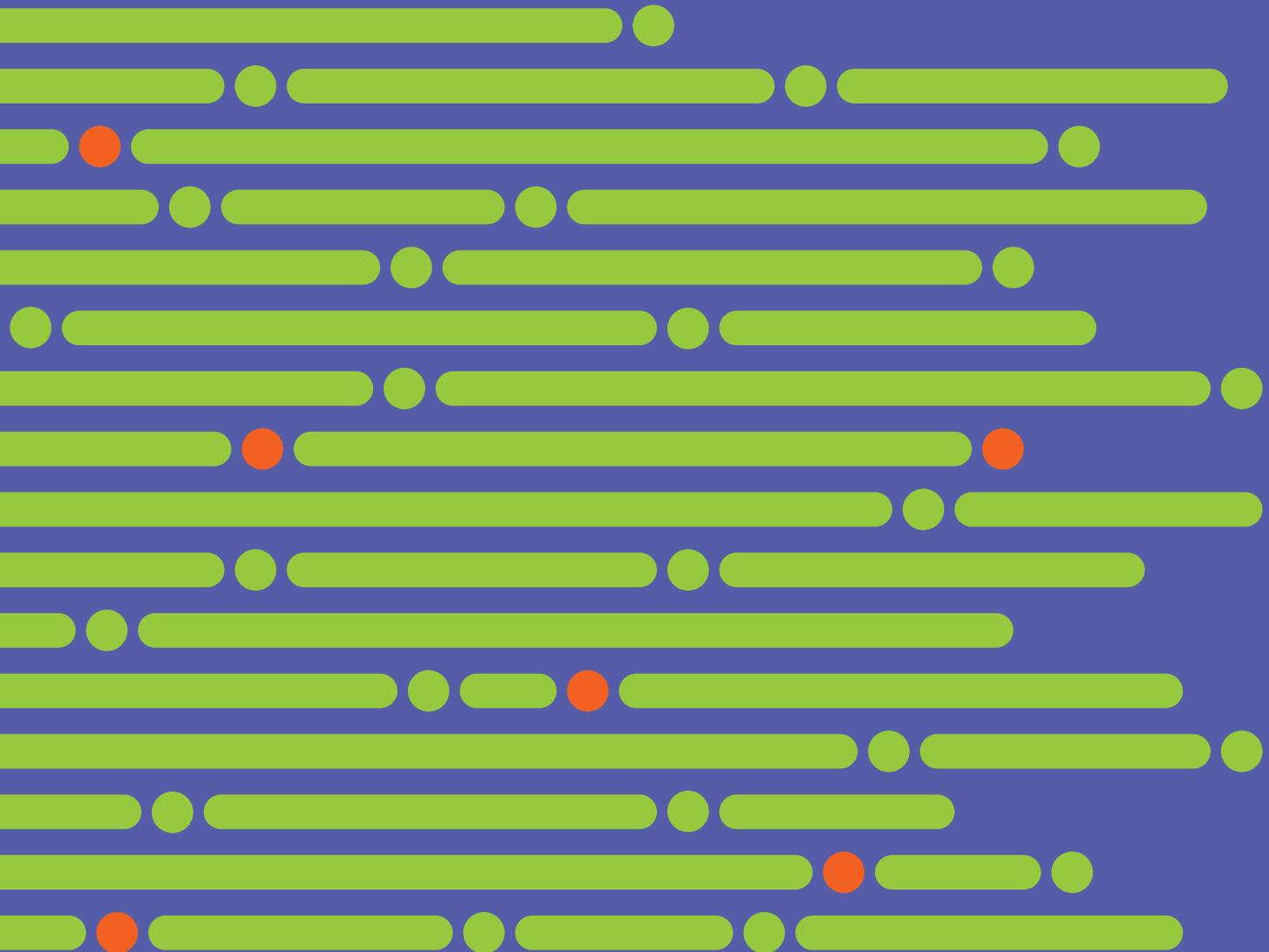


2018 Corporate Responsibility Report



2018 Corporate Responsibility Report

Working with over half of the nation's acute care providers, Vizient knows first-hand the responsibility these caregivers feel toward the patients, families and communities they serve. In every situation, what they do matters. Equally important is how they do it.

Vizient shares in their commitment and works to ensure that our culture and business practices reflect efforts to help strengthen the delivery of high-value care by aligning cost, quality and market performance.

We invite you to see how we accomplish that in the second Vizient Corporate Responsibility Report, which documents our commitments and actions for 2018. The report follows the rigorous reporting standards of the Global Reporting Initiative (GRI), the most widely adopted global standard for sustainability reporting.

- *We voluntarily measure ourselves against this benchmark to affirm our dedication to operating according to the highest standards of ethics, transparency and conduct.* ••

Vizient engages members, employees, suppliers and external agencies in an ongoing dialogue to understand the economic, environmental and social standards deemed most relevant. From our employment philosophy to our procurement practices, we then work with stakeholders to ensure that Vizient delivers the greatest value to the members we serve and the greatest benefit for the health and sustainability of the communities in which we operate.

We are proud of what we have achieved and look forward to sharing continued success in future reports.



Byron Jobe
Vizient President
and CEO

About this report

This report includes data for fiscal year 2018, unless otherwise noted. We prepared this report in accordance with the Global Reporting Initiative Standards, the most widely adopted global standard for sustainability reporting.

Stakeholder engagement →

We work with our member health care organizations, employees, suppliers and industry organizations to provide innovative data-driven solutions, expertise and collaborative opportunities that lead to improved patient outcomes and lower costs.

Materiality →

Vizient determined our material environmental, social and governance (ESG) impacts through a rigorous process.

GRI content index →

Vizient reports in accordance with the Global Reporting Initiative (GRI) Standards.

About this report

Stakeholder engagement

Working with our diverse stakeholders

We are the nation's leading health care performance improvement company.

We work with our members, employees, suppliers and industry organizations to provide innovative data-driven solution, expertise and collaborative opportunities that lead to improved patient outcomes and lower costs.



Member engagement

Vizient members represent a wide range of facility types across diverse geographies. Their goals are unique, but they have a common objective of offering high-quality, affordable care to the communities they serve. We combine our core capabilities of sourcing, analytics, advisory and collaboration services to connect members with the solutions they need. Our approach delivers measurable results through customized offerings that address members' specific objectives.

We engage with members regularly through a client executive, custom engagements, educational forums and network events. We create personalized member portals that provide each member with important tools and access to services that enable them to reach their performance improvement goals.

Vizient uses customized tools to connect with members and understand their needs:

Individual member account plans	Ensures a common understanding of the member's opportunities, challenges and successes. Serves as a unified and customized plan for addressing the organization's strategic needs.
Industry-wide market research	Enables Vizient to maintain an informed position on current issues and trends that impact our members, as well as the local communities where they work.
Annual member opinion survey	Assesses member satisfaction and identifies opportunities for improvement. Key metrics include loyalty and Vizient's our overall strengths and opportunities as a strategic partner.
Member Dashboard	Provides a secure, personalized portal on Vizient's website enabling one-click access to frequently used tools, reports and other information.
Advisory and insights	Positions members to partner with experienced and trusted advisors who can help analyze operations, identifying strengths and areas of opportunity.

Our continuous improvement process ensures members remain at the core of our operations. Our initiatives, including our executive business reviews, provide a platform to work with members on strategic planning conversations. Our engagement methods yield insights that allow us to better understand each member's unique needs, recent achievements and future opportunities, enabling us to accomplish more together.

Supplier engagement

Vizient's suppliers enable us to support our members by delivering supply chain solutions that lower costs, increase patient outcomes, drive operational efficiency and promote sustainability. Our dedicated supplier relations team works with supplier and distributors through different communication channels. We build strong, mutually beneficial relationships with our suppliers, who all have opportunities to:

- Attend our national summits to learn about Vizient's unique strategies and programs, and talk with our members and staff
- Partake in two to three orientation sessions annually to gain insight into our strategies in supporting members to deliver exceptional, cost-effective care

- Assess the progress and potential future opportunities with Vizient via quarterly business reviews with portfolio executives
- Utilize Vizient's online, secure Supplier Dashboard with a variety of updated resources and tools to help them continue their success through the entirety of their Vizient contract
- Accept online and email announcements from Vizient leadership
- Create specific opportunities by partnering with Vizient's extensive sales and client management team
- Earn recognition for their efforts and innovations that help members achieve their goals (e.g., helping members reduce their environmental footprint or increase their spend with diverse suppliers)
- Formally submit their products and services for evaluation to receive a Vizient innovative technology contract
- Send environmentally preferred attributes related to their services and products as part of the evaluation process of non-financial criteria in all Vizient contract awards
- Attend targeted live and online training sessions
- Send Vizient feedback through our surveys and live discussions

Annually, we recognize the great efforts of our suppliers to support Vizient's strategic objectives of delivering service excellence, enhancing value and increasing savings to our members. We formally recognize suppliers at our Spring Summit by celebrating the individuals and companies that best supported our members. We build relationships with our suppliers by recognizing their tremendous achievements. The continuous collaboration and acknowledgement builds momentum to discover new and better ways to support our members. Learn more about Supplier Awards.

