

Board Policy Manual for Emerson Health System, its Affiliates and Emerson Hospital

Board Policy No. 7

Subject: Confidentiality

Effective Date: March 27, 2007
Updates: May 26, 2009, December 21, 2010
November 27, 2012, September 23, 2014

Policy Statement

Purposes

Covered Persons (as defined below), who are subject to this Confidentiality Policy, have a duty of loyalty to the Corporation. They have a duty to protect and preserve the confidentiality of corporate information, including, but not limited to, proprietary, trade secret, personal, privileged, or otherwise sensitive data and information (collectively, "Confidential Information").

This Confidentiality Policy is adopted for Emerson Health System and its Affiliates, including Emerson Hospital (collectively, the "Corporation"). This Confidentiality Policy is adopted in order to assure: (i) a uniform confidentiality policy for Covered Persons and (ii) effective communication and decision making regarding confidentiality.

Definitions

As used in this policy, the term:

- i. "Covered Persons" refers to Directors and Officers of the Corporation or its affiliate corporations; senior management and members of the Leadership Group of the Corporation; and other employees of, or physicians associated with, the Corporation who are in a position regularly to attend meetings of any of the boards of the Corporation (the "Board") or any Board committee; voting members of any Board committee; and any other person that the Board may designate as a "Covered Person".
- ii. "Affiliate" means any entity controlled by or under common control with Emerson Health System or Emerson Hospital.

Policy

1. Covered Persons shall be given access to Confidential Information for corporate purposes only and may not use or disclose Confidential Information for any purposes other than to conduct the business of the Corporation in a manner consistent with its charitable mission and corporate compliance plan.
2. Covered Persons shall not disclose, share, copy, or transmit Confidential Information to those not authorized to receive it. Neither shall they share user names, passwords or pin numbers for the Board Portal or other information systems of the organization.

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3. At all times, Covered Persons shall protect the integrity, security, and confidentiality of Confidential Information to which they may have access or come into contact or which could be used in any reasonable way to negatively impact the Corporation, its reputation, strategic position, or operations. Covered Persons must not share Confidential Information with individuals who do not serve on the Board on which they serve. There may be some cases in which the Covered Person must not share information with those who are not serving on a confidential committee or task force.
4. Information shall not be considered Confidential Information if it: (i) is publicly known other than through acts or omissions attributable to the disclosing party; (ii) as demonstrated by prior written records, is already known to the disclosing party at the time of the disclosure; (iii) is disclosed in good faith to a recipient party by a third party having a lawful right to do so; (iv) is subject of written consent of the Corporation authorizing disclosure; or (v) was independently developed by the disclosing party without reference to the Corporation's Confidential Information.

Procedure

1. Not later than thirty (30) days prior to the annual meeting of the Corporation (or at such other time as the Board may determine from time to time), the President and CEO (the "CEO") shall, in writing, advise each Covered Person of this Policy, provide a copy of this Policy, and request that each Covered Person read, sign and submit to the Chair the Confidentiality Agreement Form. The Confidentiality Agreement Form may be modified from time to time by the Board. The Confidentiality Agreement Form currently in effect as of the date of adoption of this Policy is attached hereto as Exhibit 1.
2. Each Covered Person shall submit the completed Confidentiality Agreement Form by the date of the annual meeting of the Board (or within such other period as the Board may determine from time to time).
3. The Chair of a Board Committee or Task Force is responsible for identifying and communicating to its members any situations in which highly confidential information must not be shared outside of the Committee's or Task Force's membership.
4. Any action by a Covered Person in violation of this policy may subject such individual to disciplinary action, including removal from the Board and/or termination. The Chair of the Board shall be responsible to address violations of the terms of the confidentiality agreement and to take action to remedy an initial infraction, unless he or she deems such infraction to be substantially harmful to the Corporation. Upon the occurrence of a second or subsequent infraction, or of an initial infraction that the Chair deems to be substantially harmful to the Corporation, action will be taken by the Board upon recommendation of the Chair. This may include disciplinary action up to and including dismissal, subject to the terms of any applicable employment agreement with the Corporation. If the Covered Person is a member of a board of the Corporation but not an employee of the Corporation, the Covered Person may be removed in accordance with the applicable By-Laws.

5. Covered Persons will be granted access to General Counsel through the Compliance Officer of the Corporation for any questions they may have with respect to the application of this Policy in general, or whether a particular item is Confidential Information.

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Renewed: May 26, 2009,
Amended: December 21, 2010**

**Exhibit 1: Signature Form for
Confidentiality Agreement**

**PLEASE RETURN BY JANUARY 15TH TO: OFFICE OF THE PRESIDENT
EMERSON HEALTH SYSTEM, INC.
133 ORNAC
CONCORD, MA 01742**

Failure to complete and return this form is considered a violation of this policy.

My Name _____

I recognize the importance attached by the Board to confidentiality with respect to the affairs of the Corporation. I acknowledge that I am a Covered Person, as defined in the Confidentiality Policy, subject to the terms of the Policy. In light of this acknowledgment, I agree to keep confidential, both during and after service as a Covered Person, all information acquired pertaining to the Corporation and any related activities in the course of serving as a Covered Person and attending meetings of any boards or committees of the Corporation. This Agreement pertains to information in the following categories, and such additional categories of information as the Board may from time to time determine:

- Appointment and reappointment of professionals to the medical staff of the Corporation;
- Information included in quality, employee engagement, physician surveys and patient satisfaction reports;
- Information included on the Board Portal from current and past Board and Committee meetings; corporate documents; emails and discussions among board members; surveys and votes by board members; and other documents and reports provided to board members;
- Statistical data about the provision of clinical services to patients by the Corporation, the Corporation's risk management activities, and the malpractice experience of the Corporation or of any individual professional associated with the Corporation;
- Review of attitudes and opinions of the Corporation's board members, employees, physicians and patients;
- The Corporation's strategic plans, all information related to the implementation of the strategic plans and to measuring progress made toward meeting the goals of the

strategic plans, and all information related to the competitive position of the Corporation;

- The Corporation's financial information, including annual budgets, revenues, expenses, plans for program and staffing reductions, long-term capital expenditure plans and equipment purchases, and information regarding the Corporation's financial condition, such as debt, liquidity, return on investment, and profitability; and
- Employment information concerning the Corporation's executives, including performance evaluations, compensation, contract and employment conditions, and senior management succession plans.

I acknowledge that it is particularly important that Covered Persons recognize the sensitivity of information regarding peer review and other quality issues, physician recruitment plans, capital equipment decisions, real estate purchases, decisions regarding potential strategic affiliations, closures, mergers, marketing data, fund-raising information, and other strategic plans that may have an impact on the Corporation's negotiating and competitive position relative to other health care providers (both institutional and individual) in the Corporation's service area.

I agree that the Chair of the Board shall be responsible to address violations of the terms of this confidentiality agreement and to take action to remedy an initial infraction, unless he or she deems such infraction to be substantially harmful to the Corporation. I further agree that, upon the occurrence of a second or subsequent infraction, or of an initial infraction that the Chair deems to be substantially harmful to the Corporation, I agree to comply with any action taken by the Board upon recommendation of the Chair, which action may include disciplinary action up to and including my dismissal, subject to the terms of any applicable employment agreement that I have with the Corporation, or, if I am a member of a board of the Corporation but not an employee of the Corporation, that I may be removed in accordance with the applicable By-Laws.

Covered Person's signature

Date: _____

Print name