of interest policies that require the member to disclose service on any board of directors of any participating vendor and be recused from any decisions relating to such vendors.

(c) Vendor Gifts, Services, Entertainment and Favors.

Employees and officers may not accept or provide gifts of cash or cash equivalents to any vendors. Employees and officers may not accept gifts, services, entertainment, favors, honoraria from a participating vendor, unless the item or service is of Nominal Value. The term “Nominal Value” means any item, service or other thing of value (not including cash or cash equivalents) that does not exceed \$50 per instance or \$100 in any given calendar year. The total retail value of all nominal value gifts received by each employee during each calendar year from all sources shall not exceed \$300. Members of Vizient’s advisory committees must adhere to conflicts of interest policies that require the member to disclose the acceptance of any gifts, favors, honoraria or personal services payments, other than those of Nominal Value, from any participating vendor to the appropriate governing body. The member is then recused from any decisions relating to such vendors.

(d) GPO’s Process for Addressing Ethics Violations.

Reports of potential ethics violations can be made to any member of management; a member of the Human Resources, Legal or Compliance Departments; or through Vizient’s anonymous compliance hotline/website managed by Navex. All potential ethics violations are reviewed by the Compliance Department. In the Compliance Officer’s discretion, independent outside counsel may be utilized to investigate potentially serious issues. Action is taken on a case-by-case basis depending on the nature of the report and the results of the investigation. All reports of ethics violations and management’s responses thereto are reported to the Audit & Compliance Committee of the Board of Directors.

An electronic copy of Vizient’s Conflict of Interest, Advisory Body Conflict of Interest, and Board of Directors Conflicts of Interest policies are included with this response.

**5. Describe actions the GPO takes to avoid conflict of interest issues for members of the Board of Directors (e.g. disclosure and/or prevention of equity investments in participating vendor relationships and acceptance of gifts/meals/travel/entertainment paid for by vendors.)**

Vizient has a conflict of interest policy for members of its Board of Directors. Generally, directors must avoid situations in which their personal interests or interests of other organizations they represent conflict, or appear to conflict, with the interests of Vizient. Members of Vizient's Board of Directors must complete annual disclosure statements of potential conflicts of interest and adhere to policies that require the member to disclose ownership of an Individual Equity Interest in a participating vendor and be recused from any decisions relating to such vendors. See also response to Question 4.

**6. Describe the GPO's policies and procedures that address activities, including other lines of business of the GPO and/or its affiliates (including non GPO services and strategic investments) that might constitute conflicts of interest to the independence of its purchasing activity. [1]**

Vizient does not offer services that might constitute conflicts of interest with its contracting activities. Vizient maintains and continues to develop its Analytics and Advisory Services function, which offers consulting, clinical and supply chain data analytics and other related services that facilitate and enhance supply chain operations and drive the highest quality of care. Participation in these programs is voluntary and at the sole discretion of the member. In addition, Vizient offers non-GPO contracting services through a subsidiary, aptitude, LLC.

Information regarding activities and other lines of business of Vizient may be found at [www.vizientinc.com](http://www.vizientinc.com). Information regarding Provista, LLC ("Provista"), a subsidiary of Vizient that primarily services the non-acute marketplace, is available at [www.provistaco.com](http://www.provistaco.com). In addition to providing supply chain services to Vizient and Provista, Vizient Supply provides supply chain services to three additional GPOs. Through the February 2016 acquisition noted above, Vizient Supply now serves as the supply chain contracting agent of MedAssets Performance Management Solutions, Inc. ("MedAssets"). Vizient Supply is also the exclusive contracts management and supply chain partner for Children's Hospital Association ("CHA"), a network of children's hospitals and a member of HGPII. In addition, during 2013, Vizient entered into a joint venture with the Cleveland Clinic to develop a specialty GPO, Excelerate Strategic Health Sourcing LLC ("Excelerate"). Vizient Supply provides contracting and supply chain services to Excelerate. All contracting services provided by Vizient Supply to Vizient, Provista, MedAssets, CHA, and Excelerate are conducted in accordance with Vizient's policies and procedures. See also response to Question 9.

