

2023

ANNUAL COMPLIANCE REPORT

Key Highlights For The Year

Alan C. Sauber, Chief Ethics & Compliance Officer

This year's accomplishments demonstrate the ongoing collaboration between business leaders and the Corporate Compliance department in a combined effort to achieve Premier's growth goals. The team works diligently to keep the company in compliance with ethical standards, regulatory requirements and certification needs of the business. Some of the major accomplishments for the year include:

- Named one of the World's Most Ethical Companies by Ethisphere® Institute for [sixteenth consecutive year](#).
- Successfully completed enterprise HIPAA Security Risk Assessments and Gap Analysis for Premier entities and offerings accessing or processing PHI, with no high-risk findings. The assessment was conducted and verified by a nationally-recognized third-party compliance firm in accordance with Office of Civil Rights (OCR) requirements.
- Organized and successfully concluded state-based data privacy assessments of relevant business units to evaluate Premier's risk and compliance with applicable state privacy laws and established internal policies and procedures. This includes State Privacy Law Compliance Policy and CCPA Workforce Data Subjects Requests Policy and Procedure, along with updates to Premier's external Privacy Notice and website cookie functionality.
- Completed a major update of the Information Classification Policy and Information Handling and Retention Policy to better align Premier's policies with regulatory and industry standards. This ensures all Premier entities are in compliance with applicable regulations and retention expectations of our customers.
- Achieved the full-year SOC 2 (Systems Organization Controls) Type 2 report for Clinical Intelligence, Cost Management and Clinical Decision Support product lines for the period of January 1 through December 31, 2023. Type 2 designates that there is a test of effectiveness to ensure our internal controls over the security, availability and confidentiality of our systems perform as designed.
- Published a SOC 1, Type 2 report for Premier's General Controls over Information Technology (GITC) and Contigo Health's Claims Processing Operations System. The SOC2 is more technology focused, whereas the SOC1 focuses on both technology and financial reporting controls.
- Performed a Federal Information Security Management Act (FISMA) audit on the Premier enterprise network, ecosystem and software solution suite. A written Security Compliance Letter of Attestation (LOA) serves as an official attestation from a national, licensed third-party firm that a comprehensive assessment was performed that meets criteria of the Federal Information Security Management Act (FISMA), the Office of Management and Budget (OMB), the Security of Federal Automated Information Resources and the National Institute of Standards and Technology (NIST).
- Achieved 2023 Office of the National Coordinator for Health Information Technology (ONC-HIT) certification for Premier's TheraDoc and electronic Clinical Quality Measures (eCQM) Calculator, covering 2015 Care Cures Act requirements enabling customers to collect interoperability incentives from CMS.

Leading With Integrity

Corporate Compliance Program

Premier's Board of Directors and executive leadership team play a critical role in promoting and maintaining a culture of integrity. Premier's Corporate Governance Guidelines and policies ensure that we operate in accordance with applicable laws and regulations for a publicly traded company including the security of proprietary, sensitive and protected health information as well as compliance with insider trading restrictions and other securities laws.

Our program aligns with the Federal Sentencing Guidelines, ensures that policies and internal controls are user friendly, and meets emerging compliance and ethics standards.

