



# GROUP PURCHASING **CODE OF CONDUCT**

Setting the Purchasing Standards of Business Conduct at Premier

# GROUP PURCHASING CREDO

In providing group purchasing services, each Premier GPO serves first the interests of member hospitals and health systems and, through them, the patients and communities they serve. We also serve the business and industry communities as a growing segment of the Premier GPOs. Foremost among those interests shall be good clinical outcomes for patients, cost-effectiveness and proper utilization of resources across all products and services purchased through the Premier GPOs. Premier will act ethically, fairly and accountably with all Members.

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# 1. GENERAL ETHICS POLICIES

## **1.a. Commitment to Members and to the Goals of Quality Products and Cost Containment**

Each Premier GPO acts first and foremost as a representative of its Member organizations and pursues two primary goals — quality products for the healthcare and business sectors and cost control.

## **1.b. Code of Conduct**

Each Premier GPO will maintain this comprehensive Code of Conduct which aligns with the Healthcare Group Purchasing Industry Initiative (“HGPII”) code, best ethical standards for the Group Purchasing Industry and other common ethical policies.<sup>1</sup>

## **1.c. Premier GPOs Shall Comply with Applicable Laws**

Each Premier GPO shall stay abreast of changes and new developments in the law and provide compliance guidance and education regarding applicable laws to employees, members of the Board of Directors for any Premier Entities (“Directors”) and non-employee advisors on any Member Committee that provide advice to a Premier GPO (“Advisors”).

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<sup>1</sup> Other ethical policies applicable to all Premier Entities include adherence to all applicable laws, business relationships with companies other than Participating Vendors, outside employment by employees, the protection of confidential and proprietary information, the protection of company assets, respect for copyright, accurate accounting and financial reporting, fair competition toward competitors, policies addressing industrial espionage and sexual harassment, and a commitment to diversity programs in hiring and promotion.

## 2. CONFLICT OF INTEREST PROVISIONS

### 2.a. Conflict of Interest Requirements

All employees of Premier Entities should follow the same conflict of interest requirements which guide employees of the Premier GPOs. Similarly, Directors and Advisors shall follow the same requirements as they would if they directly served a Premier GPO.

### 2.b. Gifts

Employees of Premier Entities and their immediate family members (spouses and dependents) should not accept Gifts from Participating Vendors. Directors and Advisors who are in a position to influence a Premier GPO contracting decision should not accept Gifts from any Participating Vendor; provided, however, in the event a Director or an Advisor has received a Gift, such Director or Advisor should recuse themselves from any negotiations or decisions relating to the Participating Vendor from whom they have received such items.<sup>2</sup>

### 2.c. Equity Ownership

Employees of Premier Entities and their immediate family members (spouses and dependents) should not own Individual Equity Interests in any Participating Vendor.<sup>3,4,5</sup> Directors and Advisors who are in a position to influence a Premier GPO contracting decision are required to disclose any Individual Equity Interests in any Participating Vendor and recuse themselves from any negotiations or decisions related to that Participating Vendor. An individual who holds an Extensive Equity Interest in a Participating Vendor cannot serve as an Advisor in an area in which such Extensive Equity Interest is held.

### 2.d. Insider Trading

All Directors and employees of Premier Entities, Directors and Advisors must comply with Premier's [Insider Trading Policy](#). Advisors must comply with applicable securities laws, including laws prohibiting insider trading.

<sup>2</sup> A Premier GPO may occasionally use other Subject Matter Experts on a one-time or rotating basis in focus groups or other informal settings. These clinicians provide input to Member Committees that vote and advise a Premier GPO. Provided that a Subject Matter Expert discloses all gifts, entertainment, or compensation from a Participating Vendor and any Individual Equity Interests held in such Participating Vendor, the Subject Matter Expert may serve as an informal advisor. However, such conflicts of interest must be disclosed every time the Subject Matter Expert's advice is communicated to decision-making committees or individuals. Prohibitions in 2(b) and 2(c) apply to an Advisor's immediate family members (spouse and dependents).

<sup>3</sup> In some cases, exceptions may be granted if spouses or dependents of Advisors or Premier Entity employees are employed by Participating Vendors and ownership of Individual Equity Interests is incidental to that employment. Any such exception must be approved by Premier's Chief Ethics & Compliance Officer. If an exception is granted, the Advisor or employee must disclose the spouse's Individual Equity Interests and not participate in any negotiations or decisions relating to the Participating Vendor in which the spouse or dependents owns such equity. Such holdings must be fully disclosed to Premier with any potential conflicts resolved at the discretion of the Chief Ethics & Compliance Officer. This exception applies to the equity holdings of spouses and dependents of all employees and Advisors.

