

# Conflict of Interest Policy and Disclosure Statement

Board of Directors

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## Article I - Purpose and Applicability

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### A. Purpose

The purpose of this Board of Directors (the “Board”) Conflict of Interest Policy (“COI Policy”) is to protect the interests of Premier, Inc. (“Premier” or the “Company”) and to promote honest and ethical conduct, including the handling of actual, apparent or potential conflicts of interest between personal and professional relationships.

The historical make-up of Premier’s Board is reflective of the strategic alliances that benefit both the Company and its member organizations. In Premier’s Controlled Company environment, there may be times when Executives of member organizations are developing new business lines within their own healthcare systems that may potentially compete with Premier’s service offerings, while on the other hand, such relationships may develop into shared strategic partnerships between the healthcare systems and Premier. Given this complexity and to ensure a solid measure of integrity, a rigorous conflict of interest process is essential. Toward that end, the goals of this COI Policy are to:

- Ensure compliance with Premier’s Board Code of Ethics;
- Provide guidance when Premier or any of its strategic alliances/affiliates, subsidiaries or managed companies (together, “Premier” or the “Company”) is contemplating entering into a transaction or arrangement that might benefit the private interest of a member of the board of directors of that organization;
- Ensure conflicts or relationships involving the Board do not compromise Board members’ independent view on any particular issue or vote, nor dilute the director’s Duty of Loyalty to all stockholders;
- Ensure compliance with applicable governmental laws and regulations and stock exchange rules and requirements as they apply to a Controlled Company;
- Encourage timely reporting to the Chief Ethics & Compliance Officer, or the Conflict Advisory Committee (the “Committee,” defined in Article III) of any violations of this COI Policy;
- Ensure appropriate identification, disclosure, handling and recording of instances in which a director may be presented with a conflict of interest; and
- Protect the integrity of Premier and its decision-making process, and promote stockholder, customer and vendor/member confidence in the integrity, intentions and actions of the Board.

## **B. Applicability**

This COI Policy applies to each member of the Board. Premier employees, including corporate officers, shall refer to the Company's Code of Conduct for conflict of interest matters.

This COI Policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to the Company.

No policy can anticipate every situation or circumstance that might lead to a conflict of interest, and as such this COI Policy does not attempt to describe all possible conflicts, but rather to serve as a baseline. Any director who is uncertain of the applicability of this COI Policy or individual responsibilities relating to it should seek clarification and guidance before acting from the Chief Ethics & Compliance Officer. This COI Policy is not meant to replace good judgment and all directors should respect its spirit as well as its wording.

## **Article II - Definitions**

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### ***Compensation***

"Compensation" refers to direct and indirect remuneration, as well as gifts or favors that are not of nominal value.

### ***Conflict of Interest (Interested Person)***

A "conflict of interest" occurs when the private interest of a person with a fiduciary responsibility to Premier and its stockholders interferes in any way, or even appears to interfere, with the interests of the Company as a whole. A conflict situation can arise when a director has interests that may make it difficult to perform their work as a director objectively and effectively, or when such director has have a personal interest in, or connection with, any company or employee that Premier conducts business or competes with, if the interest is of such a nature that it might influence, or appear to influence, the independent judgment of that individual. Conflicts of interest also arise when a director, or an Immediate Family Member (see definition below), receives improper personal benefits as a result of their position as a member of the Board or in the Company.

### ***Financial Interest***

A person has a "financial interest" if the person has, directly or indirectly, through business, investment or a Related Party (see definition below) any of the following (non-exhaustive) examples of the following circumstances:

- a) An ownership or investment interest in any entity with which Premier has a transaction or arrangement,

- b) A compensation arrangement with Premier or with any entity or individual with which Premier has a transaction or arrangement, or
- c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Premier is negotiating a transaction or arrangement.

### ***Immediate Family Member***

An “immediate family member” includes any child, stepchild, parent, stepparent, spouse, partner, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of the director, as well as any person (other than a tenant or employee) sharing their household.

### ***Nominal Value***

“Nominal value” refers to 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.

### ***Participating Vendor***

A “Participating Vendor” refers to an entity that has a group purchasing agreement with Premier, or submits a formal bid or offer to contract with Premier. Premier will maintain on its external Company website an updated Participating Vendor List (“PVL”) that is accessible by all directors.

### ***Related Party***

A “related party” of a director is defined as any entity, whether non-profit or for-profit,

- a) Which is directly or indirectly owned or controlled\* by such director, individually or together with persons related to that individual pursuant to the definition for immediate family member; or
- b) Of which the individual is an officer, director, partner, employee or trustee, provided; however, that if an entity is not owned or controlled\* by such director as provided in the immediately preceding clause under (a), such entity shall not constitute a related party of such Premier director under the following circumstances:
  - i. The individual’s position with such entity is solely as a non-employee director, advisory board member or limited partner; or
  - ii. The individual’s position with such entity is as an officer, partner or trustee who does not have management-level decision-making authority or have material input into management-level decisions of such entity with respect to actual or potential transactions, including acquisitions and investments, between such entity and third parties.