Board of Directors

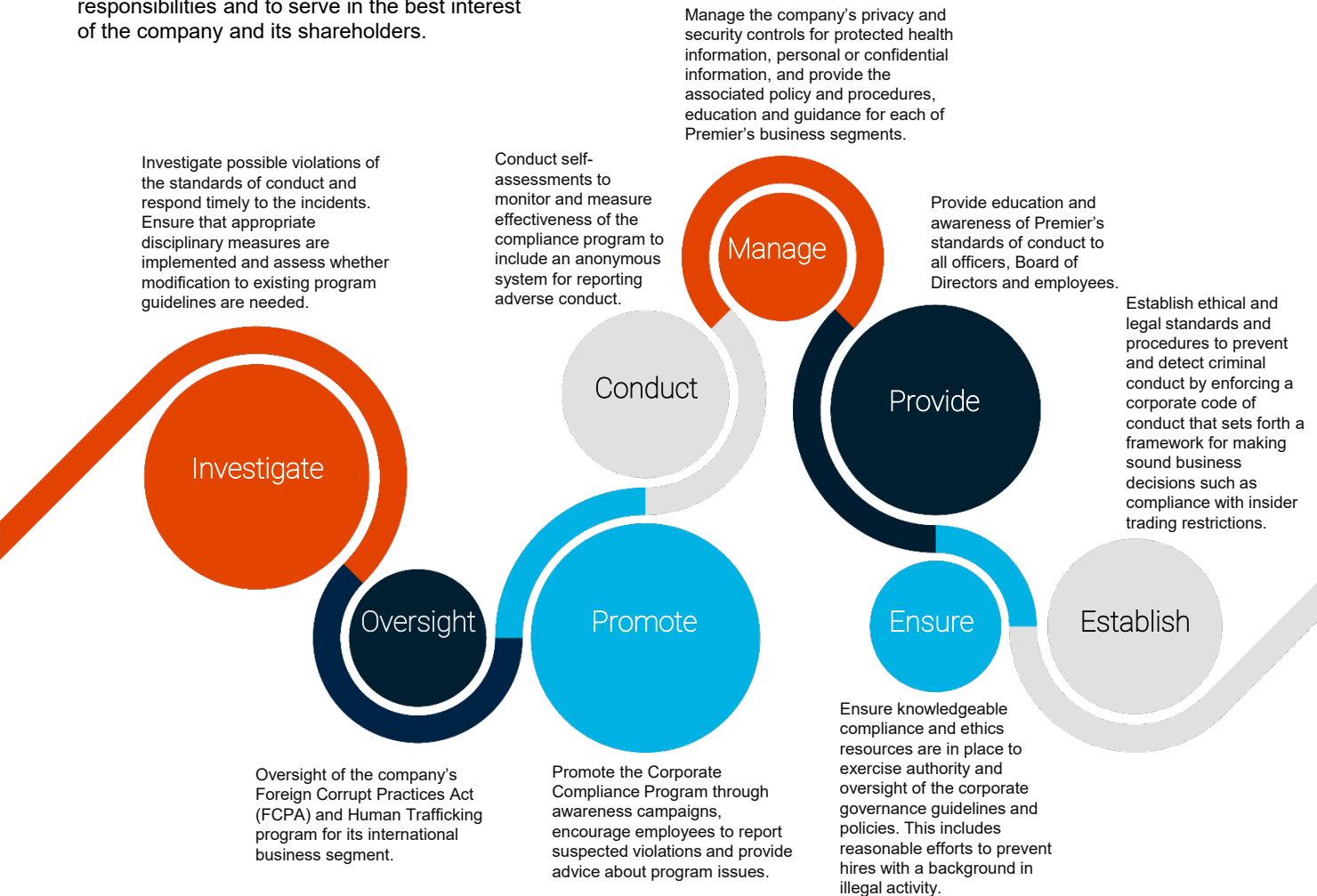
The Corporate Governance Guidelines assist Premier's Board of Directors in the exercise of its duties and responsibilities and to serve in the best interest of the company and its shareholders.

Company

For employees, Premier's Code of Conduct provides critical information about expected behavior, our policies and the laws that govern our business. Our Code provides the framework for all business decisions and strategies.

Business Rules

Premier maintains internal business rules for such topics as Administrative Fees, Custom Contracting and other programs that present greater risk to the organization. These rules define how we operate the programs and are verified at least annually for compliance.



Conflicts of Interest

Premier's comprehensive policies and procedures are designed to ensure that employees, Board members, and non-employee committee and subcommittee members adhere to strict conflict of interest disclosure, divestiture and/or recusal requirements.