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<sup>1</sup> Business concerns, organizations, or individuals are affiliates of each other if, directly or indirectly, (1) either one controls or has the power to control the other, or (2) a third party controls or has the power to control both. (See 48 CFR, Section 9.403 (2007): Securities Act, Sec. 16, 15 USC 77p(f)).

## **OTHER LINES OF BUSINESS**

- 7. Describe other lines of business or investments of the GPO and its affiliates. We are interested in hearing about new as well as nontraditional GPO services that your company and its affiliates are involved with.**

See response to Questions 6 and 11.

- 8. What policies or guidelines does the GPO have to address potential conflicts of interest with regard to other lines of business engaged in by the GPO and/or its parent or affiliated companies?**

See responses to Questions 6 and 9.

## **MONIES FROM VENDORS**

- 9. Describe the GPO's policy with respect to the receipt of sponsorship funds, grants for research or other educational programs, or any other source of non-administrative fee revenue from vendors. What policies does the GPO have to guard against any potential conflict of interest relating to such payments?**

Under limited circumstances, Vizient will accept sponsorship funds and/or educational grants from current or prospective vendors for member meetings (e.g., tradeshow), clinical programs or educational events (e.g., continuing medical education). Such funds are accepted pursuant to a written Supplier Sponsorship Policy that includes detailed controls to avoid even the appearance of impropriety, including but not limited to prohibitions on: selecting sponsors based on the volume or value of sales or administrative fee revenue; providing sponsors any preferential treatment or access during Vizient's open and competitive bid process; allowing sponsors to influence the outcome of research; allowing sponsors to influence the substance of educational materials; and requiring vendors to participate in sponsorship activities. In addition, the dollar value of all contributions for a given activity may not exceed 100% of the total project expenses for the activity and must be appropriately documented in writing. In addition to the Standards of Business Conduct and Conflicts of Interest Policy, the Supplier Sponsorship Policy ensures that sponsoring vendors are not given preference in the vendor selection process. The Supplier Sponsorship Policy applies to any type of vendor sponsorship, including donations for educational programs. As for other "non-administrative fee revenue," Vizient does not accept partnership incentives, vendor equity, or any "sign-on bonus" or other "up front" lump sum fees of any kind that are paid prior to inception of the contract. See also response to Question 11.

A copy of the Supplier Sponsorship Policy is attached.

- 10. Does the GPO and/or its parent of affiliated companies accept vendor fees relating to conference sponsorship or exhibit booth space? What policies does the GPO have to guard against a potential conflict of interest relating to vendor participation in industry trade shows, and donations in general?**

See response to Question 9. In addition, these sponsorships and registration fees are used to cover costs of meetings that provide educational opportunities. Vendors are not required to participate, and a vendor's participation or non-participation is not a factor taken into consideration during the contract award process.

**11. Describe any services or products the GPO or its affiliates provide to vendors on a fee-for-service basis (e.g. data, claims processing, etc.).**

Vizient offers pharmacy spend data to vendors on a fee-for-service basis which helps facilitate supply chain operations. In addition, Vizient offers additional marketing specifically for pediatric products and services under the Vizient Preferred Pediatrics Program™ to vendors on a fee-for-service basis. SG-2, LLC, a wholly-owned subsidiary of Vizient, also provides subscription-based market research and analytics to vendors.

**12. Does the GPO make annual disclosures of administrative fees received from vendors for contracting activities with respect to the member's purchase of products and services (e.g. safe harbor reports)? If this document is publicly available, provide an electronic link to this information.**

Members receive two types of disclosures for GPO administrative fees: First, members may view the administrative fee provisions of vendor contracts with fee provisions that are not fixed at three percent or less of the dollar value of member purchases through a secure internet database that is available 24 hours a day, 365 days a year. In addition to this "up-front" notice of vendor contract administrative fee provisions, members receive annual fee disclosure reports that indicate, on a contract-by-contract basis, the amount each member purchased in the previous year and the amount of administrative fees Vizient received in connection with those purchases.