\*For purposes of this COI Policy, “owned” refers to controlling or holding, directly or indirectly, 10 percent or more of the voting or economic interests in the entity, if it is not a public company, or 5

percent or more of the voting or economic interests in the entity, if it is a public company, in either case as a stockholder, partner or member; “controlled” means having the right to appoint any of the director, trustee or other positions on the governing body of the entity.

## Article III – Policy Oversight

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This COI Policy shall be under the jurisdiction of the Audit Committee which will consider recommendations from an advisory committee herein named the Conflict Advisory Committee (the “Committee”). The Committee is assigned specifically to assist the Board in identifying and managing director conflicts of interest, specifically by:

- Gathering information about potential or actual conflicts of interest, which may involve conducting interviews as appropriate.
- Recommending to the Audit Committee an appropriate action (e.g., whether an interested director may serve on a specific Board committee or be present for discussion, deliberation, voting, etc.) on matters in which a potential or actual conflict may exist, or where a conflict of interest calls into question a particular director’s continued ability to serve effectively on the Board, and whether the Audit Committee should recommend to the Board that the director no longer continue to serve.

This Committee shall be made up of one (1) non-interested member of the Board and two management members, which include the Chief Ethics & Compliance Officer and the General Counsel.

## Article IV – Guidelines

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This COI Policy does not attempt to describe all possible conflicts of interest that could develop; however, some of the more common conflicts which directors should avoid are described below.

- **Relationship of Company with Third Parties:** Directors shall avoid any conduct or activities that are inconsistent with the Company's best interests or that disrupt or impair the Company's relationship with any person or entity with which the Company has or proposes to enter into a business or contractual relationship. Directors may not act on behalf of, or conduct business on behalf of, Premier with any company, vendor or firm whom the director (or any of their Immediate Family Members or Related Parties) has a Financial Interest or other substantial personal interest or affiliation.
- **Relationship of Participating Vendors:** Directors may not hold a position as a member of the Board of Directors, serve as an officer or provide service (e.g., consult, advise, etc.) to boards of directors of Participating Vendors.

- **Compensation from Non-Company Sources:** Directors may not accept compensation in any form for services performed for the Company from any source other than the Company for services as a director.
- **Confidentiality:** Directors may not use non-public information of Premier or a Participating Vendor/Member or other strategic affiliate for their own benefit or the benefit of an Immediate Family Member or a Related Party. All directors shall avoid from discussing internal Company matters or developments with anyone outside of the Company, except as required in the performance of regular duties or as otherwise legally required with the concurrence of the General Counsel. Serious problems could be caused for the Company by unauthorized disclosure of confidential or proprietary information about the Company (or confidential information about the Company's stockholders and affiliates whether or not related to the purchase or sale of equity or other securities.)
- **Corporate Opportunities:** Directors shall avoid taking for themselves personal opportunities related to the Company's business; using the Company's property, information or position for personal gain; and shall not compete with the Company for business opportunities, provided, however, if the Audit Committee determines that Premier will not pursue an opportunity that relates to the Company's business, a director may do so.
- **Relationship with Competitors:** Directors shall avoid entering into a relationship or transaction that could give rise to actual or potential appearance of divided loyalties/conflicting interests (e.g., having a Financial Interest in or service with a competitor, or with a company, including a Premier Owner, that is pursuing an activity involving Premier, or any of its affiliates). The Company recognizes that such relationships exist today with certain Board members, which will be reviewed by the Committee, with the final determination made by the Audit Committee.
- **Personal Use of Company Assets:** Directors shall avoid using Company assets, labor or information for personal use without prior approval by the Chairman of the Board or as part of an approved Board communication, compensation or expense reimbursement program.
- **Loans:** Loans by the Company to, or guarantees by the Company of obligations of, any director, or their Immediate Family Members, are expressly prohibited.
- **Directorships in Common:** In some circumstances, Premier may enter into transactions with other companies that share a common director with Premier, or where the Premier director is an officer or employee of such other company. When possible, the affected director, after having disclosed all known pertinent information and subsequently cleared by the Audit Committee, must avoid participating in deliberations and decisions concerning any transaction, contract or other arrangement between Premier and the other company.
- **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 outside concerns 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.
- **Equity investments:** Directors shall disclose on a real-time basis any new equity investments owned by such director, their Immediate Family Members or Related Party in Participating Vendors. Directors are also required to disclose investments or other related interests, or those of their Immediate Family Members or Related Parties, in competitors as they arise. Further, directors shall disclose prior to commencement of discussions concerning a particular Participating Vendor any equity investments owned by such director, their Immediate Family Members or Related Parties in such Participating Vendor. A director, officer, or committee member who has or whose Immediate Family Member or Related Party has such investments may not participate in any discussions, negotiations, voting or other decisions relating to the applicable vendor. The term "equity investments" shall not be deemed to include mutual fund investments or investments that are held by a blind trust.

