

## 2019 PUBLIC ACCOUNTABILITY QUESTIONNAIRE

This Questionnaire Covers Calendar Year 2018.  
Please return your response to [sonja.nesbit@arentfox.com](mailto:sonja.nesbit@arentfox.com) no later than  
**June 3, 2019.**

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### 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 entit(ies) that control the majority of voting interests in your GPO;
- The types of equity holders of your GPO (e.g., publicly-held company, healthcare providers, individuals, for-profit and/or not-for-profit entities);
- The corporate form of your GPO and/or its parent or affiliated companies – such as corporation, partnership, limited liability company, co-op;
- Whether the GPO is organized as a for-profit or not-for-profit organization; and
- Location of corporate headquarters.

As of December 31, 2018, we were controlled by 160 U.S. hospitals, health systems and other healthcare organizations, which represented approximately 1,400 owned, leased and managed acute care facilities and other non-acute care organizations, through their ownership of Class B common stock. The equity holders of our GPO are for-profit and not-for-profit hospitals, health systems and other healthcare organizations. There are no private citizens that hold any direct equity in our GPO. Our GPO is not a publicly-held company but the parent organization of our GPO, Premier, Inc., is a publicly-held company. We do have equity holders in our GPO that are publicly-held health systems. The corporate form of our GPO is a limited partnership. The parent organization of our GPO organization, Premier, Inc., is a for-profit corporation with its headquarters in Charlotte, NC.

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;
- Percentage of Board representing GPO customers;
- Percentage of Board that are employees of the GPO; and
- Percentage of Board members also serving as employees, officers, or directors of a participating vendor.

There are sixteen individuals serving on our Board. Ten (63%) of the directors represent entities that participate in the GPO. There is no change from the previous HGPII reporting year. None of the directors on the governing board are employees of the GPO, however, one member (0.06%) of Premier's Board of Directors is an employee of a subsidiary of the GPO.

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).

None.

#### **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.

Premier's comprehensive policies and procedures ensure that all employees, Premier Board members and non-employee sourcing committee members adhere to strict conflict of interest disclosure, divestiture and/or recusal. Adopted in November 2002, these comprehensive conflict of interest policies address equity and non-equity potential conflicts. Premier's Group Purchasing Code of Conduct specifically addresses conflicts of interest involving (1) employees and their families, (2) Board members and their families, and (3) sourcing committee members and their families. No Premier employee may own stock equity in a participating vendor. A participating vendor is a vendor that has a contract or submits a formal bid or offer to contract to provide goods or services to members. Monthly, all employees receive a memorandum reminding them of the policy as well as a link to the latest Participating Vendor List. Annually, all employees reaffirm their understanding and compliance to the Conflict of Interest Policy. No member of Premier's leadership team, individuals who are in a position to influence the contracting decisions, or individuals who are director-level and above in group purchasing and/or their spouse or dependents may own equity in a participating vendor.

Employees should never accept gifts, favors, entertainment or hospitality that is expressly meant to influence their decision-making or action affecting Premier, regardless of value. In no case an employee or an employee's spouse or dependents should not accept a gift, entertainment, favor, honoraria, personal services payment, gratuity, benefit, loan, or hospitality of greater than nominal value from any participating vendor, nor from one specific person or group. Gifts of money in any amount may not be accepted including gift cards. Gifts not only include material goods, but also services, discounts on personal purchases of goods and services, non-business entertainment, personal travel or lodging, or any other arrangement that benefits the individual recipient. Entertainment includes but

is not limited to tickets to sporting events, concerts and plays. An employee may not accept any commission or payment of any kind from a participating vendor in connection with work performed, services rendered, or supplies provided for or to Premier, unless specifically approved by the employee's manager. "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. Any item, service or other thing of value that costs \$10 or less is not counted toward the \$100 annual limit.

Lunch and dinner appointments and recreational activities, including but not limited to golf and tennis, paid for by participating vendors are acceptable if bona-fide business matters are discussed. However, such activities not related to bona-fide business matters are limited to a nominal value. No employee should accept the offer of recreational activities, including but not limited to golf and tennis, that is expressly meant to influence his or her decision-making or action affecting Premier, regardless of value.

Employees may attend events sponsored by vendors or business partners. However, travel and lodging expenses may not be paid by such vendors or business partners.