**13. Does the GPO disclose to members all payments other than administrative fees the GPO receives from any vendor in the course of the GPO's group purchasing activities (e.g. booth space, educational grants, marketing fees, honoraria, etc.) whether from the purchasing activity of those members or not? Describe your disclosure practices.**

In addition to the administrative fee disclosures described in response to Question 12, Vizient reports information regarding vendor sponsorship, grant, and exhibition fees to Members upon request.

**14. Describe the GPO's policy with respect to returning administrative fees to an ineligible vendor.**

Vizient requires the return of administrative fees to the applicable vendor for purchases made by an ineligible member. Vizient has optional tools that allow vendors to upload and validate their administrative fee reporting to prevent errors.

## MEMBER FEES

- 15. Does the GPO pay fees or offer equity to members upon the signing or re-signing of a participation agreement with the GPO or the joining or renewal of membership in the GPO program?**

Vizient does not pay fees or offer equity to members upon the signing or re-signing of a participation agreement with the GPO or the joining or renewal of membership in the GPO program.

## BID AND AWARD/CONTRACTING ISSUES

- 16. Does the GPO have a publicly-available description of its bid and award process? If so, provide a link and written description of your bid and award process. If not, describe how it may be obtained.**

Vizient utilizes a Request for Proposal (“RFP”) Process that follows principles similar to those embodied in the ABA Model Procurement Code. Information regarding Vizient’s RFP process and its bid calendar are publicly-available at [www.vizientinc.com](http://www.vizientinc.com). In addition, any vendor who registers to participate in a particular RFP receives an “RFP Package,” which includes instructions for the particular procurement.

- 17. Describe the GPO’s requirements for how products or services are published so they are accessible to potential vendors. If a bidder is not awarded a contract, is that bidder able to review the decision criteria used to evaluate the bid? Include in your response a general description of the GPO’s criteria for vendor selection.**

Vizient’s RFP Package contains (i) bid specifications for the product being procured, (ii) basic qualifying factors that vendors must meet, and (iii) the criteria that will be used to evaluate proposals. The RFP Package is sent to all interested vendors who register to participate in a particular RFP. RFP proposals are evaluated in accordance with the evaluation criteria and procedures set forth in the RFP Package.

Yes, if a bidder is not awarded a contract, that bidder is able to review the decision criteria. Not only are decision criteria included in the RFP Package, Vizient will also accommodate any vendor requests for a verbal debrief following an unsuccessful attempt to gain an award through a Vizient contracting process. This feedback is also available for any vendor who makes an unsuccessful submission to the Innovative Technology process. Vendor debriefs are designed to discuss the criteria Vizient used for evaluating the bid and assure vendors that they have been treated in a fair and open way according to the Vizient contracting process. The debrief also provides an opportunity for general guidance about how the vendor could expect to be most successful in future Vizient RFP submissions. Contracting process debriefs are regularly conducted by the Vizient Procurement Director and representatives from the Vizient business unit. During a debrief, the following topics are usually covered: (1) identification of weaknesses or deficiencies in a vendor’s bid/proposal with a focus on areas where vendor could be likely to be more successful in their next RFP attempt, (2) responses to questions about Vizient’s contracting process, and

(3) responses to questions from vendor about its submission. At the debrief, the vendor is also made aware of the vendor grievance process to review lingering concerns regarding Vizient's application of its contracting process. Vizient is also careful not to share information of other bidders that could be competitively sensitive or proprietary.

The criteria by which a winning vendor will be selected is identified to all bidders through the instructions included in the RFP Package. To assure that the criteria are followed in the actual awards, the appropriate member council or task force reviews information regarding the RFP prior to the announcement of winning vendors.