Employee engagement

Vizient actively works to build two-way communication with our employees about our business operations and company culture. We utilize Vizient's Playbook as a foundational document to communicate where we stand as a company, our core values and future aspirations. Our workforce looks to our intranet for the latest news and engages with their leaders via one-on-one or team meetings. Our performance management cycle to ensure yearly manager-employee discussions about unique goals and objectives. Managers play an integral role in coaching employees through ongoing learning and professional development.

We firmly believe that the quality of our employees' experience drives the member experience. To understand the health of the organization, the company asks for employee feedback via an annual engagement survey as well as intermittent pulse surveys that center on various topics. Together, these feedback loops help us monitor our work environment and business practices—and discover areas of improvement.

In 2018, we conducted our second employee engagement survey as Vizient. Seventy-eight percent of our employees participated while 85 percent of employees rated Vizient favorably on the four metrics we track related to loyalty, willingness to recommend the company and confidence in Vizient. Employees indicated they remain at Vizient because of their positive relationships with their managers and co-workers, the flexibility the company provides for work/life balance and the opportunity to work in partnership with the country's leading health systems. Additionally, employees value Vizient's commitment and adherence to internal and external ethical standards.

Our survey provides a platform for employees to communicate areas where Vizient can improve. We are currently working on three enterprise priorities: fully unify our culture and operations, foster an inclusive and diverse environment and invest in learning and career development. Between January 2017 and August 2018, employee scores reflected improvements in all three areas. Areas of greatest improvement included feeling valued as an employee and knowing that employee feedback influenced business decisions.

Industry and other engagements

We engage with various health care industry associations in Washington D.C. and advocate on our members' behalf on a variety of federal policy issues to help ensure the delivery of high quality and cost-effective care. In addition, Vizient actively promotes key environmental initiatives as we consider sustainability within the industry. We engage with the following organizations to advance our strategic direction:

Improving the quality and cost of patient care

- **Healthcare Group Purchasing Industry Initiative (HGPII)** – Vizient is a signatory company to HGPII, whose mission is to assure ongoing adherence to ethical conduct and business practices within the health care industry supply chain. HGPII was established in 2005 by the nation's nine major healthcare group purchasing organizations (GPOs). These GPOs pledged to adopt and implement a set of principles for business ethics and conduct that acknowledges and expresses their responsibilities to the public as well as to government entities which fund healthcare services in the United States. GPOs have created more transparent business practices, resulting in one of the most transparent business models in health care. HGPII works with its members to uphold ethical business practices and promote standards that are intended to strengthen the integrity of the health care supply chain. Jody Hatcher, Vizient's President of Supply Chain Services, is Chairman of the HGPII board.
- **Healthcare Supply Chain Association (HSCA)** – The Healthcare Supply Chain Association (HSCA) represents the nation's leading healthcare group purchasing organizations (GPOs), which are critical cost-savings partners to America's hospitals, nursing homes, pharmacies, clinics, home healthcare providers and surgery centers. GPOs deliver billions in savings annually to healthcare providers, Medicare and Medicaid, and taxpayers. HSCA and its member GPOs are committed to delivering the best products at the best value to healthcare providers, to increasing competition and innovation in the market, and to being supply chain leaders in transparency and accountability. Jody Hatcher, Vizient's President of Supply Chain Services, and Jim Cunniff, President and CEO of Provista, are on the board of HSCA.
- **American Hospital Association (AHA)** – Vizient is an active member and often partners with AHA on advocacy matters.
- **Association of American Medical Colleges (AAMC)** – Vizient partners with AAMC through a strategic alliance designed to address issues common to our members.
- **Association for Healthcare Resource and Materials Management** – Vizient is an active member.
- **Campaign for Sustainable Rx Pricing (CSRxP)** – Vizient is an active member.

- **Healthcare Leadership Council (HLC)** – Vizient is an active member.
- **Association for Community Health Improvement** – This association is a Community Benefit organization of AHA. Vizient sponsors the annual meeting and hosts a member lunch with a Washington Update.
- **Catholic Healthcare Association** – Vizient partners with this association on educational resources for members on Community Benefit issues.

Education, thought leadership and reporting

- **Ethisphere** – Vizient is a member of Ethisphere's Business Ethics Leadership Alliance, a group of leading American and global businesses committed to improving business ethics.
- **CleanMed** – Vizient participates annually in this leading national environmental conference for leaders in health care sustainability.
- **Sustainability Leadership Forum** – Vizient is an active member of this Dallas-based group of companies focused on discussing social responsibility and sustainability. There are forums in Atlanta, Brussels, Chicago, Dallas, London, New York, Philadelphia and Washington, D.C.
- **Global Reporting Initiative (GRI)** – Vizient has been an organizational stakeholder of GRI since 2011. GRI's organizational stakeholder program convenes a network of core supporters, including more than 600 organizations from more than 60 countries, committed to advancing sustainability reporting.
- **Sustainable Purchasing Leadership Council** – Vizient is a member of this non-profit organization whose mission is to support and recognize purchasing leadership that accelerates the transition to a prosperous and sustainable future.
- **BizNGO** – Vizient is a member of this advocacy non-profit that promotes the creation and adoption of safer chemicals and sustainable materials, thereby enabling market transitions to a healthy economy, healthy environment and healthy people. Vizient was a partner in the Chemical Footprint Survey in 2018 to gain insight into chemical use and understand how to reduce chemicals of concern in health care.



About this report

Materiality

Focusing on what matters most

We issue our 2018 report in accordance with the GRI standards – Core option. GRI is an internationally recognized and trusted reporting framework that allows us to demonstrate tangibly the ways in which we support our members. Our stakeholders, including our employees, suppliers and members, continuously communicate their interest in our reporting practices. To ensure we addressed the areas of greatest interest to Vizient and our stakeholders, we conducted a materiality assessment in 2017.



Materiality assessment process

As discussed in our About Vizient section, Vizient was created through the combination of VHA Inc., University HealthSystem Consortium and Novation. In 2016, Vizient acquired a segment of MedAssets.

With the formation of Vizient, we completed a materiality assessment to focus our efforts on the most important issues. The assessment identified the environmental, social and governance (ESG) topics most material to the organization. The robust engagement process allowed us to better understand our greatest ESG impacts, opportunities and risks.

We engaged a diverse stakeholder group by applying the GRI Materiality and Stakeholder Inclusiveness principles. We leveraged GRI's guidelines to identify, prioritize and validate internal and external stakeholders.

Identification	Prioritization	Validation
<p>We used a number of sources to create a wide list of potentially important ESG topics:</p> <ul style="list-style-type: none"> ▪ Member community benefit and sustainability reports ▪ Internal documents (corporate and subsidiary strategy presentations) ▪ Third-party industry reports (e.g., American Hospital Association, Practice Greenhealth, GRI Sector Guidance) ▪ CleanMed 2017 sessions <p>The identification phase enabled us to compile a list of topics used in the prioritization phase.</p>	<p>Vizient leveraged stakeholder input to prioritize the ESG topics most material to the enterprise:</p> <ul style="list-style-type: none"> ▪ We brought together representatives from different Vizient business units and functions to conduct a value chain impact mapping session; through this process, we created the boundaries of the various ESG impacts ▪ We gathered evidence of our impacts, risks and opportunities through in-person and telephone interviews with 29 individuals representing 18 organizations ▪ We evaluated third-party and internal sources to augment the stakeholder perspectives learned through impact mapping and interviews 	<p>We sought feedback from a group of cross-functional Vizient leaders to affirm the results of the detailed process and materiality engagement results. Finally, we presented the material ESG topics to our executive leadership team and received approval.</p>

Our material topics



Creating value



Inclusion and diversity



Community outreach



Adhering to the highest standards of integrity and transparency



Employee attraction, engagement and development



Procurement practices

Value chain mapping

Our stakeholders constantly influence our business strategies, and the same is true for our impact on them. To understand the powerful relationships between Vizient and our stakeholders, we mapped our value chain in 2017 in conjunction with our materiality assessment. We engaged internal and external representatives to establish the crucial stakeholder groups who most impact us and whom we most impact. We collaborated with the following stakeholder groups in the materiality assessment process:

Stakeholder group	Type of engagement
Community organizations	Formal interviews conducted by a third party
Employees	Formal interviews conducted by a third party; employee engagement survey
GPO suppliers	Formal interviews conducted by a third party
Industry associations	Formal interviews conducted by a third party
Members	Formal interviews conducted by a third party; discussion with Environmental Advisory Council members
Payers	Formal interviews conducted by a third party
Potential employees	Reviewed internal and external documents to represent the group's viewpoints

About Vizient

Vizient was founded in 2015 as the combination of VHA Inc., a national health care network of not-for-profit hospitals; University HealthSystem Consortium, an alliance of the nation's leading academic medical centers; and Novation, the health care contracting company they jointly owned. In 2016, Vizient acquired MedAssets' Spend and Clinical Resource Management (SCM) segment, which included Sg2 health care intelligence.



Creating value →

Vizient is uniquely positioned to work with the country's leading institutions to drive better outcomes for health care providers, patients, families and communities.