Sourcing committee members disclose any potential conflicts they may have through an annual process as well as prior to the commencement of any discussions. Premier's policy states that sourcing committee members and/or their spouse and dependents cannot have extensive equity in a participating vendor. "Extensive" means investments in three or more participating vendors in the general product area of the committee or investments in participating vendors in such product area that in the aggregate have a total value in excess of \$20,000.

Premier's Board Code of Ethics requires directors to have a duty of loyalty avoiding abuses of power and conflicts of interest as defined by the Board of Directors Conflict of Interest Policy. Annually, Premier's Board members must disclose any equity interest in vendors. Board members disclose any potential conflicts that they, their immediate family members and related parties may have as it relates to financial interest/other substantial personal interest/affiliation with a vendor, position of authority to influence an organization, compensation relationship with any company, use of non-public information, opportunities taken for personal gain and other interests, activities, investments or involvement relevant for full disclosure of all actual, apparent or potential conflicts of interest. Board members may hold equity but must disclose and recuse as appropriate.

**Group Purchasing Code of Conduct:**

<https://www.premierinc.com/downloads/Group-Purchasing-Code-of-Conduct.pdf>

**Member Committee Conflict of Interest Policy:**

<https://www.premierinc.com/downloads/Member-Committee-Conflict-of-Interest-Policy.pdf>

**Participating vendor List:**

<https://www.premierinc.com/downloads/Participating-Vendor-List.pdf>

**Board of Directors Code of Ethics:**

[http://s21.g4cdn.com/577521493/files/doc\\_downloads/boardpolicies/Premier\\_inc\\_Board\\_Code\\_of\\_Ethics.pdf](http://s21.g4cdn.com/577521493/files/doc_downloads/boardpolicies/Premier_inc_Board_Code_of_Ethics.pdf)

**Board of Directors Conflict of Interest Policy:**

[http://s21.g4cdn.com/577521493/files/doc\\_downloads/boardpolicies/Premier\\_Board\\_Conflict\\_of\\_Interest\\_Policy\\_and\\_Disclosure\\_Statement.pdf](http://s21.g4cdn.com/577521493/files/doc_downloads/boardpolicies/Premier_Board_Conflict_of_Interest_Policy_and_Disclosure_Statement.pdf)

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.)

Premier's Board Code of Ethics requires directors to have a duty of loyalty avoiding abuses of power and conflicts of interest as defined by the Board of Directors Conflict of Interest Policy. Annually, Premier's Board members must disclose any equity interest in vendors. Board members disclose any potential conflicts that they, their immediate family members and related parties may have as it relates to financial interest/other substantial personal interest/affiliation with a vendor, position of authority to influence an organization, compensation relationship with any company, use of non-public information, opportunities taken for personal gain and other interests, activities, investments or involvement relevant for full disclosure of all actual, apparent or potential conflicts of interest.

**Acceptance of Gifts, Honoraria or Personal Services Payments:** Directors, immediate family members and related parties may not accept gifts, entertainment, favors, honoraria or personal services' payments, except of nominal value (see definition) from any participating vendor. Any director, immediate family or related party who has received such items from a participating vendor (a) must disclose such fact on an annual basis and prior to the commencement of discussions relating to the applicable participating vendor; and (b) must avoid participating in any discussions, negotiations, voting or other decisions relating to the participating vendor from whom such items have been received.

**Travel, Meals and Entertainment:** Breakfast, lunch and dinner appointments, recreational activities and travel paid for by participating vendors are acceptable if bona fide business matters are discussed. However, such activities not related to bona fide business matters are limited to a nominal value. No director shall accept an offer of meals, travel or recreational activities that is expressly meant to influence their decision making or action affecting Premier, regardless of value.

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]

Premier has policies and procedures which address activities that might constitute a conflict of interest to purchasing activity. These are addressed in Premier's Group Purchasing Code of Conduct Conflict of Interest Provisions in sections 2-8.

Premier, pursuant to the Group Purchasing Code of Conduct, discloses to members business relationships with participating vendors. These business relationships include the sale of Premier products and services to participating vendors or any other type of arrangement where money flows from participating vendors to Premier. This list does not include business relationships that exist to purchase goods and services that are utilized by Premier to carry out its general business operations so long as the terms of the arrangements reflect fair market value for the goods being purchased (e.g., Premier may use rental cars or purchase computer equipment from vendors that are also participating vendors). These business relationships have no bearing on GPO contracting decisions.