Board of Directors

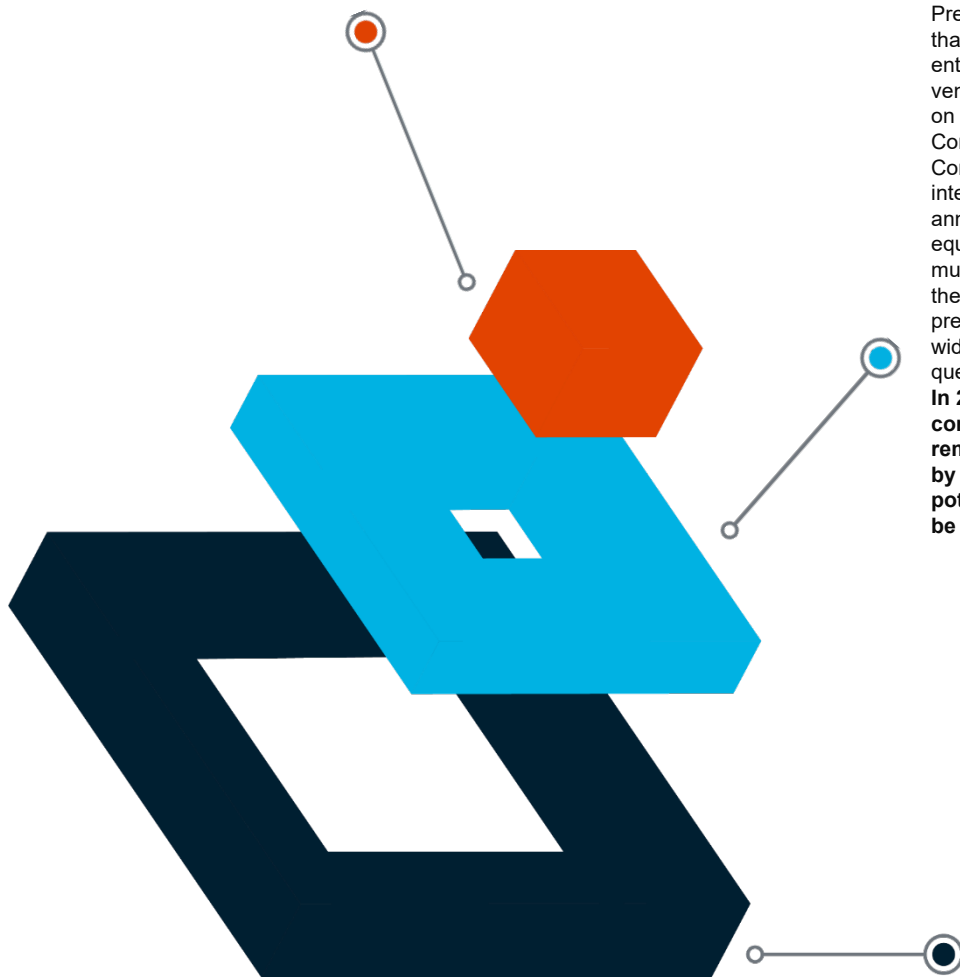
Board members annually disclose potential conflicts that they and/or their immediate family member or related party may have. Conflicts may include affiliation with or managerial, consulting or employment relationships, personal, equity or other financial interests, compensation relationships with any company, vendor or firm and use of non-public information, Premier property and assets. **In 2023, 100 percent of all directors disclosed and resolved their conflicts of interest in accordance with company policy.**

Employees

Premier's Group Purchasing Code states that no employee of Premier or any Premier entity should own equity in any participating vendor. Upon hire, an employee is educated on both The Value of Integrity | Code of Conduct and Group Purchasing Code of Conduct. Employees complete a conflict of interest questionnaire upon hire and annually thereafter. If an employee owns an equity holding that is not permitted, he/she must disclose the conflict and then follow the Corporate Compliance department's prescribed steps to resolve it. Company-wide annual conflict of interest questionnaires launched October 22, 2023. **In 2023, 99.2 percent of active employees completed this questionnaire. The remaining 0.8 percent will be completed by January 31, 2024. Resolution of potential conflicts are underway and will be completed by mid-February.**

Member Committees

Sourcing committee and advisory subcommittee members disclose any potential conflicts annually and before all meetings or discussions. Premier's policy does not allow sourcing committee or advisory subcommittee members and/or their immediate family members to have extensive equity in a participating vendor. **In 2023, 100 percent of all committee and subcommittee members disclosed and resolved their conflicts of interest in accordance with company policy.**



Industry Involvement



Recognition

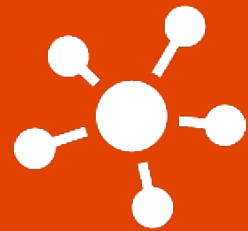
For the sixteenth consecutive year, Premier was named by the Ethisphere® Institute as one of the World's Most Ethical Companies. We were selected for this honor from among tens of thousands of companies around the world. A global leader in defining and advancing the standards of ethical business practices, the Ethisphere® Institute recognized Premier for continuing to raise the bar on ethical leadership and corporate behavior. Premier was the only company in the business services industry recognized this year.