Adhering to the highest standards of integrity and transparency →

We are committed to maintaining the highest level of ethics and transparency in all aspects of our business operations and communications.



Governance →

Our strong leadership and governance practices ensure the success of our company.

About Vizient

Creating value

As the nation's leading health care performance improvement company, we are committed to helping members understand how the cost and utilization of services impact the quality and outcomes of patient care. We work with providers to break down silos and drive for performance across the patient continuum of care. In 2018, we began introduction of a new mission and strategic direction.



Our mission

Vizient strengthens members' delivery of high-value care by aligning cost, quality and market performance.



Our approach

Our strategic aspirations guide how we measure success

To become the trusted partner that helps members thrive in their markets

- Provide market-driven insights that anticipate and address member opportunities
- Provide market-leading solutions that address the distinct needs of our diverse members
- Foster and maintain deep member relationships based on aligned goals and an intimate understanding of our members

To become a leader in transforming the delivery of care

- Leverage the scale and diversity of the membership
- Build pre-eminent performance improvement communities driven by data and shared knowledge
- Repeatedly and reliably deliver innovations

To accelerate our growth rate

- Grow member value
- Grow membership
- Grow profitability

We believe that to achieve system-wide performance improvement, providers must address critical imperatives at the intersection of cost, quality and market performance.

Vizient brings unique capabilities and expertise unmatched in the industry – and we commit to building on the strengths that differentiate us to best serve our members. Our values drive both the performance of our organization and the exceptional experience we want to provide for members and each other.

Our 2019 goals

We establish annual goals that align with our strategic aspirations and represent our company's commitments to those we serve.

Become the trusted partner that helps members thrive in their markets

- Increase total value delivered to members

Become a leader in transforming the delivery of care

- Increase member participation in Vizient clinical solutions

Accelerate growth in member value, membership and profitability

- Increase adoption of Vizient offerings
- Improve Vizient financial performance – revenue
- Improve Vizient financial performance – adjusted EBITDA

For more information about our goals, please view our 2019 Vizient Playbook.

About Vizient

Adhering to the highest standards of integrity and transparency



We are committed to maintaining the highest level of ethics and transparency in all aspects of our business operations and communications.

Demonstrating our commitment to ethical practices

Our Standards of Business Conduct lay the foundation of our organization to demonstrate this commitment to ethical practices. It outlines our expectations for Vizient employees, including officers and company leadership, to act ethically. Our Standards of Business Conduct require that all employees comply with legal and contractual requirements, corporate procedures, policies and financial practices.



Our approach

Vizient's Standards of Business Conduct outline our compliance program and policies created to assure our adherence to ethical standards and transparency at all levels of the enterprise. These policies and procedures establish best business practices, promote compliance with applicable laws and support a safe workplace.

The Standards of Business Conduct provide information regarding:

- Employee relations
- Reporting violations
- Business and government relations
- Corporate social responsibility
- Facilitating trust and protecting assets
- Resources and contact information

Vizient's compliance officer oversees our Compliance and Ethics Program, with oversight and support from the Audit and Compliance Committee of our Board of Directors. This committee ultimately governs the compliance and ethics program with close coordination with the compliance officer.

We comply with major provisions of the Sarbanes-Oxley Act, enacted in 2002. As a privately-held company, we are not subject to the act, but we do comply with SOX Section 404, which requires internal control review. Our voluntary compliance further demonstrates our commitment to operating ethically.

External parties continue to recognize our commitments and performance in relation to ethics. In 2016, 2017 and 2018, Ethisphere named Vizient as one of The World's Most Ethical Companies. Prior to forming Vizient, one of our companies, Novation, received the same distinction from Ethisphere for four years in a row.

Our expectations

Our commitments to integrity and transparency build the foundation to support employees and treat them ethically and fairly. We view international voluntary standards and codes as paradigms to assess our own principles, conduct and procedures. We adhere to the highest standards of conduct and transparency regarding human rights.

Given we primarily operate in the United States, we do not face the same level of human rights risks that confront international companies operating in higher risk areas. We resolutely stand against the use of indentured or child labor. We strive to create a workplace free of any form of harassment or discrimination.

Our awards

In 2018, Vizient won several awards related to our high ethical standards. During the reporting period, Vizient is proud to report the following achievements:

Recognition / Award	Awarding Organization	Year	Description
World's Most Ethical Companies	Ethisphere Institute	2018 (Third consecutive year) Previously, our legacy company Novation was a four-year honoree (2012-2015) on the World's Most Ethical Companies list and twice received the Ethisphere Institute's two-year Ethics Inside Certification, once in 2012 and again in 2014.	Vizient is recognized by the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices, as one of the World's Most Ethical Companies®. One of 135 honorees for 2018, this is the third time we have received this coveted designation since launching our new brand identity in 2016.
Modern Healthcare's Best Places to Work in Healthcare for 2018	Modern Healthcare	2018	Vizient was selected by <i>Modern Healthcare</i> as one of the 2018 Best Places to Work in Healthcare. The award program identifies and recognizes outstanding employers in the health care industry nationwide. <i>Modern Healthcare</i> partners with the Best Companies Group on the assessment process, which includes an extensive employee survey.
One of America's Best Management Consulting Firms	Forbes	2018	Vizient is recognized in <i>Forbes</i> survey as one of "America's Best Management Consulting Firms" for 2018. Vizient made the <i>Forbes</i> list in three categories: supply chain management, innovation/growth and operations. Our subsidiary Sg2 is also recognized on the <i>Forbes</i> list in the health care and life sciences, data analytics and big data and operations categories.
Supplier Diversity	Black EOE Journal	2018	<i>Black EOE Journal</i> included Vizient on its annual list of "Best of the Best Top Supplier Diversity Programs." Vizient was the only health care group purchasing organization recognized in 2018.

Vizient recognizes award-winning hospitals for their achievements in the areas of clinical, quality, operational performance, sustainability and supply chain management.

Member awards

Recognition / Award	Date	Description
Bernard A. Birnbaum, MD, Quality Leadership	Fall 2018	<p>Given to top-performing academic medical center and community hospital members that demonstrate excellence in delivering high-quality care based on the measures in the Vizient Quality and Accountability Study. The measures include safety, mortality, clinical effectiveness, efficiency, patient centeredness and equity of care. The award also considers performance in core measures data, the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey and the Centers for Disease Control and Prevention's National Healthcare Safety Network.</p> <p>The award was posthumously renamed in 2015 to honor Bernard "Bernie" Birnbaum, MD, who served as senior vice president, vice dean and chief of hospital operations for NYU Langone Medical Center and as a member of the former University HealthSystem Consortium's board of directors.</p>
Ambulatory Care Quality and Accountability	Fall 2018	Honors faculty practices that demonstrate excellence in delivering high-quality outpatient care in five key domains: access to care, capacity and throughput, quality and efficiency, continuum of care and equity.
Rising Star	Fall 2018	Recognizes academic medical centers that made significant improvements in their year-over-year rankings in the annual Vizient Quality and Accountability Study - a study that identifies exemplary performance in safety, mortality, clinical effectiveness, efficiency, patient centeredness and equity of care.
Clinical Innovation	Fall 2018	Recognizes innovative solutions from health care organizations developing or adopting digital health technology solutions that enhanced or changed their care delivery models.
Performance Solutions Excellence	Spring 2018	Recognizes member organizations achieving the greatest performance improvement as measured by documented cost savings.
Supply Chain Performance Excellence	Spring 2018	Recognizes performance in supply chain management as measured by supply expense at the facility level as well as for select departments such as pharmacy, laboratory, imaging, radiology, blood services, cardiology and surgical services.
Cost Management Savings Leadership	Spring 2018	Recognizes member organizations that achieved the highest performance in cost management as measured by group purchasing organization savings and value.
Supply Chain Management Excellence	Spring 2018	Recognizes the innovation resulting from member projects or initiatives that improve supply chain performance in the areas of: distribution, logistics and inventory management, sourcing and resource management processes, and supply chain management innovation.
Supplier Diversity Excellence	Spring 2018	Recognizes the member that best champions inclusion in their supply chain and accelerates economic growth in their local community through the engagement and empowerment of minority-, women- and veteran-owned business enterprises.

See recent award winners on Vizient's website.

Government, public policy and political donations

Vizient's Office of Public Policy and Government Relations advocates for policy and legislative priorities that impact the wide array of stakeholders we serve. We collaborate with other organizations to present a consistent and accurate provider viewpoint on a number of issues.

Public policy decision-making through both legislation and regulation has dramatically shaped the outlook of the health care industry and has posed operational challenges for hospitals. The Affordable Care Act (ACA) of 2010, the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) and multiple regulations from the Centers for Medicare &

Medicaid Services (CMS) exemplify some of the foundational policy changes that hospitals and the health care sector as a whole have been forced to adapt to in the move toward value-based care for patients.

Our Public Policy and Government Relations team engages Congress, and the executive branch through direct advocacy efforts and coalitions in Washington, D.C. We create and support relationships with congressional representatives from both parties in the House and Senate. Vizient works with regulatory bodies and administration officials on behalf of our members. We engage via direct letters, regulatory comments and other activities.