Premier, pursuant to its Group Purchasing Code of Conduct, discloses to its members and the public any equity interests held by it in a participating vendor. A participating vendor is a vendor that has a contract or submits a formal bid or offer to contract to provide goods or services to members. A potential vendor is a vendor of products or services to the healthcare industry that does not have a contract to provide goods or services to members, nor has it currently submitted a formal bid or offer to contract.

## **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.

Premier provides on its company website all information related to investments by the GPO, its parent company and parent affiliates, and any business relationships with participating vendors. This information is updated annually in our Disclosure of Business Relationships and Disclosure of Corporate Equity Interests documentation.

We deliver our integrated platform of solutions that address the areas of total cost management, quality and safety improvement and population health management and manage our business through two business segments: Supply Chain Services and Performance Services. The Supply Chain Services segment includes our GPO and direct sourcing activities. The Performance Services segment includes our SaaS informatics products, collaboratives, consulting services, government services and insurance management services businesses.

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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)).

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?

Premier has policies and procedures which address activities that might constitute a conflict of interest to purchasing activity. These are addressed in Premier's Group Purchasing Code of Conduct Conflict of Interest Provisions in sections 2-8.

Premier, pursuant to the Group Purchasing Code of Conduct, discloses to members business relationships with participating vendors. These business relationships include the sale of Premier products and services to participating vendors or any other type of arrangement where money flows from participating vendors to Premier. This list does not include business relationships that exist to purchase goods and services that are utilized by the organization to carry out its general business operations so long as the terms of the arrangements reflect fair market value for the goods being purchased (e.g., Premier may use rental cars or purchase computer equipment from vendors that are also participating vendors). These business relationships have no bearing on GPO contracting decisions.

Premier, pursuant to its Group Purchasing Code of Conduct, discloses to its members and the public any equity interests held by it in a participating vendor. A participating vendor is a vendor that has a contract or submits a formal bid or offer to contract to provide goods or services to members. A potential vendor is a vendor of products or services to the healthcare industry that does not have a contract to provide goods or services to members, nor has it currently submitted a formal bid or offer to contract.

#### **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?

Participating vendors provide funds to Premier to purchase exhibition/booth space at Premier's national meetings. These fees are designed to cover actual costs of the exhibition/booth space and other meeting costs. Premier's Group Purchasing Code of Conduct states that Premier does not accept other fees including sponsorship funds or educational grants from vendors.

10. Does the GPO and/or its parent or 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?

Yes, as part of Premier's Group Purchasing Code of Conduct, Premier discloses that "vendor participation in any additional services for which fees may be charged (such as trade shows, periodical advertising and data services) shall be entirely voluntary and a vendor's participation shall have no bearing on GPO contracting decisions." The Disclosure of

Business Relationships further discloses that participating vendors may also provide funds to Premier to purchase exhibition/booth space at Premier's national meetings. These fees are designed to cover actual costs of the exhibition/booth space and other meeting costs.

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.).

Premier, pursuant to the Group Purchasing Code of Conduct, discloses to members business relationships with participating vendors. These business relationships include the sale of Premier products and services to participating vendors or any other type of arrangement where money flows from participating vendors to Premier. This list does not include business relationships that exist to purchase goods and services that are utilized by Premier to carry out its general business operations so long as the terms of the arrangements reflect fair market value for the goods being purchased (e.g., Premier may use rental cars or purchase computer equipment from vendors that are also participating vendors). These business relationships have no bearing on GPO contracting decisions.

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.

Yes, in accordance with the GPO Safe Harbor regulation, Premier makes annual disclosures to each member of the amount of administrative fees received from vendors for contracting activities with respect to that member's purchase of products and services.

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.

Yes, as part of Premier's Group Purchasing Code of Conduct, Premier discloses that "vendor participation in any additional services for which fees may be charged (such as trade shows, periodical advertising and data services) shall be entirely voluntary and a vendor's participation shall have no bearing on GPO contracting decisions." The Disclosure of Business Relationships further discloses that participating vendors may also provide funds to Premier to purchase exhibition/booth space at Premier's national meetings. These fees are designed to cover actual costs of the exhibition/booth space and other meeting costs.

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

In the event that a vendor reports inaccurate amounts or identifies payments that were not pursuant to a Premier agreement, those amounts are returned to the vendor.

## 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?

No, Premier 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.

