

A GUIDE FOR PROSPECTIVE CONTRACTED SUPPLIERS

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Working with each other

An important part of our business relationship is how we conduct ourselves with each other. Premier wants to ensure that at the outset, both parties understand expectations of this relationship. In addition to this summary guide, it is very important for each supplier to comply with Premier's Group Purchasing Code of Conduct, Conflict of Interest and Confidentiality Policies. In addition, our Corporate Code of Conduct describes for suppliers how each Premier employee conducts themselves while working and representing Premier. We urge all suppliers to review these documents found in the Ethics and Compliance section of our website at www.premierinc.com. The following reflect the key areas of importance and are meant to summarize the section. More detail can be found within the actual policy.

Premier is a founding member of 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. The initiative is based on six core purposes, including creation of and adherence to a written code of business conduct that establishes high ethical values, quality healthcare, cost-effectiveness, an open and competitive purchasing process, sound business practices and public accountability. HGPII supports the inclusion of a strong code of conduct by suppliers and encourages its members to consider whether suppliers have adopted the AdvaMed code of conduct or a similar code.

Conflicts of interest

Employees working with suppliers should not have relationships with suppliers that could constitute a conflict of interest. Such relationships may include equity investments in the supplier, providing services for the supplier, having family members working for the supplier, or any other relationship or situation that is likely to be perceived as conflicting with the employee's duty to Premier and its members.

Travel and accommodations

Premier employees' must remain objective and impartial in their decision-making. Premier employees are not permitted to accept travel or rooming accommodations from suppliers, including any travel or accommodations for which the supplier does not incur a cost.

Attendance at supplier meetings

Premier employees are permitted to attend meetings that suppliers hold for their customers, provided that the supplier does not provide travel or rooming accommodations for the Premier employee.

Exchanging gifts and entertainment with Premier employees

The guidelines on "gifts and entertainment" apply to anything given as a result of a business relationship for which the recipient does not pay fair market value. The guidelines apply at all times and do not change during traditional gift-giving seasons, or during the planning of a company event. Gifts and entertainment can include such items as meals, beverages, travel and accommodations for business or vacation purposes, tickets to sporting or cultural events, discounts not available to the general public, cash, and any other merchandise or services. Premier recognizes that giving and receiving small gifts and entertainment is a courtesy designed to build goodwill. Premier also recognizes that these activities can create the potential for conflicts of interest. For this reason, we never accept gifts, favors, entertainment or hospitality that is expressly intended to influence our decision-making, regardless of value.

Gifts

In order to protect our contracting processes and to avoid real and perceived conflicts, Premier employees decline gifts of more than nominal value. "Nominal value" is defined as 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. Inexpensive promotional items that contain company logos (such as pens, mugs or calendars) and are worth less than \$10 do not apply. Under no circumstances do Premier employees accept cash or cash equivalents, such as gift cards or certificates.

Entertainment

Business entertainment is often used as a way to support relationships with our suppliers. As long as the entertainment is reasonable, in good taste, and clearly intended to facilitate business goals, it may be acceptable for us to participate. As a general guideline, the entertainment should be modest and infrequent.

If you have questions about gifts, you may contact the Corporate Compliance Office at 704.816.5253.

Providing business considerations to sourcing committee advisors

Premier's conflict of interest policies govern the conduct of those who serve on our sourcing committees. Committee members or their spouses and dependents should not accept gifts, entertainment, favors, honoraria or personal services payments (except of nominal value) from vendors in the general product area of the committee on which the committee member serves.

Examples of conflicts of interest might include situations where a vendor has made significant contributions or otherwise provided significant financial support to the committee member's employer or situations where a committee member's employer owns a significant equity interest in a vendor.

Confidential information

Suppliers who provide information to Premier as part of a contract evaluation or their ongoing relationship with Premier should clearly designate what information the supplier wants to keep confidential. Likewise, suppliers who receive Premier information marked or otherwise designated as being confidential have an ongoing duty to safeguard the confidentiality of that information.

Charitable solicitations

Premier will not request that suppliers donate to charitable causes that Premier supports.

Hospital policies

Each of our member hospitals and facilities has their own standards of conduct which guide the conduct of that organization's employees. When working with member hospitals or facilities, suppliers should be aware of the standards that govern their employees' conduct. When in doubt, ask your principal contact about what the organization's standards of conduct will or will not permit.

Statement of vendor rights and responsibilities

Vendors have the right to:

- Receive an equitable and impartial bidding process;
- Receive all information necessary to offer a competitive bid;
- Have bids kept confidential throughout the bidding process;
- Receive a timely and accurate evaluation of their bid;
- Expect that no Premier employee will use his or her purchasing authority for personal gain;
- Receive ample notice of a bidder's meeting, if that is part of the bidding process;
- Receive an extension to the bidding date if an extension is offered to any other bidder;
- Receive prompt notification of the solicitor's purchase or contract decision; and
- Be treated with honesty and good faith during the bidding process and during any subsequent contract negotiations to reach a mutually agreeable settlement.