<sup>4</sup> This provision excludes equities owned in mutual funds or in a blind trust over which the individual exercises no investment control.

<sup>5</sup> New employees who hold, or whose immediate family members (spouses and dependents) hold substantial deferred compensation in the form of Individual Equity Interests in Participating Vendors which cannot be liquidated without a substantial loss of value may retain such interests; provided, that such equity interests must be disclosed to the Chief Ethics & Compliance Officer and the employee will be subject to recusal from any decisions involving the Participating Vendor(s) in which such equity interest is held.

## 3. PREMIER ENTITY EQUITY INTERESTS

### 3.a. Limitation of Equity Investment by Premier Entities in Participating Vendors

Except in the case of Participating Vendors that are wholly-owned or controlled by a Premier Entity, no Premier Entity should hold a Corporate Equity Interest in any Participating Vendor unless the acquisition of the equity interest benefits the Members. Further, Board approval is required for such investment.

### 3.b. Disclosure of a Premier Entity's Equity Investments in Participating Vendors

Any Corporate Equity Interest held by a Premier Entity in any Participating Vendor should be publicly disclosed on the company website.

### 3.c. No Commitments Permitted If Premier GPO Has Equity Investment

Except with respect to Committed Programs, no Member should be required to purchase goods or services from a Participating Vendor in which a Premier Entity has an equity investment.

## 4. OTHER BUSINESS RELATIONSHIPS WITH PARTICIPATING VENDORS

### 4.a. Premier GPO Relationships with Participating Vendors

Premier GPOs shall not routinely enter into non-group purchasing business relationships with Participating Vendors; provided, however, that if the terms of such arrangement reflect fair market value for the goods and services being purchased and the arrangement does not influence Vendor Contract decisions, Premier GPOs may enter into relationships with Participating Vendors for (i) the purchase of goods and services that are utilized to carry out general business operations, or (ii) the provision of additional services (including but not limited to trade shows, advertising, data/market analytics, software subscriptions and professional services) by such Premier GPOs to Participating Vendors (the business arrangements described in subsection (ii) shall be referred to as "GPO Service Agreements"). Notwithstanding the foregoing and only with respect to Committed Programs, a GPO Service Agreement may be a required component of a Committed Program for a Participating Vendor to support the Members if such requirement is approved by the Senior Vice President of Supply Chain Services and Chief Ethics & Compliance Officer. GPO Service Agreements and other non-group purchasing business arrangements with Participating Vendors shall be disclosed on the company's website. The Chief Ethics & Compliance Officer must examine such relationships on an ongoing basis and shall make periodic reports to the Board.

### 4.b. Business Relationship Between Other Premier Entities and Participating Vendors

A non-Premier GPO entity may have business relationships with Participating Vendors, but these relationships must be disclosed on the company's website and must not influence Vendor Contract decisions. It is impossible to anticipate the many types of business relationships which may be developed in the future. The Chief Ethics & Compliance Officer must examine such relationships on an ongoing basis and shall make periodic reports to the Board.<sup>6</sup>

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<sup>6</sup> This provision permits other business relationships, such as the sale of products or services to Participating Vendors by a non-Premier GPO entity for standard prices. Other relationships, where doing business with a non-Premier GPO entity gives a Participating Vendor an advantage in contracting decisions, would be unacceptable. The goal of this provision is to create a continuing scrutiny of such relationships to ensure that they do not influence contracting decisions.

## 5. MEMBER RELATIONS, PRODUCT AND VENDOR GRIEVANCES

### 5.a. Right to Communicate Directly with Participating Vendors

Each Premier GPO should permit Members to communicate directly with all Participating Vendors and to assess products or services provided by all Participating Vendors.

### 5.b. Right to Purchase Items Off-Contract

Unless otherwise agreed to by and between a Premier GPO and Member, a Premier GPO shall permit Members to purchase items directly from vendors that do not contract with such GPO.

### 5.c Notice of Pending Bidding Processes

Except for the ProvideGx Program, each Premier GPO should implement a contracting process that informs potential Participating Vendors of the process for seeking and obtaining contracts and provides interested Participating Vendors with the opportunity to solicit contracts. Upcoming contracting processes should be listed on a publicly available website.