Yes, all competitive bidding processes are performed in coordination with a publicly accessible calendar on Premier's company website. The Contract Bid Calendar reflects real time product categories that are scheduled for bid which includes a clear and accurate product category description, the calendar quarter the bid will be conducted and the current status of each bid.

### **Bid Calendar:**

<https://premier.bravosolution.com/esop/upv-host/public/premier/opportunities/index.jsp?view=current>

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.

All bidding processes are performed in coordination with a publicly accessible calendar on Premier's company website. The Bid Calendar reflects product categories that are scheduled for bid which includes a clear and accurate product category description, the calendar quarter the bid will be conducted and the current status of each bid. The Contract Bid Calendar is updated on a weekly basis to reflect changes to the current bid status.

If a bidder is not awarded a contract, the vendor should address its concerns, grievances or complaints about the contracting process and contract award decisions through our [Vendor Grievance/Inquiry Policy](#). Upon completion of Premier's vendor grievance process, a vendor may request further review of any outstanding concerns through the Healthcare Group Purchasing Industry Initiative (HGPII) Independent Evaluation Process. More information is available at <https://hgpii.com/what-we-do/>.

Premier publishes on its company website the general criteria which are considered during the identification, review, and selection of a new product or technology. These include, but



are not limited to: quality, safety, clinical impact, cost effectiveness, physician preference, environmental impact, diversity, breakthrough potential and member input.

Premier's product planning process is designed to be standardized but flexible. Many factors go into the ultimate selection of a product or service for a group purchasing agreement. The best available clinical, technical and market information, along with expert review give Premier member organizations the information they need to make sound product, service or solution choices.

Applicable products must be FDA-approved and demonstrate that they perform as designed in a safe and effective manner. A number of resources are used to gather information about products, including randomized controlled trials published in peer-reviewed professional journals, case studies, market guides or product comparisons, field trials, third-party analysis clinical staff surveys, quality monitors, customer satisfaction data and financial data. In addition, Premier's Safety Institute may evaluate product-related information/data involving patient and worker safety, as well as environmental issues. A product's functionality must be able to be objectively measured.

Premier's goal is to ensure that all interested vendors and their products are considered and evaluated in a consistent, timely and fair manner, regardless of the size of a company, the breadth of its product line or its existing relationship with Premier. Premier's product planning process is shaped by the ever-changing needs of its 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.

Sole-source: A contract awarded by a member sourcing committee exclusively to one supplier in a product category in preference over others in a competitive marketplace. National Foodservice Distribution is an example of a sole-source award.

Dual-source: Contracts awarded to only two suppliers in a product category by a member sourcing committee in preference over others in a competitive marketplace. Quality Control Material is an example of a dual-source award.

Multi-source: Contracts awarded to three or more suppliers in a product category by a member sourcing committee without limiting the number of suppliers. Rapid Diagnostic Test Kits is an example of a multi-source award.

Single-source: Premier member sourcing committees do not make single-source awards as there is no intrinsic value when compared to a multi-source award.

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?

No Premier GPO contracts should have bundling of Physician Preference Products with unrelated products. No Premier GPO contracts should have bundling of any unrelated products across different vendors.

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.

Premier GPO contracts should be for 3 years or less, unless economic conditions require longer term agreements in the best interest of Members. Except in the case for Premier Performance Groups, Premier GPO sole-source contracts for Physician Preference Products and Services require review and approval by senior management, and corporate compliance and legal departments. All Premier GPO contracts for Physician Preference Products should be written without GPO-imposed commitment levels.

### **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.

Vendors offer administrative fees in their response to Premier's Request for Proposal based upon the value they assign to an agreement. All fees are disclosed and reported per Federal Regulatory Safe Harbor provisions.

**Group Purchasing Code of Conduct:**

<https://www.premierinc.com/downloads/Group-Purchasing-Code-of-Conduct.pdf>

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?

During calendar year 2018, 6.48 percent of Premier contracts had administrative fees above 3 percent. All fees are disclosed and reported per Federal Regulatory Safe Harbor provisions.

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.

During calendar year 2018, 6.48 percent of Premier contracts had administrative fees above 3 percent. These contracts were in the medical/surgical and pharmacy service lines.

## PRIVATE LABEL PROGRAMS

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

S2S Global, a direct sourcing wholly-owned subsidiary of Premier, Inc., vertically integrates the supply chain by providing Premier members with factory direct products, driving meaningful cost savings along with supply chain transparency through its primary brand, PremierPro®. Some of the products offered include exam gloves, face masks, fall management footwear and mobility aids.