Vizient and our members continue to monitor the growing issue of drug pricing. For nearly 20 years, we have followed the increases in drug pricing for our members, noting the increases in prices consistently exceed the rate of inflation. We have and will continue to engage with the Secretary of Health and Human Services (HHS), the CMS Administrator and other representatives from HHS and the administration to discuss pharmaceutical costs on behalf of our members. Additionally, we have hosted congressional briefings in Washington D.C. to enhance awareness of the challenges posed by high drug costs, drug shortages and related issues. One briefing focused on examining how hospital providers manage pharmaceutical use, policy solutions to lower prescription drug costs, working to avoid drug shortages and promoting biosimilar adoption. Our efforts help educate policymakers about the challenges our providers face, while creating discussions around solutions.

Other Vizient Public Policy and Government Relations priority issues for active engagement include:

Health care group purchasing

- Support maintaining the safe harbor for GPOs to ensure we can continue to function effectively to deliver savings to our members

Increasing efficiency and enhancing value in health care delivery

- Support sensible policies that appropriately align incentives to improve quality and enhance efficiency in health care delivery
- Work closely with hospital industry allies to ensure that delivery system reforms, such as value-based purchasing, bundling of payments, hospital readmission penalties and other efforts intended to improve quality, are implemented carefully with the recognition of the unique issues faced by hospitals serving large numbers of patients with complex conditions and socioeconomic challenges

Prescription drug prices

- Advocate on behalf of our members for policies that promote competition and reduce the high cost of prescription medications
- Utilize Vizient resources to enhance understanding of the pharmaceutical marketplace and the policy drivers that are contributing to increased costs

Shortage of prescription drugs

- Advocate for solutions that provide stability in the marketplace and ensure consistent and reliable availability of needed prescription drugs for hospitals
- Monitor ongoing challenges with shortages of prescription drugs

Non-profit health care tax issues and community benefit

- Continue to advocate that hospitals communicate how they are providing community benefits—including charity care, health care improvement activities and discounting policies—to their communities in a clear and accessible way
- Serve as an industry leading resource for our members on community benefit reporting requirements on the IRS Form 990 and Schedule H and requirements to maintain tax-exempt status enacted as part of health care reform
- Monitor and advocate, as appropriate, on challenges to tax exemption for non-profit health care organizations and other tax-related issues

Medicare/Medicaid payment issues

- Promote appropriate Medicare and Medicaid program reimbursement policies that ensure hospitals will be able to continue to provide top-notch care delivery services to their communities
- Advocate for policies that provide adequate resources to ensure access to high-quality coordinated treatments across diverse settings with a recognition of the unique regulatory burdens faced by all hospital settings
- Monitor the impact that proposed reimbursement changes have on community-owned, not-for-profit health care organizations

Health IT

- Promote federal policies to encourage development of, and the removal of barriers to, health care information technology
- Engage in support of policies that promote interoperability and the protected exchange of health information across care settings to promote efficient and high quality patient care

Health care workforce shortage

- Promote federal policies and legislation designed to address the shortage of doctors, nurses and other health care personnel

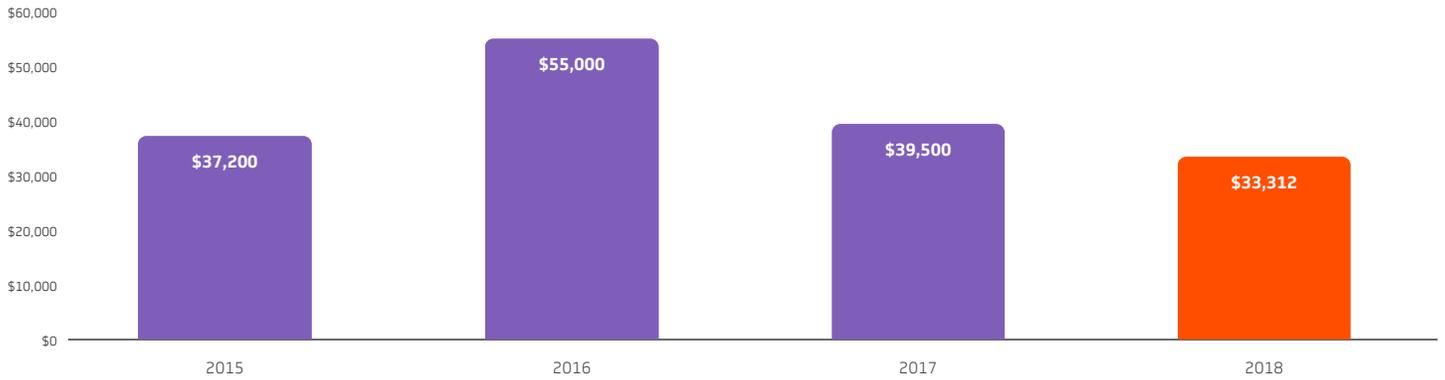
Infectious diseases and disaster readiness

- Promote federal policies and appropriate reimbursement designed to assist hospitals in their efforts to prepare and respond effectively to outbreaks of infectious diseases, natural disasters and biological, chemical or nuclear attacks

More information regarding Vizient's specific positions regarding these issues is available in the Public Policy section of Vizient's website.

Apart from working with government representatives and other stakeholders on behalf of our members, we contribute to political candidates through the Vizient, Inc., Political Action Committee (PAC). Through our PAC, we strategically make contributions to candidates in key positions to shape policy development to provide opportunities to build relationships, expand understanding of our role in the health care supply chain and support candidates whose viewpoints and proposed policies align with our public policy priorities. Our policy on political contributions acknowledges the potential ramifications on our members of public policy decisions. Our historic yearly contributions are as follows:

Political contributions



To ensure transparency, we engage with our members to educate them on our role in Washington. We present to our members across the U.S. on Vizient's public policy priorities while discussing how we can support their interests. In 2018, we provided more than 50 presentations to members. We view this effort as an important step in building a clear and open platform to communicate with members.

About Vizient

Governance

Our strong leadership and governance practices ensure the success of our company.



Leading with integrity

Our Board of Directors consists of 21 members demonstrating wide representation across health care and business.



Overview

Our Board of Directors consists of 21 members demonstrating wide representation across health care and business. Our board includes executives, clinicians and leaders from academic medical centers, large integrated delivery networks, community hospitals and independent organizations. Their expertise and insights help guide Vizient's strategic direction, financial performance and the value we deliver to a diverse membership.

Our board is held to the highest standards of integrity, a foundational element of our company. The standards to which we hold ourselves reflect on our employees, members and suppliers.

Vizient invests in board members' knowledge of corporate responsibilities to ensure they are well-equipped to serve. Our approach aligns with the best-practice recommendations of the National Association of Corporate Directors. In addition to our code of business conduct, we require conflict-of-interest certifications from our independent directors. Additionally, the full board, along with the committees of the board and individual directors, receive annual internal reviews.

The board and Vizient's executive management team determine expectations for the company's collective performance on the goals and objectives outlined for a given year. The executive management team consists of the CEO and seven direct reports, two of whom are women.

As a private company, we uphold many of the same government and regulatory standards required for publicly-traded companies. For example, we comply with major provisions of the Sarbanes-Oxley Act, including the internal control review required in Section 404. Voluntary compliance is consistent with our efforts to increase transparency to our members, employees and other stakeholders. Vizient's commitment to compliance by all employees is an essential component of our core business practices and is critical to the success of our mission. To this end, we maintain a comprehensive Business Conduct, Compliance and Ethics program.

Learn more in the section for Adhering to the highest standards of ethics and transparency.

Committees

All board members are appointed by the chairman to serve on one of seven committees, which are listed below. Each committee's charter defines its role and responsibilities within Vizient's corporate governance framework. The committees work in parallel to avoid conflicts of interest and evaluate annual performance to ensure focus on business and market needs to promote economic growth and organizational stability. Vizient's board listens and incorporates member and employee input through our executive management team at board meetings. An externally administered survey reviews the board's and board members' annual performance.

- **Executive Committee** – At all times when the board is not in session, the Executive Committee is authorized to exercise the full power and authority of the Board of Directors in the management of the affairs, business and property of the company.

- **Compensation Committee** –The Compensation Committee assists the board in carrying out its responsibilities with respect to executive compensation and various qualified and non-qualified benefit plans.
- **Audit and Compliance Committee** – The Audit and Compliance Committee assists the board in fulfilling its oversight responsibility relating to the legal compliance and ethics programs as established by the board and management.
- **Data and Analytics Advisory Committee** – The Data and Analytics Advisory Committee is an advisory body that assists the board and Vizient management by providing strategic guidance and expertise relative to Vizient’s analytics and advisory services.
- **Finance Committee** – The Finance Committee assists the board in fulfilling its oversight responsibility relating to the company’s financial responsibilities.
- **Innovation Committee** – The Innovation Committee assists the board in developing processes and strategic plans for innovation and research with respect to the business of the company.
- **Nominating Committee** – The Nominating Committee is responsible for nominating individuals for election to the board by the company’s stockholders.

