

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

BOARD POLICY NO. 126

SUBJECT: DIRECTORS AND EMPLOYEES
CONFIDENTIALITY AND NON DISCLOSURE AGREEMENT

I. OBJECTIVE

In recognition of a compelling need for confidentiality, all Directors and Employees shall acknowledge the position of special trust and confidence that access to Cooperative information and operations affords them. This shall be a condition of Board service and employment, and shall be recognized and signed prior to the commencement of either.

II. CONTENT

1. All Directors and Employees, or anyone operating on their behalf will not disclose or use, in any manner, any confidential or proprietary information or material held by the Cooperative. Exception shall be made as follows:
 - a. as required to do so in order to conduct the business of the Cooperative in its ordinary course of business,
 - b. expressly authorized to do so by the Company, in writing, or by Board Policy,
 - c. expressly ordered to do so by a court of law.
2. All Directors and Employees agree, upon ending their association with the Cooperative, to deliver promptly to the Cooperative all documentary and other materials related to the Cooperative, and all copies and electronic or photocopies thereof, within his/her custody or control and within the custody/control of anyone operating on his/her behalf produced or obtained in the course of his/her employment, contract or election, or in the course of discussions with Cooperative personnel.
3. Directors and Employees further agree that, if any person or entity requests, subpoenas, or otherwise attempts to obtain confidential or proprietary information or materials relating to the Cooperative within his/her custody or control, or within the custody or control of anyone operating on his/her behalf, he/she shall notify the Cooperative immediately and will cooperate fully in any legal action by the Cooperative seeking protection against disclosure, on the understanding that the Cooperative will bear reasonable costs of attorney's fees and expenses incurred by him/her in connection with the action. Confidential or proprietary information will be dispensed solely by the Cooperative, in accordance with existing policy and upon the advice of Cooperative Legal Counsel.
4. The undersigned further agrees to and hereby does assign to the Cooperative, all right, title, and interest in any royalty or remuneration or anything else of value, that he/she or any operating on his/her behalf may acquire as a result of any disclosure or use of information or material in breach of this agreement. This assignment does not limit any other remedy to which the Cooperative may be entitled.

III. EXPLANATION OF TERMS AS USED IN THIS AGREEMENT

1. The term "confidential and proprietary information or material" means all information or material that is not in the public domain and that is disclosed or otherwise made available by the Cooperative to Directors and Employees; or that comes to the attention of Directors and Employees in the course of his/her employment or Director's duties with the Cooperative; and specifically includes, but is not limited to:
 - a. The nature of discussions or other communications between he/she and the Cooperative with regard to an employment or contract agreement, and

- b. The Cooperative's organization, finances, financial structure, and financial condition; assets and liabilities; Directors, Officers, Employees, Members; and
- c. The Cooperative's operations, interests, and plans (including, among other matters, information material concerning business practices and procedures, competitive position, trade secrets, product concepts, designs, blueprints, plots and drawings; research and test results, practical and theoretical knowledge and techniques; production capacity and equipment; product development plans; technical, manufacturing, marketing, distribution, and pricing approaches; material sources and costs; land acquisitions and development plans and costs, building acquisitions and renovation plans and costs, and resale or other disposition plans and prices; financing plans, arrangements, and activities; and customers and clients; and
- d. The Cooperatives ability to provide protection, or its efforts to provide protection against unlawful activities directed against the Cooperative 's assets or against it's Directors, Officers and Employees.
- e. The term "anyone operating on his/her behalf" means any person or entity subject to his/her supervision (including any associate, employee, contractor, agent or representative of the Director or Employee who is not an employee of the Cooperative but who may have access to confidential or proprietary information relating to the Cooperative.

IV. EFFECT OF BREACH

Each Director and Employee realizes that a breach of this Agreement would cause substantial harm to the operations, business and goodwill of the Cooperative.

V. REMEDIES

Directors and Employees shall be made aware of this policy and shall acknowledge same by signing and dating a copy of this policy. Penalty for breach of this agreement can result in disciplinary action, up to and including termination of employment or expulsion from the Board (By action of the Board, upon the advice of Legal Counsel. The Cooperative may obtain preliminary and permanent court injunctions to stop the breach, and may also sue to recover from the Employee or Director an amount equal to the damages caused by the breach and the revenues he/she or anyone operating on his/her behalf derived from the breach, together with all costs and expenses, including attorney's fees, incurred by the Cooperative in taking such actions. If the Cooperative formally initiates the legal action but is unsuccessful in obtaining legal relief for an alleged breach of this agreement by the Director or Employee, then he or she shall be entitled to recover costs and expenses incurred in the defense of such action, including his/her reasonable attorney's fees.

VI. SCOPE

All Employees and Directors must be aware of and adhere strictly to this policy. Directors and Staff or certain employees may be required to sign a code of Confidentiality for other Cooperative related organizations, upon advice of Cooperative Legal Counsel.

VII. RESPONSIBILITY

It shall be the duty of the Cooperative's Legal Counsel to insure that the provisions of this policy are not taken lightly and are carried out in accordance with state and federal law. It shall be the duty of all Directors and Employees to alert the President and CEO and/or Legal Counsel if a breach of this policy is suspected.

Roger Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

Date Adopted: 08/26/11
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