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

S2S Global pays administrative fees consistent with Premier's Group Purchasing Code of Conduct.

## 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.

Our [Vendor Grievance Policy](#), as communicated on our company website, describes the process for vendors to follow to address concerns, grievances or complaints about the contracting process and contract award decisions. The process requires the vendor to notify Premier of the grievance within specified timeframes, either by sending an email to the designated Premier vendor grievance contact or, if the vendor wishes to remain anonymous, by contacting Premier's confidential [Ethics and Compliance Help Center](#).

All grievances are reviewed by a Grievance Review Panel that includes members of Premier's corporate compliance and legal departments and independent supply chain executives from Premier member organizations who were not involved in the award decision that forms the basis for the grievance. The Grievance Review Panel provides its report to Premier's supply chain leadership and the information is ultimately provided to the relevant member sourcing committee for its consideration and decision on the outcome of the grievance.

Upon completion of Premier's vendor grievance process, a vendor may request further review of any outstanding concerns through the Healthcare Group Purchasing Industry Initiative (HGPII) Independent Evaluation Process. More information is available at <https://hgpii.com/what-we-do/>.

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.

No.

28. Does the GPO participate in HGPII's Independent Evaluation Process?

Yes.

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.

**Vendor Grievance Policy:**

<https://www.premierinc.com/suppliers/vendor-grievance-policy>

**INNOVATION**

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

An essential element of advancing the core objectives and mission of Premier is to encourage the development of healthcare technology that improves the quality, process, and/or outcome of care across all Premier agreements. The Technology Breakthroughs Program was created in 1997 to improve Premier members' access to new technologies and provide a mechanism for vendors to introduce innovative products. Premier is committed to a Technology Breakthroughs Program that is fair, timely, confidential, and unbiased, with an opportunity for review of decisions.

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, each Premier group purchasing agreement contains a Technology Breakthroughs clause that supports the review of breakthrough products and new agreements for products meeting breakthrough requirements.

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, Premier's Group Purchasing Code of Conduct states that members can communicate directly with vendors to assess products or services provided by vendors which do not contract with the GPO.

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

Yes, Premier's Group Purchasing Code of Conduct states that members may purchase products or services directly from vendors which do not contract with the GPO.

## 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.

As an organization built on the foundation of transforming healthcare within communities, Premier recognizes that supplier diversity is an important component of our members' success. Diverse suppliers help our members create jobs and improve life in the communities they serve. Premier's Supplier Diversity Program supports our alliance members by:

- Integrating inclusive diversity practices into Premier Purchasing Partners operating units and processes.
- Ensuring diverse suppliers are proactively considered for contracting opportunities.
- Providing our members with support to facilitate procurement from diverse suppliers.
- Encouraging contracted suppliers to support and procure from diverse suppliers.

Our supplier diversity program provides minority, women and veteran (veteran, disabled veteran, service-disabled veteran) business enterprises (MWVBEs) and small business enterprises (SBEs) the opportunity to partner with us to support our efforts to continually lead the way in healthcare innovation. Premier and its alliance members are committed to building a portfolio of contracted products and services that mirrors the demographics of the communities served.

Sourcing Education and Enrichment for Diverse and Small Suppliers (SEEDS™), a part of the supplier diversity program, provides the resources and tools to help MWVBE and Small Business Enterprises an opportunity scale their business with Premier members and build long term relationships. SEEDS include coaching, mentoring, business educational tools and an opportunity to grow at a pace that is commensurate with their existing business infrastructure. We also help MWVBE and SBE vendors learn how to work with our members and distributors to achieve local, regional and national distribution capabilities.

Premier promotes its supplier diversity program through several opportunities. Premier's Supply Chain Advisor, a supply chain tool for managing contracts and activating best price opportunities, displays diversity status flags and reporting capabilities to facilitate procurement from diverse, veteran and small business suppliers. Premier's Supplier Diversity Committee is an advisory committee with strategy sourcing responsibilities to hosts an all-day annual Supplier Diversity Forum that features supplier success stories, educates diverse suppliers on how to invest in robust marketing strategies to scale their business with our members using Premier contracting strategies, and includes a reverse trade fair encouraging networking between diverse suppliers and members. Diverse and small suppliers exhibiting at Premier's Annual Breakthroughs Conference and Exhibition are

offered the opportunity to be showcased in a designated area called the “Diversity Zone”. Participating suppliers also have an opportunity to attend clinical and supplier diversity focused concurrent sessions to learn and network with our members.