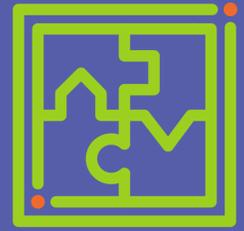
Internal audit

The Audit and Compliance Committee also oversees Vizient’s internal audit program. The internal audit team functions as an unbiased, independent assurance and consulting body to increase value and enhance our operations. The audit team helps our organization accomplish our objectives in a disciplined and systematic approach. They evaluate and advance the effectiveness of risk management, internal control and governance processes.

Our workforce

Inclusion and diversity

Vizient's strength is built on the diverse set of skills, cultural backgrounds, knowledge and experience that our employees bring to the table.



Empowering a collaborative workplace

We believe all employees should be able to bring their authentic selves to work every day. Through our Inclusion and Diversity program, we want to create a culture where each employee's uniqueness is recognized, appreciated and viewed as incremental value to the collective strength of Vizient.



Our approach

We demonstrate our commitment to inclusion and diversity every day by:

- Bringing together different perspectives to find solutions to the most pressing challenges in our industry
- Building a diverse workforce that illustrates the various communities and stakeholders our hospitals serve
- Encouraging our employees to utilize their expertise and backgrounds to contribute their personal best

Inclusion and diversity exists at the heart of our business. We leverage inclusion and diversity to engage our workforce and build valuable connections. Our employees create a rich and unique tapestry with their diversified skillsets and experiences. Vizient encourages our staff to bring their genuine selves to the workplace. When our employees feel empowered, they utilize their unique talents to perform at their personal best.

Our executive leadership continues to emphasize inclusion and diversity as one of our greatest priorities. Our Chief Inclusion and Diversity Advocate (CIDA) focuses on disseminating this priority throughout the organization. Our steering committee, composed of eight cross-functional business leaders, supports our CIDA in integrating inclusion and diversity into Vizient's culture and operations. Our workforce promotes diversity through employees groups called Diversity Network Associations (DNAs) that strengthen our business, the community and talent at Vizient. Our employees participate in DNAs to engage with one another, build a network and communicate. Each DNA has an executive sponsor.

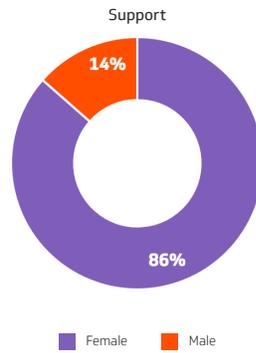
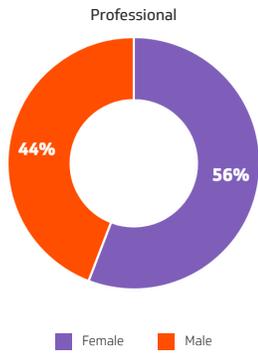
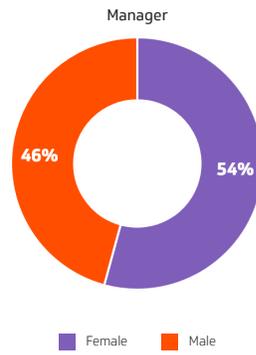
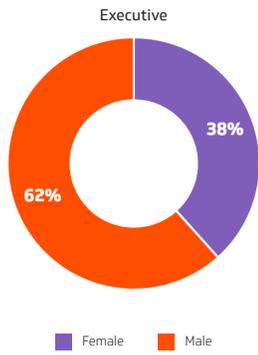
Four groups have been organized so far:

- **Vizient Veterans DNA:** This group supports employees who have served in the armed forces, or employees with family members that have served in the military. Our Veterans DNA encourages employees committed to supporting the U.S. troops and service members, to share their ideas and build relationships with individuals who have similar backgrounds.
- **Vizient Gender Equality DNA:** This group welcomes employees interested in promoting equal opportunity for men and women in regards to leadership development, interviewing, promotions and executive level succession planning. This DNA's focus on advancing gender equality helps create an inclusive culture.
- **Vizient Lead 2040 DNA:** Recognizing that minorities will comprise the majority of the U.S. workforce by 2040, this group encourages employees from different backgrounds and nationalities to build a multicultural workplace. Lead 2040 ensures our mission and strategic priorities pivot as the country's demographics shift. Our leaders in this DNA will help us adapt and experience continued success in the coming decades.
- **Wellness4All:** Our Wellness4All DNA focuses on promoting the health and well-being of our employees. Members of this DNA share information regarding healthy work habits, wellness initiatives, diet tips and other information that promotes a healthy lifestyle. It is open to all employees who are interested in wellness.

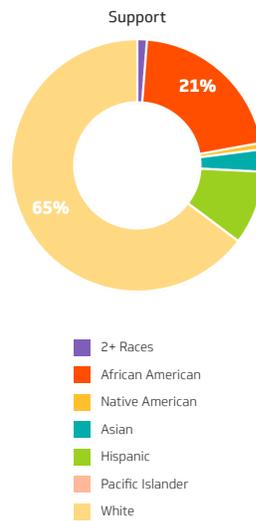
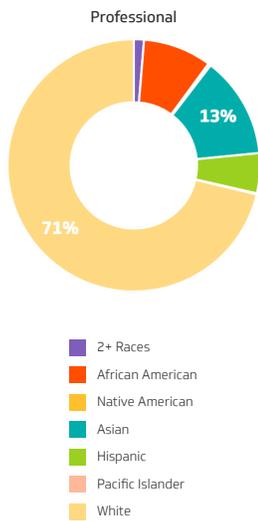
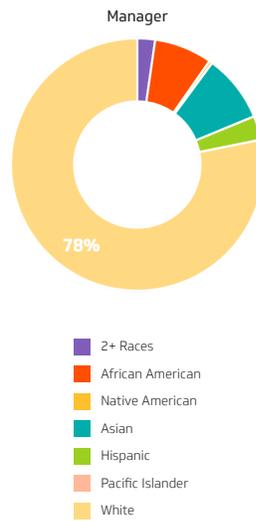
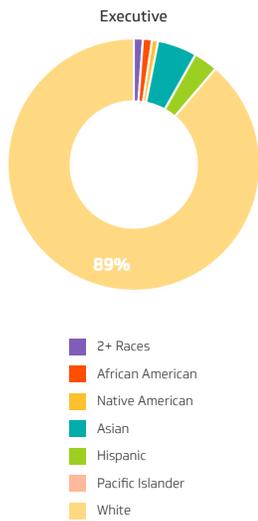
Our DNAs serve as a platform to promote inclusion and diversity to a larger percentage of the Vizient population. They give our employees an opportunity to share their ideas, create connections and gain leadership experience. Additionally, we offer Emotional Intelligence and Unconscious Bias courses through our online training platform to help employees better understand themselves, improve communication at work, understand the value in diversity and drive value to our stakeholders.

In 2018, we engaged a third-party to certify our Inclusion and Diversity program. The certification included a workshop that engaged leaders from across the company to understand behaviors that drive inclusivity. The in-person training enabled 23 of our employees to understand the connections between diversity and business performance. These individuals are now well equipped to facilitate diversity conversations within Vizient, serving as internal subject matter experts.

Enterprise gender representation



Enterprise race representation



Our workforce

Employee attraction, engagement and development



Vizient fosters a culture of excellence, fueled by experts who are passionate about serving members and their patients—and collaborating internally and externally to unlock the potential for improved performance.

Valuing our industry-leading talent

Our industry-leading talent enable Vizient's success. We continue to enhance and improve our performance management process and our approach to learning. Vizient focuses on creating internal opportunities for employees to advance not only their skills, but their careers as well. We build an environment that enables our employees to best contribute their expertise.



Our career development philosophy

Our employees remain at Vizient due to the myriad opportunities across the company to enhance their skills. We implement and promote employee-led career development by supplying employees with the resources and tools to align their unique career journeys with Vizient's strategic business priorities. Our development philosophy addresses four key elements:

- Own your career path
- Learn continuously
- Vary your experiences
- Commit to transparency

These four elements, in tandem with our learning and development strategy, lay the foundation for Vizient to assist our employees in their professional development. We leverage the 70-20-10 approach to create the most effective learning and development; 70% comes from on-the-job experience (e.g., stretch assignments, making executive presentations), 20% comes from informal learning (e.g., gathering feedback, working with a coach or mentor) and 10% comes from formal learning (e.g., courses, books, degrees, seminars).

Every year, our workers are encouraged to create performance goals and a career development plan with their supervisor. Employees revisit their annual performance goals with their supervisor at least twice a year. At year's end, a final review occurs that formally evaluates the business performance (the "what") and commitment to Vizient's values (the "how"). We integrate each employee's performance along with their career development aspirations aligned with the business needs into their personalized career development plan. To ensure we reward our employees appropriately, we implemented a predictive pay modeling tool. The statistical analysis program helps us track employees across a number of key indicators including performance measures to ensure we are paying them fairly. The analysis helps us maintain equitable market pay for our employees.