The RFP process follows principles similar to those embodied in the Federal Competition in Contracting Act and is modeled upon, to the extent possible, the requirements of the ABA Model Procurement Code. Awards may be made without using this process in unique circumstances where they enhance member choice or flexibility and/or to promote Vizient's supplier diversity initiative. For example, non-competitive contract awards are provided: (i) to innovative medical products which offer incremental benefits to patient care, patient safety or health care worker safety; (ii) to small, women-owned, minority-owned, or veteran-owned businesses; and (iii) to innovative proprietary products which have no alternatives. In addition, all non-competitive contracts are clearly identified to members.

**18. Describe the GPO's policy with regard to the use of single, sole, dual, and multi-source procurement and provide an example or two to support use of these contracting tools.**

With the active input of its member councils and task forces, a number of factors are carefully considered when evaluating whether to contract with one vendor (a single-source contract) or with more than one vendor (multi-source contracts) for a given product category. Single-source contracts are entered into when a member council or task force determines that such an agreement would provide substantial member value without compromising patient care, patient safety, or health care worker safety. Note, Vizient does not distinguish between "single-source" or "sole-source" terminology.

Sole-source contracts are only awarded under the following circumstances: (1) when a product has no other generic equivalent competition or is viewed in the marketplace similarly to branded products (examples include branded pharmaceuticals or innovative technology products); (2) when no competing vendors respond to the RFP; or (3) when a sole-source supply contract is determined by a member council or task force to provide substantial member value without compromising patient care or safety or health care worker safety in conjunction with a competitive bid process.

**19. Does the GPO permit bundling of unrelated products or services from the same vendor or from different vendors? If so, under what circumstances would the GPO consider bundling to be appropriate?**

Multi-product contract discounts are quite common in the health care and other industries because they can promote competition and can help suppliers lower the costs of health care by offering lower prices to hospitals that prefer to standardize their purchases using a

single supplier's products. Vizient carefully assesses all proposed multi-product proposals in an effort to avoid those that would unreasonably limit member choice or flexibility, prevent innovative technology from reaching members, or unreasonably foreclose competition. Multi-product packages that combine clinical preference and non-clinical preference categories are not offered. However, multi-product packages for a group of functionally-related products may be offered when consistent with the overriding objective to provide members with the most innovative, cost-effective products possible.

**20. Describe the process for contracting for clinical preference items. Describe the GPO's policy guiding the appropriate length/term of contracts for clinical preference products.**

Members are free to evaluate products from, communicate and contract with vendors of any products, regardless of the vendor's contracting status with Vizient or the product's classification as an innovative or clinical preference product.

In order to ensure that contract length does not encumber member access to innovative technology, with rare exception that must be approved by executive management, Vizient Supply's contracts are generally limited to an initial term of three years or less.

Additionally, contracts permit termination without cause, upon no more than 180 days written notice, and include a provision permitting the addition of other vendors or the termination and re-bid of the contract if products that offer incremental patient care or safety benefits are introduced.

#### **ADMINISTRATIVE FEES**

**21. What is the GPO's practice regarding the amount of administrative fees accepted? If there is a written policy, please provide an electronic link or copy of the GPO's policy regarding these fees.**

The fee rates are offered by suppliers in their response to Vizient's invitation to bid and are based upon the value they attribute to the agreement. Vizient does have a written policy, but that policy contains proprietary and competitively sensitive information and is therefore internal-facing only.

**22. Describe the conditions in which the GPO accepts administrative fees beyond 3 percent, requiring specific (not blanket) disclosure under the Federal Regulatory Safe Harbor provisions?**

96% of Vizient contracts have administrative fees of 3% or less. All fees are disclosed and reported per Federal Regulatory Safe Harbor provisions. See also response to Question 21.

**23. Describe the range of administrative fees accepted and examples of the types of contracts (without specifying specific proprietary information) that have administrative fees greater than 3 percent.**

See responses to Questions 21, 22 and 25.

## PRIVATE LABEL PROGRAMS

- 24. Describe whether the GPO has a private label program and if so, describe the products the private label program covers.**

Yes, NOVAPLUS® is Vizient’s private label brand of pharmacy and medical-surgical products and non-clinical services that offers additional savings to members for high-quality products and services.