Premier recognizes member health systems and contracted suppliers with Diversity Recognition Awards for their efforts to support minority-, women-, veteran-owned and small business suppliers which help strengthen local community business development endeavors. The awards are presented at our Annual Breakthroughs Conference and Exhibition.

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).

Yes, contract utilization by Premier members with diverse (MWVBEs) and small business suppliers continues to be a focus through the partnering efforts between Premier, its members and the supplier community. Key examples of success include:

- In 2018, Premier members spent \$863.8 million on products and services from MWVBE and SBE vendors compared to \$700M in 2017.
- In 2018, our portfolio of contracted diverse vendors consisted of 390 agreement representing 307 MWVBE and SBE vendors compared to 441 agreements representing 331 MWVBE and SBE vendors respectively in 2017.

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?

37. Yes, Premier’s Supplier Diversity Committee is comprised of representatives of Premier’s member hospitals and provides direction and oversight for Premier’s supplier diversity initiatives. The Supplier Diversity Committee meets monthly. Its mission is to provide diverse (MWVBEs) and small business suppliers with the opportunity to partner with Premier and lead the way in healthcare innovation. The committee oversees implementation of supplier diversity policies and assists in developing communication plans for supplier diversity initiatives. Premier’s annual goals measure both supplier reported sales volume and the number of suppliers with active group purchasing agreements within our portfolio. The Supplier Diversity Committee works directly with sourcing professionals to review SEEDS proposal submissions and approves diverse (MWVBEs) and small business suppliers for SEEDS group purchasing agreements. A significant accomplishment over the past year includes the identification of product categories where diverse suppliers can be considered for additional penetration within the committee member’s respective hospital system. Monthly reporting showcases opportunities to convert business to diverse and small businesses. This strategy has

increased the sales volume of diverse and small businesses by an average increase of 10% over the past eight years.

38. 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?

Yes. Premier's Annual Breakthroughs Conference and Exhibition offers a Supply Chain: Supplier Diversity track for members to attend. These concurrent educational sessions cover best practices and other programming on how to implement a Supplier Diversity program.

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

Not applicable.

#### **ENVIRONMENTALLY-PREFERRED PRODUCTS AND SERVICES**

40. Have members of your GPO expressed a preference for environmentally-preferred products and services?

Yes.

41. Describe your GPO's approach in identifying and satisfying the desires of your various members for environmentally-preferred products and services. Provide examples of environmentally-preferred products and services within your current portfolio.

Premier works closely with our member support teams to identify the environmentally-preferred product (EPP) needs of our members. Members have indicated that data about the products they are using is a high priority.

Premier requests information in our competitive bidding process regarding the EPP attributes of a vendor's products. Once a product is on contract, Premier displays EPP information in our product catalog to assist members with their purchasing decisions.

Premier has many products on contract with EPP attributes including PVC-free, DEHP-free and products with other important EPP attributes.

42. What challenges, if any, have you experienced in identifying or contracting for working a variety of environmentally-preferred products and services to your members? How have you responded to such challenges?

Since most products have at least one EPP attribute, we are challenged to obtain the third-party documentation to support EPP claims. Manufacturers have made strides in creating products with EPP attributes but these EPP attributes are not captured in a standardized

format. Premier responded to this challenge by creating new processes to standardize the collection of EPP information as part of the competitive bidding process.

43. Has your GPO designated someone to:

- Identify your GPO’s environmentally-preferred objectives;
- Explore environmentally-preferred products and services; and/or
- Develop initiatives to help educate your members about the value of using environmentally-preferred products and services?

Yes.

## **CODE OF CONDUCT**

44. 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.

Premier’s Group Purchasing Code of Conduct serves as the company’s guide regarding GPO practices. In April 2016, our Group Purchasing Code of Conduct was updated to eliminate section 10.g. Cap on Administrative Fees, bringing Premier in line with its principal competitors.

### **Group Purchasing Code of Conduct:**

<https://www.premierinc.com/downloads/Group-Purchasing-Code-of-Conduct.pdf>

45. 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.