## Article V – Procedures

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### 1. Duty to Disclose

Each existing and potential new candidate for a Board seat will complete the COI process no less than annually. This involves reviewing the Board Code of Ethics and COI Policy, and completing and electronically signing the online Conflict of Interest Disclosure Statement for Directors ("Disclosure Statement").

Each Board member shall also update and resubmit the Disclosure Statement as promptly as practicable, and in any event within fifteen (15) days after entering into or becoming aware of a new relationship or a change in an existing relationship that may present a conflict. Each director will be required to review this COI Policy annually, and at such time shall review their previously submitted Disclosure Statement, and if necessary, amend and resubmit the form. In connection with any actual or possible conflict of interest, an interested director must disclose the existence



of the interest and all material facts to the Chief Ethics & Compliance Officer.

## **2. Determining Whether a Conflict of Interest Exists**

The process steps in determining whether a conflict of interest exists are outlined below:

- a) The Committee will convene to assess if a potential or actual conflict exists, or where the disclosed conflict of interest calls into question the director's continued ability to effectively serve on the Board.
- b) An interested director may make or be called to make a presentation related to the applicable transaction, arrangement or relationship at a Committee meeting to gain a better understanding of the issues.
- c) Upon completing the presentation, such director must be recused from any discussion of, and any vote on, the transaction, arrangement or relationship involving the possible conflict of interest.
- d) The Committee shall determine the nature of the conflict and present its recommendations to the Audit Committee.
- e) In preparing their recommendation to the Audit Committee, the Committee will consider, among other factors, the following to the extent relevant in each case:
  - i. Whether the terms are fair to the Company and on the same basis as would apply if the transaction did not involve a director or related party;
  - ii. Whether there are business reasons for the Company to enter into the transaction or arrangement, including whether Premier can obtain a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest;
  - iii. Whether the proposed transaction or arrangement would impair the independence of an outside director; and
  - iv. Whether the matter would present an otherwise improper conflict of interest, taking into account the size of the transaction, the overall financial position of the director, or related party, the direct or indirect nature of the director's related party's interest in the matter and the ongoing nature of any proposed relationship, and any other factors the Committee deems relevant.

The Committee members will reach consensus if a conflict of interest exists, and make a recommendation to the Audit Committee.

## **3. Procedures for Addressing the Conflict of Interest**

Should the Audit Committee determine the matter does not constitute a conflict, it will notify the affected director in writing that no further action is necessary unless there is a change in the matter.

Should the Audit Committee determine the matter does constitute a conflict, it will determine a course of action. Corrective action approved by the Audit Committee may include, without limitation, the interested director be:

- Restricted from any applicable committee participation, and/or
- Excluded from all matters relating to the conflict in a manner that effectively removes the conflict, or
- Required to divest the interest causing the conflict.

In addition, the Audit committee may make a recommendation to the Board that the interested director be removed from the Board or not stand for reelection.

#### **4. Violations of the Conflicts of Interest Policy**

- a) If a director, officer or any other concerned party has reasonable cause to believe a director has failed to disclose actual or possible conflicts of interest, or failed to abstain from any discussion or vote related to a conflicting matter pursuant to this COI Policy, they shall inform the Chief Ethics & Compliance Officer.
- b) If, after hearing the interested Director's response and after making further investigation as warranted by the circumstances, the Audit Committee reaches a conclusion that the Director has failed to comply with this COI Policy or the approved restrictive requirements, it will determine the disciplinary action.
- c) If the Audit Committee concludes that the violation could be cause for removal from the Board, then the Audit Committee will make a recommendation to the Board for a majority vote.

## **ARTICLE VI – RECORDS OF PROCEEDINGS**

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The minutes of both the Committee and the Audit Committee's proceedings related to conflict of interest matters shall contain:

- a) The names of the directors who disclosed or otherwise were found to have an actual or possible conflict of interest, the nature of the conflict of interest, any action taken to assess whether a conflict of interest was present and the Audit Committee's decision as to whether a conflict of interest in fact existed.

- b) The names of the persons who were present for discussions relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and any Committee recommendations or Audit Committee actions taken in connection with the proceedings.

## **ARTICLE VII – ANNUAL STATEMENTS**

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Directors shall annually electronically sign the Conflict of Interest Disclosure Statement for Directors which affirms such person:

- a) has received a copy of the COI Policy,
- b) has read and understands the COI Policy, and
- c) has agreed to comply with the COI Policy.