### 5.d. Statement of Vendor Rights, Responsibilities and Ethical Standards

Each Premier GPO should adopt and make available a statement of the rights, responsibilities and ethical standards applicable to Participating Vendors and seek adherence to the same standards.

### 5.e. Fair Technology Evaluation Process

Each Premier GPO should conduct technology assessments in a fair, timely, confidential and unbiased manner, with an opportunity for review of decisions by Participating Vendors whose products or services are evaluated. Each Premier GPO should provide an opportunity for all Members to have input to the technology assessment process.

### 5.f. Technology Breakthrough Procedures

The Premier LP GPO shall, and the other Premier GPOs may, operate a technology breakthrough evaluation process in a fair, timely, confidential and unbiased manner, including an opportunity for Participating Vendors to submit potential breakthrough technology products or services for review by a Member Committee. With respect to Premier GPOs that operate a technology breakthrough process, all Vendor Contracts should include a provision permitting the addition of new technology breakthrough Vendor Contracts within a category regardless of the award status and without penalty to Premier or any Member.

### 5.g. Vendor Grievance Procedures

Each Premier GPO will adopt standardized policies and procedures which endeavor to address Participating Vendor grievances. Each Premier GPO will maintain a standardized grievance process actively disclosed to Participating Vendors.

## 6. CONTRACTING PRINCIPLES

### 6.a. Goals of Contracting

Each Premier GPO's policies and procedures should state and promote contracting arrangements that achieve both availability of high-quality products or services and competitive pricing. These goals are most important in relation to Clinical and Physician Preference Products or Services for healthcare organizations and hospitals.<sup>7</sup>

### 6.b. Physician Preference Sole-Source Contracts

Except with respect to Committed Programs, Premier GPO sole-source contracts for Physician Preference Products and Services<sup>8</sup> require review and approval by the responsible sourcing vice president, as well as the Legal and Corporate Compliance departments.

### 6.c. Limitation on Commitment Levels

All Vendor Contracts for Physician Preference Products should be written without Premier GPO-imposed commitment levels; provided, however, that Participating Vendors may offer a tier addendum whereby a Member can obtain a lower price for the purchase of such products at certain specified volumes.

### 6.d. No Bundling of Unrelated Products

Vendor Contracts shall not bundle Physician Preference Products with unrelated products.

### 6.e. No Bundling of Unrelated Products Across Participating Vendors

Vendor Contracts shall not bundle any unrelated products across different Participating Vendors.

### 6.f. General Limitation of Contracts to 3 Years

Vendor Contracts should be for 3 years or less, unless economic conditions require longer term agreements in the best interest of Members and such agreements are approved by the sourcing vice president responsible for such Vendor Contract, as well as the Legal and Corporate Compliance departments.

### 6.g. Standardized Administrative Fees Stated in Advance

Administrative Fees, or the range of Administrative Fees, should be standardized for each bid process and product or service category and stated in advance to all Participating Vendors in that category, unless economic conditions require a differing structure in the best interest of Members and such structure is approved by the sourcing vice president, Legal and Corporate Compliance.<sup>9</sup>

### 6.h. Administrative Fees Prohibitions

Premier GPOs shall not (i) accept up-front Administrative Fees from Participating Vendors or (ii) permit Administrative Fees to be paid in the form of Participating Vendor equity. Premier GPOs shall not receive Marketing Fees from Participating Vendors.

<sup>7</sup> Vendor Contracts should be written consistent with these standards. If existing contracts are substantially amended; however, these standards should be incorporated.

<sup>8</sup> Products and services which fit this category in practices 5(b) through (e) are to be identified by the individual Member Committees. The category includes those items in which the choice of particular products or services by individual physicians or other clinicians are determined by the Member Committees to be strongly related to patient outcomes. This includes many, but not all, "Physician Preference Items" and some "Clinical Preference Items."

<sup>9</sup> In branded pharmaceuticals, the Premier LP GPO strategy is to provide clinicians with maximum choice of branded pharmaceuticals by attempting to have a Vendor Contract for all branded pharmaceuticals. These Vendor Contracts are written by manufacturer rather than by therapeutic class. In order to have a Vendor Contract for all branded pharmaceuticals, it has been necessary to negotiate individual Administrative Fee arrangements with each Participating Vendor. This practice is reasonable, as long as Administrative Fees (or the range of Administrative Fees) are standardized for 1) all generic pharmaceuticals and 2) branded pharmaceuticals which have generic equivalents.