Vizient's commitment to being an industry leader who cares requires our employees to grow their careers. Our workforce must develop to advance not only Vizient's business objectives, but also the health care industry. Our employees have access to learning resources 24 X 7 and we also provide an array of in-person, facilitator-led and e-learning training events to build knowledge and applicable skills to move the business forward. Vizient works collaboratively within, and across, our operations and functional areas to assess employee needs in relation to the business strategy. We address potential gaps by creating learning plans, working to establish these at an enterprise, team and individual level. Vizient's online performance and learning platform offers employees resources to develop their current expertise and to expand their breadth of knowledge, skills and abilities. In 2018, Vizient

employees completed 14,259 online hours and 26,519 classroom hours for a total of 40,778 hours*, as reported in our internal learning management system (LMS). Our staff averaged 8.87 hours of training/learning.

In 2018, we revised our tuition assistance policy. We offer our employees 100% reimbursement for tuition, books and lab fees for approved courses up to an annual maximum of \$5,250. We require employees to earn a grade of "C" or better, or "pass" in a pass/fail class. Employees simply present the relevant registration forms, tuition receipts, proof of payment and final grade report to receive reimbursement.

*Hours are shown only from online or classroom sessions that were placed into the LMS—there are potentially "other" learning hours that were provided outside of the LMS tracking.

Management of processes, learning systems and documents

Vizient learning professionals prescribe to the ADDIE model, a framework to design and develop learning assets to achieve the highest rate of return. The ADDIE model guides both learning and non-learning professionals through a structured approach.

A = Assessment – We assess employee or member needs pertinent to the education or training in question (use of learning needs assessment).

D = Design – Once we believe the learning/training is necessary, we design that learning so it accommodates the needs of the employees or members who will be participating. We design the curriculum so that those using or viewing the educational materials learn applicable information that they will retain.

D = Develop – We develop the learning materials/program.

I = Implement – The appropriate staff member implements the learning materials/program or curriculum.

E = Evaluate – We evaluate the training material, curriculum or program to ensure future edits and addendums are possible.

Onboarding

From the moment an employee joins our workforce, we stress the importance of ethics and integrity. We integrate our culture and values into the enterprise onboarding process. New employees are engaged in a yearlong guided onboarding experience from day one to help ground them in everything Vizient. The onboarding experience is a combination of in-person and online learning experiences with an infusion of culture assimilation activities. Our organizational effectiveness team partners with the business to work on creating a seamless experience between the enterprise onboarding and the focus on the functional areas of the enterprise. Our program prepares employees to continue growing by offering continuous learning and development opportunities, key to our employees and Vizient's success.



Our approach

We deliver three areas of content through our onboarding program. We use blended learning techniques (e.g., classroom, on demand modules, one-on-one meetings, culture chats, etc.) over the first year of employment.

- **Job-specific** – On-the-job learning tailored to staff roles and responsibilities of their jobs. We align the content to each employee's career track.
- **Functional** – Content designed to teach new hires keys to success related to their business role, as well as how to collaborate with other functions. This includes details on functional goals, expectations, processes and tools.
- **Enterprise** – Learning focused on our entire enterprise. Topics center on who we are (e.g., our purpose, identity), what we do (e.g., our business, goals, solutions) and how we work (e.g., our culture, values, processes, policies, tools).

Employee recognition

Our employees diligently work to drive performance improvements for Vizient and our members. We acknowledge our experts in a number of ways.

- **Experts in Action Recognition** – We recognize staff who embody Vizient’s values and positively influence the organization and our stakeholders. The program is designed to recognize employees for their contributions in a social way: from a simple Thank You to a Celebrate You online card to recognitions, where employees receive “kudos points” that they can redeem for various gifts from our catalog. Employees can also nominate their colleagues for an award where they will be recognized in a quarterly ceremony for exhibiting the Vizient values while achieving outstanding results.
- **Retirement Recognition** – When an employee retires, we celebrate their years of committed service to Vizient and our members. Our workers give their time, talent and experience to make what we do possible. We commemorate their retirement by granting them the option to order a special gift and celebrate at the office.
- **Service Anniversary Recognition** – We award those employees who stay with Vizient for significant portions of their professional careers. For every five years an employee has spent with Vizient, we offer a luncheon, commemorative booklet and the option of a gift. We honor them by featuring these employees on the Experts in Action Wall of Fame.

Leadership

We invest in our leadership to drive our success. In addition to the onboarding process, they partake in a yearly talent review process. The review formally assesses all leaders on their annual performance and potential readiness. Our leaders receive robust feedback that supports the formation of a customized development plan that addresses their personalized needs and opportunities. We ask leaders to record their development plans within our system; enabling us to better understand development priorities across the enterprise and to support accountability and progress overall. This also aligns with the spirit of our career development philosophy where individuals own their development, with the leader and organization providing support and resources.

Our workforce

Community outreach

Vizient is committed to supporting the communities where our employees live, work and serve.



Supporting our communities

We support our communities through the Vizient Cares program which focuses on community involvement efforts, promoting corporate giving, establishing internal outreach programs and positively impacting the communities we serve. The program features a number of initiatives, from our disaster relief efforts to our CEO-led day of service. Vizient Cares supports our employees in leveraging their unique abilities and passions to serve and empower our communities.



Our initiatives

Assisting communities together

Our Assisting Communities Together (ACT) program grants all of our full-time employees five full days of volunteer time-off. We encourage our employees to plan for their volunteer days off in advance, similar to a trip they might take. We refer to these days as “goodcations”, volunteer time meant to be enjoyed individually or as part of a larger group. When our workers are as passionate about community outreach as their vacations, we increase the total number of volunteer hours and make greater impacts in our communities. In 2018, more than 1,946 employees recorded over 29,220 hours of goodcations.

Volunteer Match

As outlined above, our ACT program supports our employees’ volunteer efforts. To further encourage their passionate service, Vizient offers \$15 per hour for up to 40 hours of volunteer time per year. That totals \$600 annually, a reward to support the giving spirit of our great employees. In 2018, our employees used their volunteer match to support over 1,214 charities totaling \$266,115 in contributions.

Vizient Helping Hand

Everyone faces tumultuous experiences in life. The Vizient Helping Hand Fund supports employees going through challenges. The 501(c)(3) qualified charitable organization supports employees and eligible dependents who face dire emergencies by providing financial assistance. Should a qualified event occur, where no other resources exist to deal with the situation, an employee is eligible for support. Our employees fund the program solely through donations, with every cent directly contributing to helping a fellow employee.



Community Day

Every year since 2003, employees from across the organization leave the office for a day and partner with local charities and community groups to make a difference in their neighborhoods. This day, Community Day, embodies the spirit of Vizient. Our signature volunteer initiative applies to all Vizient employees, from those who work in offices to those who work remotely. Community Day evolved from a small outreach initiative to now include partnerships with over 50 nonprofits annually. The entire day dedicated to service remains a cornerstone of our community outreach program. We fulfill needs in the communities we serve in an impactful way. Over the course of the program, our employees have donated 8,017 hours of their time and dedication through Community Day.

In 2018, we marked the 16th annual Community Day. We coordinated 79 volunteer sites across the country with 26 sites in Irving alone. Some of our projects included:

- Our applications development team built a digital scavenger hunt app for Dallas-based, SPARK!, which mobilizes youth around creative learning and exploration.
- Our Sg2 team assembled over 300 bouquets with Random Acts of Flowers that were delivered to local senior care facilities and hospitals.
- At Project C.U.R.E. in Denver, our employees worked to sort and label donated medical supplies to be shipped to developing countries around the world.
- In Nashville, employees worked with Second Harvest Food Bank to package 14 pallets of food to aid hurricane victims in Florida and Puerto Rico.

International volunteer projects

Vizient offers our employees the opportunity to volunteer through established international service trips. Our employees are eligible to use volunteer time-off for a portion of the service trip. For every project, one of our employees serves as an ambassador to answer questions and address concerns regarding the experience. The Vizient Employee Ambassador promotes not only the project, but Vizient as a whole.

Partnerships

In April 2018, Vizient committed to partnering with Inner City Capital Connections (ICCC). The ICCC program was created in 2005 to meet the unique needs of inner city entrepreneurs, providing them with capacity-building executive education, coaching/mentoring, connections to business networks and contracting opportunities, and access to capital. ICCC increases the flow of capital to urban firms and communities while helping firms achieve sustained growth. It is the country's only program that educates investment-ready inner city companies about forms of capital and then matches them with capital providers. ICCC serves growth-oriented firms that create jobs and spur community development. With Vizient's commitment and sponsorship, we focus on increasing economic development and job growth in the communities our members serve. As a result, we help create healthy communities through access to employment, healthy food choices, insurance and health care. Vizient members can participate, at no additional cost, by nominating diverse suppliers that would benefit from participation and completion of the program.

Corporate grants

In 2018, we awarded nearly \$872,780 to communities in the United States that support our two priority areas: social determinants of health and military/veterans.