- 25. Describe the GPO’s practice regarding administrative fees derived from a private label program.**

In addition to traditional administrative fees, Vizient receives a trademark license fee for the use of the NOVAPLUS® brand name.

## VENDOR GRIEVANCE PROCESS

- 26. Describe the GPO’s policy and process with respect to responding to a vendor’s grievance regarding the bid/award process.**

Information regarding Vizient’s Vendor Grievance Process is available under the “Suppliers” tab at <https://www.vizientinc.com/>. A copy of Vizient’s Vendor Grievance policy is also available on Vizient’s compliance hotline or website at [vizientinc.ethicspoint.com](http://vizientinc.ethicspoint.com).

- 27. Did any supplier, since submission of the last GPO’s Public Accountability Questionnaire, request an evaluation pursuant to the HGPII Independent Evaluation Process? If so, please provide information regarding the outcome of such evaluation.**

As of May 1, 2017, no supplier has requested an evaluation pursuant to the HGPII Independent Evaluation Process.

- 28. Does the GPO participate in HGPII’s Independent Evaluation Process?**

Yes. Vizient (through its legacy organizations) played a leading role in the development of the HGPII Independent Evaluation Process and continues to participate.

- 29. Is the HGPII Independent Evaluation Process displayed on the GPO’s public website? If so, please provide an electronic link to this information.**

Yes. Vizient’s public website ([www.vizientinc.com](http://www.vizientinc.com)) discusses the HGPII Independent Evaluation Process and includes a link to the HGPII website.

## INNOVATION

- 30. Describe the GPO’s policy and process to evaluate and provide opportunities to contract for innovative products and services.**

Vizient has a detailed process for evaluating innovative technology. Vendors may submit information concerning potentially innovative technology for contract consideration

outside of the normal contracting cycle at any time. Submissions are evaluated to determine whether the solution offers incremental benefits to patient care, patient safety or health care worker safety or has a positive impact on the business models of healthcare organizations. If the solution does offer such benefits, a contract will be awarded, even if the new technology determination is made outside normal contracting cycles. Innovative technology contracting recommendations are made by the appropriate member council or task force. Vizient also actively monitors and evaluates the medical product development pipeline to identify potentially innovative products and devices for contract opportunities and operates a Web-based Technology Forum on which vendors can post information about new products. Further information regarding Vizient's innovative technology process is available at <https://www.vizientinc.com/apps/technology/>.

Additionally, Vizient promotes innovative technology through its highly successful and growing Innovative Technology Exchange event each fall. Attendance at the Vizient Innovative Technology Exchange event in 2016 included 134 suppliers showcasing 170 technologies to approximately 1,300 hospital representatives.

- 31. Does the GPO have the right to enter into a GPO contract for innovative technology at any time during its bid and award cycle? Describe the process the GPO has for fostering the development of GPO contracts for innovative products.**

Yes. Vizient retains the right to execute new agreements for innovative technology products that offer incremental benefit to patient care, patient safety or health care worker safety at any time. Virtually all Vizient Supply agreements for medical or surgical products contain provisions authorizing Vizient to add new vendors of innovative technology products or to terminate the agreement and re-bid the affected product category. See also response to Question 30.

- 32. Are GPO members allowed to evaluate products and/or communicate with vendors, regardless of whether a vendor has a contract with the GPO?**

Yes. Vizient in no way restricts the members of Vizient, Provista, MedAssets, CHA, or Excelerate from evaluating products from, communicating with, or contracting with vendors of any products. Members are free to communicate and contract with vendors regardless of the vendor's contracting status with Vizient or the product's classification as an innovative or clinical preference product.

- 33. Are GPO members allowed to purchase non-contracted products or services directly from non-participating vendors?**

Yes.