Promotion

The Healthcare Group Purchasing Industry Initiative (HGPII), a voluntary association dedicated to ethical conduct and business practices, and to serve the confidence of the public and government officials, consists of ten GPOs who each commit to having its business practices be transparent to its customers, vendors and to the public and answer a comprehensive annual questionnaire known as the Public Accountability Questionnaire. This questionnaire requires detailed responses about ethics, compliance and contracting procedures.

On an annual basis, HGPII holds a Best Practices Forum for member GPO executives to share ideas, and work to improve ethics and compliance programs with their stakeholders. Forum participants include federal policymakers, ethics experts and a cross-section of healthcare supply chain vendors who gain knowledge about ways GPOs can improve communication with regulators and increase transparency to stakeholders and the general public.

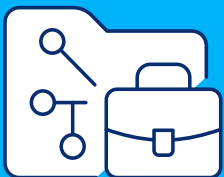
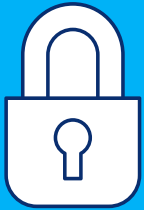


Affiliation

To foster and promote industry-wide adoption of compliance best practices, Premier Corporate Compliance staff participate and are members of the following professional organizations: Society of Corporate Compliance and Ethics (SCCE); Ethisphere® Institute Business Ethics Leadership Alliance (BELA); Healthcare Group Purchasing Industry Initiative (HGPII); International Business Ethics Institute; International Association of Privacy Professionals (IAPP), Information Systems Audit and Control Association (ISACA).

Premier's Chief Ethics & Compliance Officer participates in ongoing benchmarking, industry networking initiatives and speaking engagements including the Steering Committee and Working Group of the Healthcare Group Purchasing Industry Initiative (HGPII).

New Privacy Developments



- State privacy laws continue to evolve with 7 states passing new consumer data privacy laws in 2023 (i.e., Delaware, Indiana, Iowa, Montana, Oregon, Tennessee, and Texas). Virginia, Colorado, Connecticut and Utah previously passed data privacy laws which went into effect throughout 2023 and California's Privacy Rights Act (CPRA) went into effect on January 1, 2023, but the California state courts delayed the date of enforcement from July 1, 2023 to March 29, 2024. While the majority of customer data received and/or processed by Premier is protected health information (PHI) as governed by HIPAA, Premier does receive and/or process personal data that may be subject to state privacy laws. The Chief Privacy Officer monitors state and federal privacy law changes, analyzes their applicability to Premier, and makes the necessary Privacy Program updates.
- The Federal Communications Commission (FCC) announced new rules to protect consumers from unwanted calls and texts and has indicated it will impose additional rules in 2024. States have also sought to limit marketers' unwanted calls and texts, with Arizona, Connecticut, Florida, Georgia, Maryland, Mississippi, New York, Oklahoma, Tennessee and Washington all enacting new laws, as well. The Privacy team continues to stay informed on these matters and any potential impact on Premier's marketing and other business units.
- The European Commission announced adoption of the E.U.-U.S. Data Privacy Framework (DPF) under which organizations can self-certify to lawfully transfer personal data from the European Economic Area (EEA) to the United States. The DPF is the third attempt at establishing a mechanism for data transfers from the EEA to the U.S. and will very likely be challenged, as was its predecessors. Currently, Premier is not transferring data from the EEA to the U.S. The Chief Privacy Officer continues to stay informed on EEA data laws and regulations in the event Premier business units engage in business abroad involving personally identifiable data.
- Health-related data breaches hit an all-time high in 2023 with estimates of 100-116 million individuals impacted by health-related data breaches reported to HHS over the year, stemming from over 540 organizations experiencing incidents. Such incidents include large-scale vulnerability exploitation such as the MOVEit incident which heavily impacted healthcare organizations, and Hospital Corporation of America (HCA) reported breach involving a list of 27 million rows of personally identifiable information of patients. Premier's Privacy and Security teams work closely together to ensure proper controls are in place to prevent such breaches.