Any new Board members and potential candidates are required to electronically sign the Disclosure Statement prior to service.

## **ARTICLE VIII – REPORTING**

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The Committee shall regularly report to the Audit Committee regarding the matters covered by this COI Policy. The Audit Committee shall report to the full Board when appropriate to resolve conflict matters. If a director, officer or any other party has a concern or reasonable cause to believe a director has failed to disclose actual or possible conflicts of interest, or failed to abstain from any discussion or vote related to a conflicting matter pursuant to this Board Code or the full Board Conflicts of Interest Policy, they shall inform the Chief Ethics & Compliance Officer or Audit Committee Chair.

## **ARTICLE IX – WAIVERS**

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Any waiver of a prohibition set forth in this COI Policy must be approved by the Audit Committee. Waivers shall be publicly disclosed if, and to the extent, required by applicable rules and regulations of the Securities and Exchange Commission and any stock exchange on which the Company's securities may be listed. No waiver or refusal to provide a waiver on one occasion will preclude the Board or the Audit Committee from making a different decision on a subsequent occasion.

*Adopted as of \_\_\_\_\_, \_\_\_\_\_*

## **Appendix: Sample Conflict of Interest Disclosure Statement for Directors**

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In accordance with the purposes and intent of the Premier, Inc. (“Premier” or the “Company”) Board Conflicts of Interest Policy (“COI Policy”), a copy of which has been furnished to me, I hereby disclose that I, my Immediate Family Member or Related Party (as defined in the COI Policy) have the following affiliations, interests or relationships, and/or have taken part in the following transactions:

1. Do you, an Immediate Family Member or Related Party hold, directly or indirectly, a financial interest or other substantial personal interest or affiliation with any company, vendor or firm with which Premier has or proposes to enter into a business or contractual relationship?

*Example: Serve as a board member, officer or provide service to boards of Participating Vendors.*

- No
- Yes – Explain below

2. Are you a director, executive, advisory board member, limited partner, officer, trustee or hold another position of authority to influence, directly or indirectly, any organization, firm, company whether joint venture, owned or partially owned by your organization that would, directly or indirectly, compete with any Premier businesses?

*Example: Hold a board seat or executive position for a hospital system or any of its sub-entities that has competing interests to Premier, Inc.*

- No
- Yes – Explain below

3. Do you, an Immediate Family Member or Related Party hold, directly or indirectly, have or had a compensation relationship with any company, vendor or firm with which Premier has or proposes to enter into a business or contractual relationship that has resulted in or could result in personal benefit to you, an Immediate Family Member or Related Party?

*Examples: Compensation for employment or independent contractor services, consulting fees, board stipends or fees, cash or cash equivalents, loans, entertainment, gifts, discounts, free services, advisory committee fees, favors, honoraria, royalties, personal services, other indebtedness of any kind, etc.*

- No
- Yes – Explain below

4. Have you, an Immediate Family Member or Related Party used non-public information of Premier, Inc., a participating vendor/member or other strategic alliance for personal benefit?

- No
- Yes – Explain below

5. Have you, an Immediate Family Member or Related Party taken personal opportunities related to Premier business by using Premier property, information or position for personal gain, or competed with Premier for business opportunities?
- No  
 Yes – Explain below
6. Have you, an Immediate Family Member or Related Party used Premier assets, labor or information for personal use without prior approval by the Chairman of the Board or not as part of an approved Board communication, compensation or expense reimbursement program?
- No  
 Yes – Explain below
7. Do you, an Immediate Family Member or Related Party have an equity investment in any company, vendor or firm with which Premier has or proposes to enter into a business or contractual relationship excluding mutual funds and blind trusts?
- No  
 Yes – Explain below
8. Are there any other interests, activities, investments or involvement that you think might be relevant for full disclosure of all actual, apparent or potential conflicts of interest?
- No  
 Yes – Explain below

I hereby state that:

- I have received a copy, read and understand the Board Conflicts of Interest Policy.
- I have received a copy, read and understand the Code of Ethics.
- I agree to comply with the Board Conflicts of Interest Policy and the Code of Ethics.
- I agree to report to Premier's Chief Ethics & Compliance Officer (1) any change in the responses to each of the foregoing questions that may result from changes in circumstances or (2) any further financial interest, situation, activity, interest or conduct that may develop before completion of my next annual Disclosure Statement.
- The information contained in this Disclosure Statement is true and accurate to the best of my knowledge and belief.
- I am the individual named above who completed and signed the Disclosure Statement.

- I agree to the statements above.  
 I do not agree to the statements above.

*Approved by the Premier, Inc. Board on August 16, 2013*