#### **VENDOR DIVERSITY PROGRAMS**

- 34. Describe the GPO's program or activities that encourage contracting with Diverse Suppliers (small, women-owned, veteran owned, minority-owned). Explain how you promote or market those programs to the GPO's membership and to Diverse Suppliers.**

The mission of the Vizient supplier diversity program is to help our membership champion inclusion in their supply chains and accelerate economic growth in their local communities through the engagement and empowerment of high-quality and cost-competitive small and diverse suppliers. Vizient's program has three foundational pillars – mentoring and enrichment, maximizing opportunities, and fostering collaboration between members and diverse suppliers.

Vizient promotes its program and offerings through participation in member-specific, regional and national outreach, electronic and printed media, a member-focused Supplier Diversity Advisory Council, and a supplier-focused Supplier Diversity Roundtable. Vizient is active in supplier diversity advocacy groups such as the National Minority Supplier Development Council, the Women's Business Enterprise National Council, and the Healthcare Supplier Diversity Alliance.

Vizient's program is one of high visibility and has garnered ten national awards within the 2015-2017 timeframe. In each instance, Vizient was the only GPO recognized. Diverse suppliers seeking to register with Vizient's supplier diversity program may do so at [https://www.novationco.com/apps/diversity/application\\_form.asp](https://www.novationco.com/apps/diversity/application_form.asp).

**35. Has the GPO increased contracting with Diverse Suppliers over the prior year(s)? If so, quantify these increases within each Diverse Supplier category (SBE, WBE, VBE, and/or MBE).**

In 2014, Vizient launched its Tier II program, which provides an avenue for large contracted suppliers to report their spend with diverse suppliers and subcontractors. Tier II is a critical initiative for our members and allows us to capture a clearer picture of the true economic impact of the supplier diversity program. In addition to capturing subcontracting spend, the Tier II initiative encourages large suppliers to partner with diverse suppliers upfront and pursue contracting opportunities as a team. In 2014, Vizient also began to track spend with small businesses. Small businesses comprise approximately 30% of the Vizient contract portfolio. The supplier diversity initiative within health care has been challenged over the past several years by the acquisition of high-performing diverse suppliers by larger, non-diverse suppliers and continued supply chain consolidation. In 2016, Vizient's Tier I diversity spend with minority-, women-, and veteran-owned suppliers was approximately \$180 million, coupled with approximately \$1 billion in small business spend and approximately \$669 million in Tier II spend.

**36. Does the GPO have a Supplier Diversity Committee or other program or group for developing diversity goals and expanding opportunities? If so, describe. What are its mission, goals, and objectives? Does it work directly with the GPO's sourcing team in developing its goals and expanding opportunities? What are the Committee's significant achievements over the GPO's last fiscal year? If it is a committee, who are its members and how frequently does it meet?**

Vizient has three distinct committees in support of its foundational pillars of mentoring and enrichment, maximizing opportunities, and fostering collaboration between members and diverse suppliers. The Supplier Diversity Advisory Council (SDAC) is composed of supplier

diversity and supply chain professionals from member hospitals. The SDAC meets bimonthly including two “live” meetings a year. The SDAC is focused on sharing best practices and identifying those high-performing and high-potential suppliers within the members’ local communities interested in and capable of becoming a Vizient-contracted supplier.

The Supplier Diversity Champions Committee is composed of contracting professionals internal to Vizient. Their primary role is to provide intelligence on upcoming contracting opportunities and to keep supply chain inclusion top of mind within their respective business units.

The Supplier Diversity Roundtable (SDR) is composed of existing Vizient-contracted diverse suppliers. The SDR is focused on identifying and mitigating the challenges that diverse suppliers face after they have been awarded a contract. The suppliers on the SDR share strategies for success and explore potential partnering opportunities.

- 37. Does the program described in question 36 provide education to member health systems regarding diversity program best practices and/or how to establish a Supplier Diversity Program within their system? Does it solicit member feedback to ensure it is meeting member expectations?**

The Vizient supplier diversity program provides education to member health systems through multiple channels. One primary avenue will be through Vizient’s new supplier diversity portal – Supplier Diversity Connection (SDC), scheduled for launch in June 2017. Through the SDC, Vizient will provide a Supplier Diversity Toolkit, in essence “Supplier Diversity 101”. The SDC will provide guidance and documentation for launching and managing a supplier diversity program. The five modules of the toolkit are “Build, Launch, Utilize, Manage, and Evaluate”. Vizient also provides consultancy services through electronic and face-to-face interaction. Vizient offers information and guidance through its recurring print and electronic publication known as Diversity Champion.