Premier Group Purchasing Organization (GPO) Safeguards for AI Technology Risks

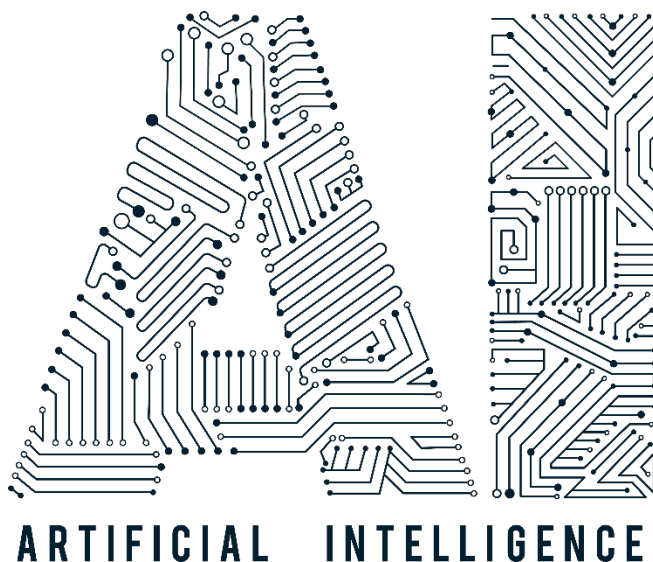
Artificial intelligence is a field which combines computer science and robust datasets, to enable problem-solving. Generally, there is Traditional AI (also known as Narrow or Weak AI) which focuses on performing a specific task in an intelligent manner. Voice assistants like Siri and Alexa are examples. Traditional AI systems learn from data and characteristics to make decisions and predictions. Generative AI (also known as General or Deep AI) creates something new (e.g., text, image, music and even code) using the same information in Traditional AI. ChatGPT, BARD, DALL-E, Soundful, and Synthesia are all examples of Generative AI. There is no doubt that AI is a transformative technology with substantial promise for improving healthcare. However, AI systems pose unique risks because their inputs and operations are not always visible.

The risks presented by suppliers AI systems and technologies are becoming more critical to our Members as the use of AI in the healthcare setting increases. A team from Corporate Compliance, Privacy & Security and business stakeholders have initiated development of standards and expectations for a new section in our GPO supplier agreements to address these risks. Implementation is scheduled for the third quarter of FY24. The main areas of focus include:

- Quality – Key Performance Indicators (KPIs) are defined and met.
- Training – AI model is continuously trained and tested in real-time conditions reflecting the intended use and industry best practice.
- Documentation – Clear instructions regarding the proper installation, use and maintenance of the AI system.
- Personal Data – Comply with all applicable data protection regulations and laws with the use of an AI System and personal and PHI data.
- Restrictive Open-Source Software (“Copy-left”)* – Has not, does not and will not, be developed and operated in such a way that it complies with or links to “Copy-left” Software.
- Transparency – Transparent and interpretable such that its output can be traced back to the input data (to satisfy transparency provisions GDPR/NIST AI 100-1).
- Bias/Discrimination – Will not provide any output which causes material unlawful discrimination.

- IP Infringement – Will not infringe the intellectual property rights of any third-party.
- Security – Will not cause any loss or damage to data, systems, hardware, records, programs or other property.

* NOTE: Restrictive Open-Source Software – A copy-left license, grants users permission to use, modify and share the source code, but offers protection against relicensing through specific restrictions and terms and conditions. This means that software users creating derivative work are required to release under the same copyleft license terms and conditions of the original work. This reciprocity is a defining aspect of copyleft licenses and is intended to protect creators’ intentions by ensuring that users will have the same rights and permissions when using works derived from the original software.



EDUCATION AND REPORTING

Education

Below is a summary of the compliance educational programming completed in 2023.

Board Governance

Board members completed an online course that reviewed the Board Code of Ethics, Insider Trading Policy, Conflict of Interest Policy, Compliance Policy, Anti-Bribery Policy and Human Trafficking Policy. In addition, this course provided an overview of governance, risk and compliance. **In 2023, 100 percent of the Board of Directors completed governance education.**

Anti-Corruption/Human Trafficking

Premier continued to engage the International Business Ethics Institute to develop and deliver the annual education to review Premier's Anti-Corruption and Human Trafficking policies and increase knowledge of when and where to seek advice. **In 2023, 100 percent of S2S Global employees completed this education.**