Social determinants of health

Our physical and mental wellbeing starts in our homes, schools, workplaces, neighborhoods and communities. It is influenced in part by our access to social and economic opportunities; our educational opportunities; the nature of our social interactions, choice of worship and the relationships we build with others; our access to clean water, food and air; and the support and encouragement we receive at home. We outline the social determinants where we focus our efforts and grant activity below:

- Economic stability: Employment, food insecurity, housing instability and poverty
- Education: Early childhood education and development, enrollment in higher education, high school graduation and language/literacy
- Social and community context: Civic participation, discrimination, incarceration and social cohesion
- Health and health care: Access to health care, primary care and health literacy
- Neighborhood and built environment: Access to foods that support healthy eating, crime and violence, environmental conditions and quality of housing

Through our corporate grants, we have positively impacted many organizations. Below are examples of organizations we supported in 2018:

- Mosaic Family Services- Serving over 12,000 clients annually, Mosaic Family Services provides culturally competent services to underserved refugees and immigrants, including survivors of domestic violence and human trafficking in the North Texas region. Children who have been exposed to such trauma experience symptoms such as fear, emotional stress, and behavioral and social problems. Refugee and immigrant children also face barriers such as limited English skills and cultural differences when overcoming abuse. A Vizient grant was given to support the building of a new full-service, licensed childcare center for children residing at Mosaic House, with an expectation to serve over 400 children annually.
- Heartland Alliance for Human Needs & Human Rights- Heartland Alliance's mission is to advance the human rights and respond to the human needs of endangered populations, particularly the poor, the isolated and the displaced, through the provision of comprehensive and respectful services and the promotion of permanent solutions leading to a more just global society. Vizient contributed to Heartland to support the core direct services, such as transportation assistance and nutritious food, to school supplies and basic household items, helping those in-need address the immediate crisis so they can focus more on planning for and creating future stability.

Military and veterans

Institutions that support our communities by celebrating our defenders, veterans and their families.

Vizient Foundation

The Vizient Foundation, a 501(c)(3) charitable entity, shares resources with Vizient employees and our member organizations affected by FEMA-declared disasters, including tornadoes, earthquakes, hurricanes and floods. These brave individuals often are the first to respond in their communities when disaster strikes; but they often experience the hardships of disaster themselves. Since 1992, we have donated to 139 requests for disaster relief and distributed a cumulative amount of \$13 million. In 2018, we donated to 7 requests for disaster relief totaling \$270,000.

Our operations

Vizient's annual purchasing volume is the largest in the industry. We manage our supply chain efficiently to reduce costs, overall energy usage and total waste, while assuring nutritious food free from harmful chemicals. Since our inception, Vizient's goal is to deliver premier quality, exceptional choices and tremendous value to our members while promoting supplier responsibility.



Procurement practices →

A good working relationship with Vizient's suppliers is integral to our mutual success.

Our operations

Procurement practices

A good working relationship with Vizient's suppliers is integral to our mutual success.



Deepening our relationships

We work with our suppliers to increase supply chain efficiencies and lower hospital costs for our members through competitively awarded contracts. We focus on maintaining integrity and transparency in our member and supplier interactions.



Bid process

We created our bid process based on the American Bar Associated Model Procurement Code. Vizient's process provides current and potential suppliers with an impartial and competitive platform in which to submit bids for a contract with us. We encourage suppliers interested in joining our team, to visit our public website: vizientinc.com; there, they can learn additional information about the benefits and bidding system. We post a bid calendar that details the numerous product categories expected to be released in the coming quarters. A Request for Proposal (RFP) will be visible at least 30 days before the RFP is schedule to be released. When a potential supplier registers, they automatically receive access to the RFP when it is released on our eSourcing platform. To ensure suppliers understand our bidding system, we offer training modules that include step-by-step instruction detailing how to submit a proposal and best practices on creating a successful bid. Our suppliers receive a confirmation number once they register, with the communication including the contact information for the appropriate portfolio executive. Should a supplier have any questions related to the RFP, they are able to contact the responsible manager. We give added consideration to bids that promote products and services with a focus on sustainability.

We maintain the utmost levels of ethics and transparency in our bidding system. We release an annual bid/proposal calendar that outlines the bid system for the year. For more information, please visit our Bid System webpage.

Contracting councils, task forces, advisory councils and expert panels

Our clinically integrated, member-led sourcing process provides our members with industry-leading value. For example, Vizient councils and related forums help inform contracting decisions to ensure to ensure optimal outcomes.

- Contracting Councils: Our Contracting Councils offer discipline-specific bid evaluations and determine contract awards. Our council participants help define minimum requirements for the product category for use in supplier RFPs, determine non-financial and financial decision criteria and score RFPs in alignment with the weighted decision criteria.
- Contracting Expert Panels: Our specialized Expert Panels work in conjunction with each Contracting Council to accurately reflect the "voice of the member" in contracting matters and ensure that member preference factors prominently in the selection of suppliers to work with Vizient.

When an individual joins one of our contracting groups, we expect them to review available resources and tools, discuss relevant items with the appropriate business units and subject matter experts, document progress and ask questions as needed.

Environmentally preferred sourcing

Our Environmentally Preferred Sourcing (EPS) programs look at the environmental properties of the products in our catalogue. EPS enables environmentally responsible sourcing decisions that impact health outcomes. Our EPS policy supports our responsible sourcing efforts that enables us to track the broadest, most economical environmentally preferred product portfolio in the industry. Our policy dictates that the completion of environmentally preferred attributes in RFPs is now integrated into non-financial criteria in all bids. We score our suppliers' capabilities to provide the desired attributes. We are the only GPO taking this approach.

Vizient represents approximately \$100 billion in annual purchasing volume and currently offers 1,411 contracts covering more than 450,893 products that contain environmentally preferred attributes in its catalog.

Vizient represents approximately \$100 billion in annual purchasing volume and currently offers 1,411 contracts covering more than 450,893 products that contain environmentally preferred attributes in its catalog. We offer members the ability to track their total percentage of spend on products with any of the 23 EPS attributes we track. For example, we track BPA and/or latex free products. Members can calculate their total spend on products using this filter. Our new attribute system inspired us to create an award that acknowledges members who purchase environmentally preferred attributes based on qualitative and quantitative data. Forty percent of the award focuses on members spend related to environmental attributes. In 2018, we presented this award to a supplier for the first time.

We are a member of the Chemical Footprint Project created by Clean Production Action, whose mission is to design and deliver strategic solutions for green chemicals, sustainable materials and environmentally preferable products. We partner with Clean Production Action to promote the use of safer chemicals and healthier materials. We use "chemical footprinting" to determine the levels of certain hazardous chemicals in packaging, products, the manufacturing process and/or supply chain. This method creates a baseline for evaluating chemical performance and tracking progress as we move towards safer alternatives.

We use MindClick to increase the transparency within our Environmental Preferred Sourcing Program. For all contracted suppliers, MindClick collects, analyzes, verifies and reports environmentally preferred information. Our product catalog clearly identifies MindClick-verified third party data. The third-party verification process provides our members with reassurance that they are purchasing a genuinely environmentally preferred product, instead of a product that may be greenwashed or whose benefits may be overstated. Our members can readily identify the products that are better for human and environmental health.

Our internal EPS staff continues to grow as we focus on environmentally-friendly initiatives. The department receives support from its Environmental Advisory Council, a group of 20 individuals from across the United States. The council meets monthly via WebEx and in-person every two years. They provide invaluable guidance on the direction of the program. The council continuously supports us as we engage with suppliers to increase their commitments to environmental attributes. Each member of the council serves for three-year terms, then a new member takes their place. The three year rotations ensure the group provides new and innovative ideas.

In 2018, we focused on creating a more robust EPS program. First, we created an environmentally preferred cross-reference tool. Our Environmental Advisory Council suggested creating a tool that easily converts a product that does not have environmentally preferred attributes into one that does. Our members can then access supplier pricing and information supplier information so they can replace items that may be unhealthy or worse for the environment. Additionally, we focused on removing PVC and DEHP from products in our catalogue. Both chemicals negatively impact patients as they can be absorbed by the body. We focused on finding alternative IV sets, anesthesia masks and other products that contain PVC and DEHP. Our EPS team dedicated a significant portion of 2018 to improving our EPS attribute analysis. The enhanced system allows us to provide members with greater detail into the products they purchase. Part of our enhanced system includes validating existing environmentally preferred attributes. To ensure transparency, we reviewed various parts of our catalogue to ensure items were not greenwashed. We worked with MindClick to ensure we communicated this increased transparency with our members.

This past year, we presented to the Healthcare Group Purchasing Industry Initiative (HGPII) proposing that all GPOs collaborate and discuss best practices for environmentally preferred attributes for medical products. We engaged HGPII to adopt the 23 Kaiser attributes as the industry standard, the same attributes we use for our catalogue. We continue to work with HGPII and engage other GPOs to standardize environmentally preferred attributes.

As we look to 2019, we will release an innovative, environmentally preferred furniture portfolio. The portfolio will be integrated into our EPS program so that members can understand their spend on furniture with environmentally preferred and non-environmentally preferred attributes.

Supplier diversity

At Vizient, we understand our members' dedication to economic development in their communities and their commitment to purchasing products and services from certified diverse suppliers and small businesses. With inclusive supply chains, entire communities become healthier, more sustainable and more productive.