Vizient also gathers member feedback through recurring member surveys.

- 38. Describe any other actions concerning Supplier Diversity you think are important that are not covered by the preceding questions.**

Since 2014, Vizient has collaborated with the Tuck Business School at Dartmouth, Novant Health, and the Healthcare Supplier Diversity Alliance on a weeklong diverse supplier education session entitled “How to Build a High Performing Minority Business.” The Tuck Business School has hosted such a program for 36 years, but through a collaborative effort has added a health care specific component. An overview of GPOs, distribution, and the health care supply chain is now part of the fall session offering. Vizient has provided \$35,000 in scholarship funding to date.

In 2015, the Vizient supplier diversity program published the first edition of its revamped periodical, Diversity Champion. Previously known as Footprints, the print and electronic publication details the accomplishments of Vizient’s supplier diversity program. The

publication is unique among the GPOs and allows Vizient to tell its supplier diversity story to members and other stakeholders. The magazine format also allows contracted diverse suppliers to increase their profile through greatly discounted advertising opportunities.

## CODE OF CONDUCT

- 39. Provide a copy of (as well as an electronic link to) your GPO's written code of business ethics and conduct and describe any changes from the previous HGPII reporting year.**

The Standards of Business Conduct and other Compliance Program information are posted and available on Vizient's employee intranet site and the external, publicly-available website for all vendors, agents, contractors and others with whom Vizient does business at <https://www.vizientinc.com/About-us/Governance>. There were not any significant changes to the overall content included within the Standards of Business Conduct. However, Vizient did update the look and feel of the Standards of Business Conduct to make them more engaging to Vizient's employees and outside readers.

- 40. Describe whether and in what manner the GPO distributes its written code of business ethics and conduct to all applicable employees, agents, contractors, clinical advisory committees, and others involved in group purchasing activity. How often is the code of conduct provided to employees? Do employees receive annual refresher training on the GPO's ethics and the code of conduct? Describe the content of the training and the method of delivery.**

Vizient distributes the Standards of Business Conduct, Conflict of Interest Policy and other Compliance Program information to all employees. Compliance Program information is provided in electronic form and is publicly available at <https://www.vizientinc.com/About-us/Governance>. In addition, all employees receive training on the Standards of Business Conduct and other elements of the Compliance Program. This information and training is provided to all new employees upon employment. Supplemental compliance training is provided to all employees at least annually. Additionally, Vizient distributes a conflict of interest policy to all members of its Board of Directors and advisory committees upon selection and on an annual basis thereafter.

In 2016, training on the Standards of Business Conduct was provided by the Vizient compliance team. This training covered: Vizient's culture and values; standards of business conduct; conflicts of interest; records management; reporting violations and hotline structures; and cultivating a culture of honesty. All employees were required to certify completion of the training. Additionally, all employees are required to certify compliance with the Standards of Business Conduct and Conflicts of Interest Policy on an annual basis.

- 41. Describe the mechanism (e.g., a corporate review board, ombudsman, corporate compliance or ethics officer) for employees to report possible violations of the written code of business ethics and conduct to someone other than one's direct supervisor, if necessary.**

Vizient employees are required to report any conduct that they believe may violate the Standards of Business Conduct, other elements of the Compliance Program, and/or any laws or regulations. Suspected misconduct may be reported: (i) to management or a member of the Human Resources Department, Compliance Department or Legal Department; (ii) through Vizient's Compliance Hotline (800-750-4972); (iii) through Vizient's customized Web-based reporting system at vizientinc.EthicsPoint.com; or (iv) to the employee's direct supervisor. If a direct supervisor receives a report of suspected misconduct, he or she must report the suspected misconduct to the Compliance Department. See also response to Question 4.