Premier’s Group Purchasing Code of Conduct is publicly available on our company website for employees, agents, contractors, clinical advisory committees and others involved in group purchasing activity. As part of new hire orientation and ongoing semi-annual initiatives, all employees receive ethics and compliance education as well as information regarding Premier’s Code of Conduct and Group Purchasing Code of Conduct, including a link to both online Code resources. Additional targeted face-to face, online and direct email education is provided for all employees involved in group purchasing activities.

46. 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.



A core element of Premier's Corporate Compliance Program is our Help Center which is a third-party reporting tool to report misconduct, ask questions and promote a positive work environment. Individuals have the ability to file a confidential, anonymous report via the telephone or online 24 hours a day, seven days a week. Individuals may also follow up on a report in an anonymous manner. In addition, employees may contact Premier's Chief Ethics & Compliance Officer or human resources to raise questions and concerns.

## **REPORTING POTENTIAL ETHICAL VIOLATIONS**

47. 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?

Confidentiality is protected at all times but may not be guaranteed in the event that an employee reports and provides material evidence of a violation of law or dire safety of another employee. Even in these cases, the company will take the appropriate security measures to preserve the confidential nature of the report.

Premier's Code of Conduct states that any person who asks a question about, or in good faith reports an actual or suspected violation of the Code of Conduct will be protected from threats of retaliation, discharge or other types of discrimination, even if the report turns out to be incorrect. This protection also extends to anyone who assists in the investigation of a potential violation.

Premier has a stated non-retaliation policy and takes retaliation seriously. Premier prohibits retaliation against anyone who, in good faith, reports a possible violation or who participates in an investigation, even if sufficient evidence is not found to substantiate the concern. Premier takes appropriate disciplinary action against any individual determined to be engaging in retaliatory conduct up to and including termination of employment.

48. 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.

Upon receipt of a suspected violation, reporters can expect:

- Their concern or questions will be taken seriously.
- Their request for information or action will be handled promptly, discreetly, and professionally. Discussions and inquiries will be kept in strict confidence to the extent appropriate or permitted by policy or law.
- The individual's right to remain anonymous will be respected although they are encouraged to identify themselves.
- The Chief Ethics & Compliance Officer will immediately arrange for a detailed investigation to be conducted.
- The investigation will, as appropriate, include interviews of knowledgeable personnel and the review of relevant documents. All employees must fully cooperate with any internal or external investigation including producing relevant documents and participating in interviews.

- Individual accountability for adherence to the Code of Conduct is critical. Violations of our Code of Conduct are serious. A violation, including a failure to report potential violations by others, will be viewed as a severe disciplinary matter and may result in personnel action, including termination of employment.

49. 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.

Premier has long had a policy of promoting compliance with all applicable laws, rules and regulations, as well as the highest standards of ethical conduct, in all matters regarding its operations. In 2018, Premier was named one of the World's Most Ethical Companies® by Ethisphere® Institute eleven years in a row. Annually, the Corporate Compliance department monitors adherence to Premier's Code of Conduct and Group Purchasing Code of Conduct. Premier also audits its adherence to its Codes on an ongoing basis through audits conducted by a third-party and reported to the Audit and Compliance Committee of the Board of Directors. Reports include recommendations for improving adherence to the Code of Conduct and Group Purchasing Code of Conduct.

50. Are periodic reports on the GPO's compliance and ethics 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.

Yes, Premier's Chief Ethics & Compliance Officer communicates quarterly to Premier's Board of Directors as well as the Audit and Compliance Committee. Topics include, but are not limited to, the overall corporate compliance program, key initiatives, Help Center and misconduct reporting statistics and investigations, compliance education and communication initiatives, compliance audits and risk assessments, and ethics culture surveys. Yes, periodic reports are made to Premier's Board of Directors a couple of times each year to inform them on the Public Accountability Questionnaire and overall work of the HGPII initiative.

51. How many of your GPO employees attended the Best Practices Forum in 2018? Include the name of the most senior executive who attended.

In 2018, seventeen Premier employees attended the Best Practices Forum. David Hargraves, Senior vice president of supply chain was the most senior executive who attended.

52. 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.

Premier's Corporate Compliance Program is directed by our Chief Ethics & Compliance Officer, Alan C. Sauber, who ensures that Premier's business practices continue to meet

the established standards and further reflect the company's commitment to ethical conduct. Mr. Sauber may be reached at [alan\\_sauber@premierinc.com](mailto:alan_sauber@premierinc.com) or 704.816.5253. Mr. Sauber may be contacted for questions related to this report.