Our approach

The Vizient Supplier Diversity Program operates on a platform supported by three pillars: Maximizing Opportunities; Mentoring & Enrichment; and Fostering Connections. Each pillar represents areas of focus for inclusion and utilization of diverse suppliers, to consistently deliver on our mission of being an indispensable partner to our members and supporting economic development in their communities through the inclusion and utilization of diverse suppliers.

Maximizing opportunities

We strive to maximize opportunities through utilization of various bid and no-bid contracting avenues to potentially award diverse suppliers in every product and service category that meet members' needs in support of their stringent procurement requirements.

For categories that offer significant diversity opportunities, Vizient exercises the option to award through a diversity scorecard in addition to the standard scorecard to identify most competitive Tier I diverse suppliers.

To further maximize opportunities, Vizient recently launched the Regional Purchasing Pilot. The Regional Purchasing Pilot seeks to improve economic growth of local communities and increase visibility of diverse contracted suppliers among the local Vizient membership and spur utilization of their products and services. Through the Pilot, Vizient recognizes members' local and regional initiatives and seeks to aggregate the purchases of the regional members to diverse suppliers residing within the area.

The Supplier Diversity catalog is a tool offered to members to provide easy access to diverse suppliers on Vizient contract and provide visibility of suppliers' offerings and capabilities. Through the Supplier Diversity catalog, members are capable of identifying specific designations for contracted suppliers with diversity attribute flags.

We launched the Supplier Diversity Connection tool to provide members with instant access to their Tier I and Tier II spend through Vizient, as well as the ability to search for diverse suppliers that have registered with Vizient. The tool is also accessible for suppliers to report their Tier II spend and to also search for diverse suppliers with which to do business. Diverse suppliers registering with Vizient gain visibility to bid opportunities, members and larger suppliers. Members are able to access Supplier Connection through their vizientinc.com dashboard. This innovative tool, developed by Vizient and Supplier Gateway (an MBE), enhances members' opportunities to access potential certified diverse suppliers for direct member opportunities. The tool also offers insight on members' unique Tier I and Tier II spend data through Vizient.

Mentoring and enrichment

Mentoring and enrichment of diverse suppliers is also an area of focus through our Supplier Diversity Program. Through this pillar we take the best-in-class approach to delivering guidelines and individual supply chain support for suppliers to enhance member relationships and their knowledge regarding quality and service standards that meet the member needs. Through the Vizient partnership with Inner City Capital Connections (ICCC) the program provides learning and potential access to capital opportunities to diverse suppliers in 12 markets across the nation. The partnership with ICCC also encourages member participate at no cost to them.

Vizient's Supplier Diversity Advisory Council, comprised of 18 member organizations from across the country, provides crucial input and guidance to Vizient's Supplier Diversity program. This year the council focused on visibility across the Vizient council network by engaging other councils to increase awareness of diverse suppliers, supplier diversity tools and program.

Fostering collaboration

Vizient works with several membership organizations, unlocking opportunities for diverse businesses across the country. These organizations include the National Minority Supplier Development Council (NMSDC) and the Women's Business Enterprise National Council (WBENC) of which Vizient is a national corporate member. To further foster member-to-supplier and business-to-business collaboration Vizient serves as a corporate regional member of Dallas Fort Worth Minority Supplier Development Council and Women's Business Council Southwest. These advocacy organizations certify suppliers, enhance equivalent opportunities, educate policy makers and advocate for inclusion. Vizient participates in the national organizations by advocating for our members needs and identifying diverse suppliers that provide value to members supply chains.

Given Vizient member annual purchasing volume of more than \$100 billion, in 2018 we implemented a policy requiring all Vizient contracted suppliers to report their Tier II spend (percentage of spend with diverse suppliers, contractors and subcontractors) quarterly through the Supplier Diversity Connection Portal.

Looking ahead

With the many benefits our supplier diversity program brings, we will continue to expand and grow the program, our outreach and supplier support. In 2019, Vizient will focus on:

- Enhancing Supplier Connection to provide further value and access to members and suppliers
- Expanding the Regional Contracting Pilot to further impact local communities and connect local diverse suppliers with Vizient members
- Implementing Tier II requirements in contracts to increase opportunities for diverse suppliers among Vizient contracted suppliers and achieve members Tier II reporting goals

About this report

GRI content index

General Standard Disclosures

GRI Indicator	Description	Location
Organizational Profile ↑		
102-1	Name of the organization	Vizient Inc.
102-2	Activities, brands, products, and services	What we do
102-3	Location of headquarters	Contact us
102-4	Location of operations	United States
102-5	Ownership and legal form	Vizient membership
102-6	Markets served	United States
102-7	Scale of the organization	Vizient is a privately-held company and does not publicly report this information.
102-8	Information on employees and other workers	Vizient is a privately-held company and does not publicly report this information.
102-9	Supply chain	Procurement practices
102-10	Significant changes to the organization and its supply chain	About us
102-11	Precautionary Principle or approach	Vizient does not address the precautionary principle.
102-12	External initiatives	Stakeholder engagement
102-13	Membership of associations	Stakeholder engagement
Strategy ↑		
102-14	Statement from senior decision-maker	CEO letter
Ethics and Integrity ↑		
102-16	Values, principles, standards, and norms of behavior	Adhering to the highest standards of integrity and transparency
Governance ↑		
102-18	Governance structure	Governance ; Operating with integrity
Stakeholder Engagement ↑		
102-40	List of stakeholder groups	Stakeholder engagement
102-41	Collective bargaining agreements	Vizient does not have unionized labor.
102-42	Identifying and selecting stakeholders	Stakeholder engagement ; Materiality
102-43	Approach to stakeholder engagement	Stakeholder engagement ; Materiality
102-44	Key topics and concerns raised	Materiality
Reporting Practices ↑		
102-45	Entities included in the consolidated financial statements	As a private company, Vizient does not publicly disclose our financial statements, nor the entities within our operational control.
102-46	Defining report content and topic Boundaries	Materiality

102-47	List of material topics	Materiality
102-48	Restatements of information	None
102-49	Changes in reporting	This is Vizient's second Corporate Responsibility report. Part of Vizient was previously VHA, and VHA released its last report in 2013.
102-50	Reporting period	About this report
102-51	Date of most recent report	This is Vizient's second Corporate Responsibility report. Part of Vizient was previously VHA, and VHA released its last report in 2013.
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Terri Scannell, Sr. Social Responsibility Director
102-54	Claims of reporting in accordance with the GRI Standards	About this report
102-55	GRI content index	GRI content index
102-56	External assurance	The data in this report has not been externally assured.

Specific Standard Disclosures

GRI Indicator	Description	Location	Omissions
Economic Standards ↑			
GRI 201: Economic Performance			
103-1	Explanation of the material topic and its Boundary	Creating value Boundary: Vizient, Our Members, GPO Suppliers, Industry Associations, Payers, Patients	
103-2	The management approach and its components	Creating value	
103-3	Evaluation of the management approach	Creating value	
201-1	Direct economic value generated and distributed	Vizient is a privately-held company and does not publicly report its financial data. Our Vizient Playbook describes how we create value and outlines our goals.	
Environmental Standards ↑			
GRI 308: Supplier Environmental Assessment			
103-1	Explanation of the material topic and its Boundary	Procurement practices Boundary: Vizient, Our Members, GPO Suppliers	
103-2	The management approach and its components	Procurement practices	
103-3	Evaluation of the management approach	Procurement practices	
	Number of products with environmentally-preferred attributes	Procurement practices	
Social Standards ↑			
GRI 404 Training and Education 2018			
103-1	Explanation of the material topic and its Boundary	Employee attraction, engagement and development Boundary: Vizient and Our Employees	
103-2	The management approach and its components	Employee attraction, engagement and development	
103-3	Evaluation of the management approach	Employee attraction, engagement and development	
404-1	Average hours of training per year per employee	Employee attraction, engagement and development	
404-2	Programs for upgrading employee skills and transition assistance programs	Employee attraction, engagement and development	
404-3	Percentage of employees receiving regular performance and career development reviews	Employee attraction, engagement and development 100% of employees	
GRI 405: Diversity and Equal Opportunity 2018			
103-1	Explanation of the material topic and its Boundary	Inclusion and diversity Boundary: Vizient, Our Employees and Our Suppliers (See Procurement Practices – Supplier Diversity)	
103-2	The management approach and its components	Inclusion and diversity	
103-3	Evaluation of the management approach	Inclusion and diversity	

405-1	Diversity of governance bodies and employees	Inclusion and diversity
GRI 413: Local Communities 2018		
103-1	Explanation of the material topic and its Boundary	Community outreach Boundary: Vizient, Our Employees and Our Local Communities
103-2	The management approach and its components	Community outreach
103-3	Evaluation of the management approach	Community outreach
	Total amount of donations	Community outreach
GRI 415: Public Policy 2018		
103-1	Explanation of the material topic and its Boundary	Adhering to the highest standards of integrity and transparency Boundary: Vizient and Our Members
103-2	The management approach and its components	Adhering to the highest standards of integrity and transparency
103-3	Evaluation of the management approach	Adhering to the highest standards of integrity and transparency
415-1	Political contributions	Adhering to the highest standards of integrity and transparency