## 7. COMPLIANCE, CERTIFICATION AND IMPLEMENTATION

### 7.a. Position of Chief Ethics & Compliance Officer

Each Premier GPO shall be accountable to the Chief Ethics & Compliance Officer as its lead ethics advocate, to raise policy and strategic issues of ethical significance with management and the Premier, Inc. Board of Directors, to oversee compliance with these ethical standards and other ethics commitments, to provide annual reporting, and to raise other policy issues of significance with management and the Premier, Inc. Board of Directors.<sup>10</sup>

### 7.b. Annual Compliance Report

The Premier GPOs shall provide a consolidated annual compliance report to the Audit and Compliance Committee of the Premier, Inc. Board of Directors (the “Audit and Compliance Committee”). A summary of the report should be made available to the public.

### 7.c. Review by Audit and Compliance Committee

The Audit and Compliance Committee should meet at least annually without management present to hear from the Chief Ethics & Compliance Officer and to discuss any issues brought forward by this officer.

### 7.d. Implementation Plan Related to Conflicts of Interests

Each Premier GPO shall adopt a plan to identify, review and resolve conflicts of interests. Such plans shall be supervised by the Chief Ethics & Compliance Officer in keeping with conflict of interest principles. Each Premier GPO shall seek regular, periodic and timely disclosure of conflicts by employees, Directors and Advisors.

### 7.e. Respond to Changes in HGPII Code

Each Premier GPO will respond to changes and updates to the HGPII Code of Conduct.

## 8. REPORTING AND EDUCATION

### 8.a. Cooperation with Cost Studies

Each Premier GPO should support authoritative surveys and studies on the value of GPOs and to disclose these studies to the public.

### 8.b. Educational Programs

Premier GPOs will cooperate with HGPII efforts to develop and implement industry-wide educational programs focusing on new developments related to clinical innovations, contracting processes and programs, patient safety, public policy, statutory and regulatory requirements and best practices regarding compliance and Code of Conduct principles. As part of this process, Premier GPOs may draw upon representatives of Participating Vendors to promote processes and programs to ensure availability of new and innovative products to Members through the GPO contracting process.

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<sup>10</sup> One of the most important tasks of the Chief Ethics & Compliance Officer is to create a vehicle by which employees, Members and Participating Vendors may communicate regarding violations of a Premier GPO's ethical practices or to request interpretations of those practices. Premier's WorkSmart Integrity HelpLine (phone: 800.254.5762, [worksmapremier.com](http://worksmapremier.com) or text: 803.573.9656) is a third-party reporting portal that facilitates confidential and anonymous reporting of suspected criminal or illegal activity, unethical behavior or misconduct without fear of retaliation. It is available 24 hours a day, seven days a week.

## 9. DISCLOSURE OF ADMINISTRATIVE FEES

### 9.a. Written Agreement

Each Premier GPO shall have a written agreement with each Member, or such Member's agent, that authorizes the Premier GPO to act as a purchasing agent to negotiate contracts with Participating Vendors to furnish goods or services to such Member and informs such Member that the Premier GPO will receive Administrative Fees from Participating Vendors with respect to purchases made by or on behalf of such Member.

### 9.b. Disclosure of Administrative Fees

Each Premier GPO shall report, or cause to be reported, at least annually to each Member that is a healthcare provider of service (as defined under federal law), or such Member's agent, the amount of all Administrative Fees received by such Premier GPO with respect to purchases made by or on behalf of the Member.

### 9.d. Annual Financial Reporting

Premier, Inc.'s consolidated financial statements are available via public filings.

### 9.e. Disclosure of Vendor Contracts to Members

Detailed data on existing Vendor Contracts and on current contracting processes shall be readily available to Members, including Administrative Fees payable under such Vendor Contracts.

### 9.f. Disclosure of Vendor Contracts to the Public

General data on existing Vendor Contracts, specifying Participating Vendors and product categories, will be made readily available to the public.

## 10. SAFETY, COST-REDUCTION AND CLINICAL COMPARABILITY

The Premier Entities shall support programs and processes that provide for clinical comparability and improve and promote patient safety and supply chain cost reductions. Such programs include but are not limited to outcome data, evidence-based assessments and the Premier Safety Institute.