Vendors have the responsibility to:

- Provide accurate and fair bids based on job objectives and specifications;
- Strive to provide the maximum value for each dollar of expenditure;
- Honor Premier's Group Purchasing Code of Conduct and Corporate Code of Conduct;
- Conduct business honestly, in good faith and devoid of intentional misrepresentation;
- Act honestly in sales representations whether offered verbally, in written statements, advertisements, sample products or descriptions of services to be provided;
- Meet all deadlines for submission of bids and promptly provide additional information about the bid if requested by Premier;
- Make every reasonable effort to negotiate an equitable and mutually agreeable settlement; and
- Have the financial and personnel resources to provide the products or services promised.

Premier is dedicated to helping its members improve clinical and operational performance. One of the ways we achieve this is by facilitating the introduction of innovative medical technology, products, and services that are designed to help hospitals and other healthcare organizations improve quality and reduce costs.

Bid process steps

Suppliers who are interested in participating in Premier's bid process have an opportunity to learn about upcoming bids in the following ways:

Providing company and product/services information through [Premier's supplier bid portal](#).

Periodically reviewing a list of upcoming contract bid processes on [Premier's online contract bid calendar](#).

Notification of contract awards

All suppliers who participate in a contract bid process will be notified regarding the outcome of the contract award on a timely basis.

As a service to our members, Premier includes Business Associate provisions in connection with the Health Insurance Portability and Accountability Act (HIPAA) as part of its group

purchasing contracts with suppliers. Where applicable, these provisions address suppliers' treatment of the protected health information of Premier members.

Breakthrough technologies

One of Premier's core objectives is to advance the development of healthcare technology that improves quality, process and outcomes of care. The Technology Breakthroughs Program was created in 1997 to improve Premier members' access to new technologies and provide a mechanism for suppliers to introduce breakthrough products. Each Premier group purchasing agreement contains a Technology Breakthroughs clause that supports the review of breakthrough products and new agreements meeting breakthrough requirements. Premier is committed to a Technology Breakthroughs Program that is fair and unbiased, with an opportunity for review of decisions.

Premier uses a four-stage, evidence-based approach to review products for a group purchasing agreement under the Technology Breakthroughs Program. Products that meet one or more of the following requirements may be considered for an agreement:

- Incorporate breakthrough technologies;
- Offer significant advantages in the level of safety to patients and healthcare workers, improved clinical outcomes, improved non-clinical operational efficiencies, or dramatic process of care cost savings for hospital members not available with similar products offered through an existing agreement; and
- Bridge a gap in care.

Premier's supplier diversity initiative integrates diversity practices into Group Purchasing Services contracting areas. This allows Premier members to support minority, woman-owned, veteran and small business enterprises through Premier agreements.

Premier also provides members the tools and resources required to implement supplier diversity initiatives in their own institutions. The overall goal of Premier's supplier diversity initiative is to increase a supplier's diversity portfolio for members to use in their own diversity initiatives and provide the necessary tools for implementation.

The supplier diversity initiative includes:

- Documented policies to encourage the use of diverse suppliers;
- A clearinghouse of certified diverse suppliers for referral use by members, contracting staff and suppliers;
- Announcement of new diverse supplier contracts in Supply Chain Advisor[®],

- Premier's online purchasing catalog; and
- Tracking of diverse supplier expenditures.

A supplier that contracts with Premier is expected to use commercially reasonable efforts to spend a minimum of three percent of its annual production and raw material costs with minority-owned businesses and a minimum of two percent of such costs with women-owned businesses.

Companies can determine whether they may qualify for Premier's Supplier Diversity program on our [website](#).

Affiliated suppliers

In today's healthcare environment with extreme cost pressures largely associated with healthcare reform, Premier's members have demanded a creative approach to take additional cost out of the supply chain without compromising product or service quality. Premier explored potential partnerships with several low cost suppliers before ultimately deciding, with approval by its members, to eliminate a layer of cost by establishing a direct sourcing channel.

To accomplish this, Premier acquired a company, now called S2S Global, to source products under the brand PremierPro™. While Premier will continue to offer choice in many product categories, Premier's strategy is to offer a PremierPro™ alternative product when additional savings for Premier members can be achieved.

Purchasing Partners reserves the right to enter into contracts with S2S Global and any other entity that is owned or controlled by Premier at any time covering products and services:

- Whether or not identified during the bid process as a product category that will include PremierPro™ branded products.
- Without any limitation by the bid process, bid responses or any group purchasing agreement.
- Without regard to the award status of any group purchasing agreement or of any of the individual products or services in the bid category.