## **REPORTING POTENTIAL ETHICAL VIOLATIONS**

**42. What process is used to protect the confidentiality of the reporting employee's identity and what safeguards are in place to mitigate the opportunities for retaliation?**

The identities of individuals who report suspected misconduct are maintained as confidential to the fullest extent possible. Employees who wish to remain anonymous are able to anonymously report suspected misconduct through Vizient's Compliance Hotline or Web-based reporting system. Vizient does not retaliate against an employee who makes a good faith report of suspected misconduct. This is clearly stated in the Company's Standards of Business Conduct and other related policies. As an additional safeguard, Vizient holds targeted training for company managers on this topic.

**43. Describe how the GPO follows up on reports of suspected violations of the code of business ethics and conduct to determine if a violation has occurred and if so, who was responsible. Describe corrective and other actions taken in such circumstances.**

Vizient's Compliance Officer is required to promptly and thoroughly investigate reports of suspected misconduct to determine whether there has been a probable and material violation of any laws, regulations, or Vizient's policies and procedures. The Compliance Officer may also, on his/her own initiative, investigate instances of suspected misconduct that have not been reported. The Compliance Officer is supported internally by Vizient's Compliance Department and the Legal Department. Depending on the nature and severity of the suspected misconduct, the Compliance Officer may utilize outside legal counsel to assist in conducting internal investigations. If the Compliance Officer determines that there has been a material violation of any laws, regulations or Vizient's policies and procedures, Vizient must take appropriate remedial actions, which may include programmatic corrective action and/or personnel disciplinary action, and must report any such actions to the Audit & Compliance Committee of the Vizient Board of Directors.

**44. Describe the processes the GPO follows up on, to monitor on a continuing basis, adherence to the written code of business ethics and conduct, and compliance with applicable federal laws.**

Employees are required to report any suspected misconduct and such reports are investigated. Additionally, all employees in a position to influence contracting decisions are required to execute quarterly compliance certifications regarding their knowledge of

any deviations from Vizient’s internal policies and procedures. Any issues identified on quarterly compliance certifications or otherwise are investigated by the Compliance Department with the assistance of the Legal Department and/or outside legal counsel, as appropriate. All employees are also required to execute annual certifications regarding compliance with the Standards of Business Conduct and Conflicts of Interest Policy. In addition, the Vizient Legal Department conducts a vendor contract compliance review before each of its vendor contracts is executed to ensure compliance with Vizient’s policies and procedures, as well as relevant laws and regulations. Finally, the Vizient Compliance Department conducts periodic compliance audits to ensure compliance with applicable laws and regulations and adherence to its Compliance Program policies and procedures.

- 45. Are periodic reports on the GPO’s ethics and compliance program made to the GPO’s Board of Directors or to a committee of the Board? If so, please state how often and in general, what information is reported? Are periodic reports on the company’s participation in HGPII made to the GPOs Board of Directors or to a committee of the Board? If so, please state how often and in general, what information is reported.**

The Compliance Officer reports to the Audit & Compliance Committee of the Board of Directors at least four times per year regarding compliance issues and the status of the Compliance Program. Also, the results of compliance investigations and audits are reported to the Audit & Compliance Committee of the Board of Directors. In addition, periodic reports on Vizient’s participation in HGPII are made to the Audit & Compliance Committee during its meetings.

- 46. How many of your GPO employees attended the Best Practices Forum in 2016? Include the name of the most senior executive who attended.**

Seven Vizient personnel attended the Best Practices Forum in 2016. The most senior Vizient executive attendee was Jody Hatcher, President, Sourcing and Collaboration Services.

- 47. List the name, title and contact information of the senior manager assigned responsibility to oversee the business ethics and conduct program. Provide the name, title and contact information for the individual(s) responsible for responding to this report.**

Rodney Waller, Associate Vice President, Compliance Officer, has responsibility for Vizient’s Compliance Program.

Individuals responsible for responding to this report:

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