Employee Compliance

As part of Premier's annual compliance education, employees completed an interactive course that provided an overview of our Code of Conduct. It explained why we have a Code and employee responsibilities related to our Code. The course reviewed the following compliance topics: ethical workplace conduct, records retention and social media. **In 2023, 100 percent of active employees completed this coursework.**

Healthcare Fraud, Waste and Abuse (FWA)

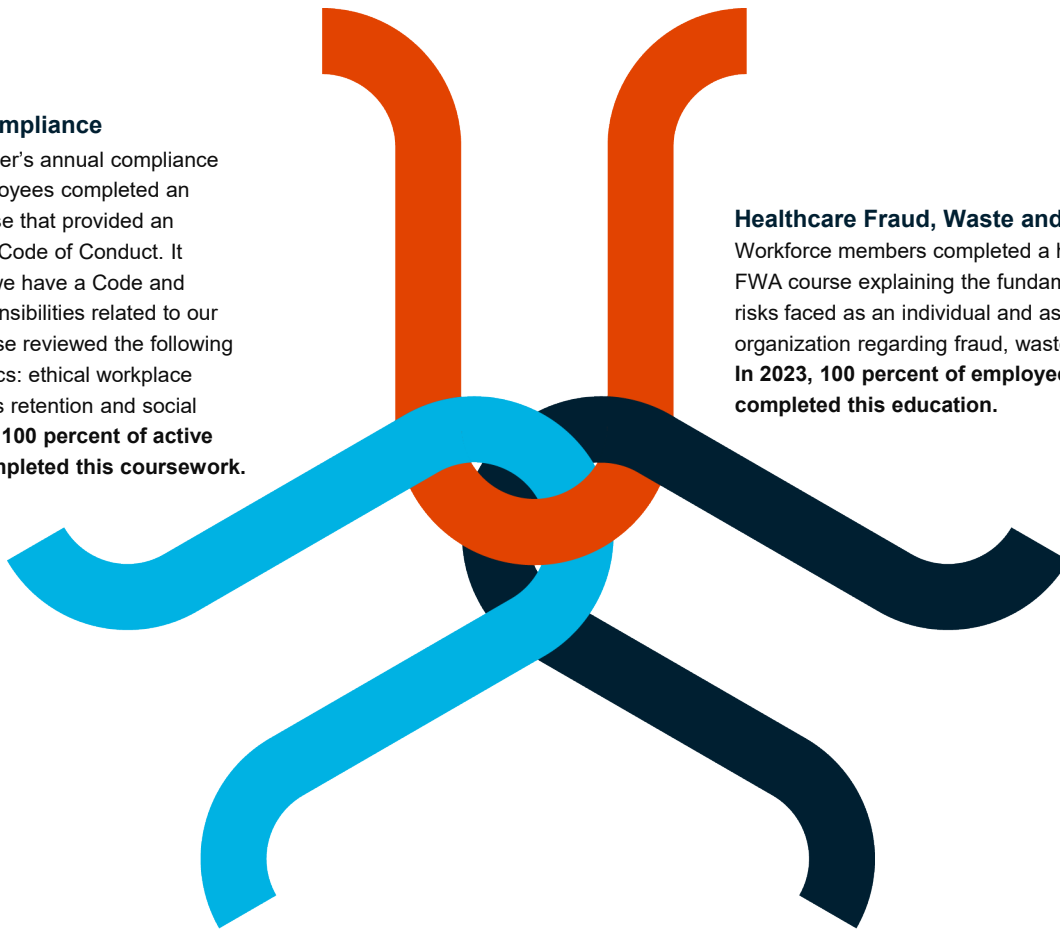
Workforce members completed a healthcare FWA course explaining the fundamentals and risks faced as an individual and as an organization regarding fraud, waste and abuse. **In 2023, 100 percent of employees completed this education.**

Member Committee Compliance

All sourcing committee and advisory subcommittee members received education this year on Premier's Group Purchasing Code of Conduct, Confidentiality Policy, Conflict of Interest Policy and Insider Trading Policy. **In 2023, 100 percent of committee and subcommittee members completed this education.**

Health Insurance Portability and Accountability Act (HIPAA)

Workforce members completed company-wide HIPAA awareness education on how to properly obtain, use, share, maintain and transfer protected data. **In 2023, 100 percent of employees completed this education.**



Group Purchasing

Administrative Fees

Our administrative fees are standardized for each competitive bidding process and stated in advance to all bidders in a category unless economic conditions require a different structure in the best interest of members. Our group purchasing agreements do not impose up-front administrative fees from participating vendors and prohibit administrative fees in the form of vendor equity.