## 11. DIVERSITY

Each Premier GPO will offer a Diversity Program. Elements of the Diversity Program shall include: (i) development of a more robust Vendor diversity ecosystem for the growth of healthcare industry, (ii) opportunities to continue to develop subcontracting business relationships with Participating Vendors that are certified minority, women or other diverse business enterprises ("Certified Diverse Vendors"), (iii) encouragement of Participating Vendors to have a shared commitment with Members, to support and do business with Certified Diverse Vendors in their respective supply chains, (iv) utilization of national contracting and innovative program strategies to provide Certified Diverse Vendors with access and support to contract opportunities and (v) expanded opportunities for Certified Diverse Vendors to scale their market share with Members.

## 12. DEFINITIONS

**Administrative Fees** – Negotiated fees paid by a Participating Vendor to a Premier GPO as part of a Vendor Contract.

**Clinical Preference Products or Services** – Those Clinical Products or Services which require substantial training to learn to use and which have a demonstrable effect on patient care outcomes. Accordingly, they are products or services for which a provider has a particular preference based on factors such as the provider's training and experience, the performance or functionality of such products in a clinical setting and patient clinical outcomes.

**Clinical Products or Services** – Products or services used by providers directly in the provision of health care services to patients.

**Committed Programs** – A voluntary program that requires Members to meet specified purchase volumes which translates to enhanced value for those Members.

**Corporate Equity Interest** – Securities, options, warrants, debt instruments (including loans) or rights to acquire any of the foregoing.

**Diversity Programs** – Programs that promote diversity to include Certified Diversity Vendors.

**Extensive Equity Interest** – Individual Equity Interests in three or more Participating Vendors in the general product area of a Member committee or in Participating Vendors in such general product area that in the aggregate have a total value of more than \$20,000.

**Gifts** – Entertainment, favors, honoraria or personal services payments, other than of Nominal Value, from any Participating Vendor.

**GPO** – Any entity that as all or part of its business activities is authorized to act as a purchasing agent on behalf of providers of health care or business and industry services for the purpose of negotiating contracts with vendors, pursuant to which such service providers can purchase goods or services from such vendors consistent with the terms set forth in such contracts.

**Individual Equity Interest** – Securities, options, warrants, debt instruments (including loans) or rights to acquire any of foregoing, provided, however that the term shall not include: (a) interests in mutual funds or (b) interests held in a blind trust in which all investment decisions are independently managed by a third party and the existence and trust terms are fully disclosed to Premier's Chief Ethics & Compliance Officer and the governing body of applicable Premier GPOs to ensure that the neutrality of the GPO contracting decisions are protected.

**Marketing Fee** – Any fee that is associated with the independent promotion or advancement of a particular Participating Vendor over other Participating Vendors, except on the basis of peer-reviewed evidence-based data.

**Members** – Any entity that has completed the membership application process and has been rostered as a member of a Premier GPO. Members have a written agreement with a Premier GPO which authorizes the Premier GPO to act as the Member’s purchasing agent to negotiate contracts with Vendors to furnish goods or services to the Member.

**Member Committee** – Committees consisting of Advisors who provide advice to a Premier GPO and/or make Vendor Contract Award decisions.

**Nominal Value** – 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 shall not be counted toward the \$100 annual limit.

**Participating Vendor** – With respect to a Premier GPO, a Vendor that has a Vendor Contract or submits a formal bid or offer to contract with such GPO to provide goods or services to the GPO’s Members.

**Physician Preference Products** – Products where physicians have a strong preference and a significant influence regarding the type of product used. Member Committees will make the determination as to whether a particular product is a Physician Preference Product. Such committees are composed exclusively of Member representatives.

**Premier Entity** – Any entity directly or indirectly controlled by Premier, Inc.

**Premier GPOs** – The group purchasing organizations operated by Premier Healthcare Alliance, L.P (“Premier LP”) and its affiliates.

**ProvideGx Program** – The ProvideGx Program is a Premier GPO pharmacy program that focuses on making shortage and essential generic injectable pharmaceuticals available to Members.

**Subject Matter Experts** – Clinicians that a Premier GPO may occasionally use on a one--time or rotating basis in focus groups or other informal settings. These clinicians provide input to member sourcing committees that vote and advise a Premier GPO.

**Vendor Contract** – A contract entered into between a Premier GPO and a Participating Vendor pursuant to which the Participating Vendor agrees to sell or furnish goods or services to Members consistent with the terms set forth in such contract. Premier GPOs do not typically take title to products.



Premier, Inc. (NASDAQ: PINC) is a leading healthcare improvement company, uniting an alliance of more than 4,100 U.S. hospitals and health systems and approximately 200,000 other providers and organizations to transform healthcare. With integrated data and analytics, collaboratives, supply chain solutions, and 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.

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