Should a supplier wish to supply product directly to S2S Global, we recommend that you contact S2S Global directly at ryan.hahn@s2s-global.com.

Supply Chain Advisor

Premier's success is firmly rooted in developing mutually beneficial relationships with suppliers. Only by adding value for our suppliers can we successfully fulfill our role with our members. An essential element of advancing Premier's mission is to encourage the development of technologies that support our members' efforts to provide high-quality, cost-effective care. Electronic sourcing is one such initiative that uses technology to deliver value to both suppliers and Premier members.

With Premier's automated solution, Supply Chain Advisor, price activation and contract loading can be accomplished more quickly than ever before. Here is a brief overview of Supply Chain Advisor's value:

- Ready access to catalog and contracting information. Easier and more complete product searches, as well as real-time communication of contracting events.
- Fewer roster errors. Membership maintenance and eligibility issues are minimized.
- More efficient PMDF management. Because price activation is a proactive process, suppliers can avoid such headaches as post-transaction reconciliation of purchase orders and retroactive effective dates for price agreements.
- Increased contract utilization. A streamlined electronic process allows for accelerated implementation of new contracts, more timely notification of new products or price changes, and better price synchronization among members, suppliers and distributors.
- Price agreement made easy. Price activation is an online Premier Member Designation Form (PMDF). In the past, facilitating agreement on contract participation and price tier placement required multiple steps. Purchasing automation rolls all those processes into one workflow, initiated by the member.
- Trading paperwork for keystrokes. Instead of exchanging paperwork for months to reach an agreement, members and suppliers can activate contracts through a streamlined electronic exchange, reducing the time required for contract activation to weeks or even days.
- Closing the transaction through GHX. Premier's unique relationship with GHX has resulted in the first complete, fully integrated purchasing automation solution that validates agreed-upon pricing and reconciles purchase orders.
- Increasing member satisfaction. Supply Chain Advisor is a fully integrated, online sourcing solution that connects supplier and provider information systems with Premier contract information, giving members fast, easy access to products and validating the pricing accuracy of every order.

Learn more about Premier's [Supply Chain Advisor](#).

Vendor grievance/inquiry process

Premier's vendor grievance process ensures a supplier's ability to access Premier's contracting staff and leadership to address concerns, grievances or complaints relating to the contracting award process, contract award decisions or any other concerns.

1. An authorized representative of a vendor who has a concern, grievance or complaint must file a written grievance using the [vendor grievance form](#) stating facts and concerns. The completed form should be sent via email to vendor_grievance@premierinc.com.
2. For grievances arising during the contracting process prior to contract award, the completed [vendor grievance form](#) must be sent within 14 days of the date when the aggrieved party knew or should have known of the facts giving rise to the grievance.
3. Grievances related to a contract award decision, must be submitted within 30 days after notification of the contract award.
4. General grievances must be sent within 14 days of the date when the aggrieved party knew or should have known of the facts giving rise to the grievance.
5. A vendor may submit a general inquiry about the contracting process or a contract award decision by submitting a [vendor inquiry form](#) to vendor_inquiry@premierinc.com.

Upon receipt of the concern, grievance, complaint or inquiry, a receipt confirmation will be sent to the vendor explaining the process and response time frame. Concerns, grievances and complaints will be reviewed by the Vendor Grievance Review Panel, and recommendations and suggested courses of action (after approval by a member sourcing committee in grievances involving award decisions) will be considered final. If Premier staff determines that an inquiry is more appropriately viewed as a grievance, the inquiry will be reviewed under the vendor grievance process. Otherwise the inquiry will be reviewed by appropriate Premier staff.

Vendors who choose to remain anonymous may raise a concern, grievance or complaint through Premier's confidential Ethics and Compliance Help Center at 866.294.3701. Concerns, grievances or complaints raised through the hotline are addressed according to the Ethics and Compliance Help Center process rather than the vendor grievance process.

Failure of a vendor to adhere to the policy requirements above may result in a non-response to the grievance.

Upon completion of the vendor grievance process, a vendor may request further review of any outstanding concerns through the [HGPII independent evaluation process](#) (HGPII evaluation).

Any vendor that agrees to binding arbitration as part of the contracting process may avail itself of the vendor grievance process with respect to any dispute or grievance in addition to binding arbitration. This policy is intended as an alternative dispute resolution process and 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.

Contacts

Concerns or questions can be directed to the Premier Solution Center at solutioncenter@premierinc.com or by calling 877.777.1552. Suppliers can also reach our Chief Ethics & Compliance Officer, Alan C. Sauber, at 704.816.525 or alan_sauber@premierinc.com.