During calendar year 2023, 22.1% of Premier contracts had administrative fees above 3% compared to 16.6% in 2022. All fees are disclosed and reported per Federal Regulatory Safe Harbor provisions.

Vendor Rights and Responsibilities

Our success is firmly rooted in developing mutually beneficial relationships with our vendors. Premier's Supplier Guide outlines these expectations including a statement of vendor rights and responsibilities and is publicly available on Premier's website. Premier takes vendor grievances seriously and offers several ways to resolve possible issues. Premier has its own vendor grievance process to ensure a vendor's ability to access Premier's contracting staff and leadership to address concerns or complaints relating to the contracting award process or decisions. A vendor may also submit an inquiry related to the contracting process or award decisions. In most instances, this latter process is sufficient to address a vendor's concerns.

Disclosure of Vendor Payments

Consistent with Medicare safe harbor rules pertaining to the reporting of GPO administrative fees, Premier annually discloses to its members the amount of administrative fees received with respect to purchases made by or on behalf of the member through Premier's group purchasing agreements. Premier also discloses the aggregate vendor payments.

In addition to 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](https://hgpii.com/what-we-do/) (<https://hgpii.com/what-we-do/>). In order to facilitate the HGPII Evaluation, HGPII utilizes the services of the American Arbitration Association® (AAA), an organization that provides alternative dispute resolution services. Premier's vendor grievance process is not intended to waive any rights the vendor or Premier may have related to the enforcement of binding arbitration or any other legal rights and remedies. For the calendar year ending in 2023, there was one grievance filed by a supplier. A Vendor Grievance Review Panel ("Panel") consisting of Premier GPO members thoroughly reviewed all information

submitted by the supplier. The Panel's investigation did not identify evidence to support the supplier's allegation. The Panel upheld the member committee's award decision.

Premier may engage in business relationships with participating vendors which 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. A participating vendor is a company that has a contract, or submits a formal bid or offer to contract, to provide goods or services to alliance members. These relationships have no bearing on GPO contracting decisions and are publicly disclosed on Premier's company website. This disclosure 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.

Supplier Diversity

As an organization built on the foundation of transforming healthcare within communities across the country, Premier recognizes that supplier diversity is an important component of our members' success. Diverse suppliers help our hospitals create jobs and improve life in the communities they serve. The Supplier Diversity program is under the guidance and direction of the GPO; however, the program is reflected as a pillar under the Diversity, Inclusion and Belonging strategy. We evolve our strategies to continue the focus on socio-economic development and growth of communities through MWBE+ partnerships. The use of program mass will drive better healthcare outcomes, strengthen local economies and develop a more robust supplier diversity ecosystem for the healthcare industry.

Premier's Supplier Diversity Program supports our members by:

- Ensuring diverse suppliers are proactively considered for contracting opportunities.
- Supporting and facilitating procurement from diverse suppliers.
- Encouraging contracted suppliers to support and procure from diverse suppliers.
- Increasing the number of small, diverse and regional enterprises doing business with members of the Premier alliance through Premier's Sourcing Education and Enrichment for Diverse and Small Suppliers (SEEDS) Program.
- Premier grew the actual number of diverse suppliers 23%, from 257 in 2022 to 318 in 2023.
- Our total contract portfolio (number of agreements) grew by 6% while the diverse portfolio percentage slipped 1%, from 12% in 2022 to 11% in 2023.



Premier, Inc. (NASDAQ: PINC) is a leading healthcare improvement company, uniting an alliance of more than 4,350 U.S. hospitals and health systems and approximately 300,000 other providers to transform healthcare. With integrated data and analytics, collaboratives, supply chain solutions, consulting and other services, Premier enables better care and outcomes at a lower cost. Premier plays a critical role in the rapidly evolving healthcare industry, collaborating with members to co-develop long-term innovations that reinvent and improve the way care is delivered to patients nationwide. Headquartered in Charlotte, N.C., Premier is passionate about transforming American healthcare.