

# Exhibit to Agenda Item #2

Board Policy Committee and Special SMUD Board of Directors Meeting  
Wednesday, May 1, 2019, scheduled to begin at 5:30 p.m.  
Customer Service Center, Rubicon Room

# Strategic Direction 12 (SD-12) Ethics

## 2018 Board Monitoring Report

**PURPOSE:** Maintaining the public trust and confidence in the integrity and ethical conduct of the Board and SMUD employees is a core value. Therefore, to ensure the public interest paramount in all official conduct, the Board shall adopt and update, as necessary: a Conflict of Interest Code as required by State law. SMUD shall also maintain and enforce a code of conduct applicable to all employees.

Among other things, the code of conduct shall:

- a) Require high ethical standards in all aspects of official conduct.
- b) Establish clear guidelines for ethical standards and conduct by setting forth those acts that may be incompatible with the best interests of SMUD and the public.
- c) Require disclosure and reporting of potential conflicts of interest.
- d) Provide a process for (i) reporting suspected violations of the code of conduct and policies through multiple channels, including an anonymous hotline, and (ii) investigating suspected violations.

**SMUD is in full compliance with Strategic Direction SD-12**

# Integrity and Ethical Conduct

- ✓ **Require high ethical standards in all aspects of official conduct**
  - Administrative Policy - Ethics (5.02.03)
  - Management Procedure - Ethics (5.02.03.100)
- ✓ **Establish clear guidelines for ethical standards and conduct by setting forth those acts that may be incompatible with the best interests of SMUD and the public**
  - Code of Business Ethics and Employee Conduct Booklet provided to all new employees upon hire and all contractors issued a SMUD identification badge

# Code of Conduct for All Employees

## Ethics Training

- Mandatory requirement for all SMUD employees.
- Employees are required to take the training every 2 years
- Refreshed for relevance on a regular schedule
- 99.9% compliant with required Ethics training in 2018

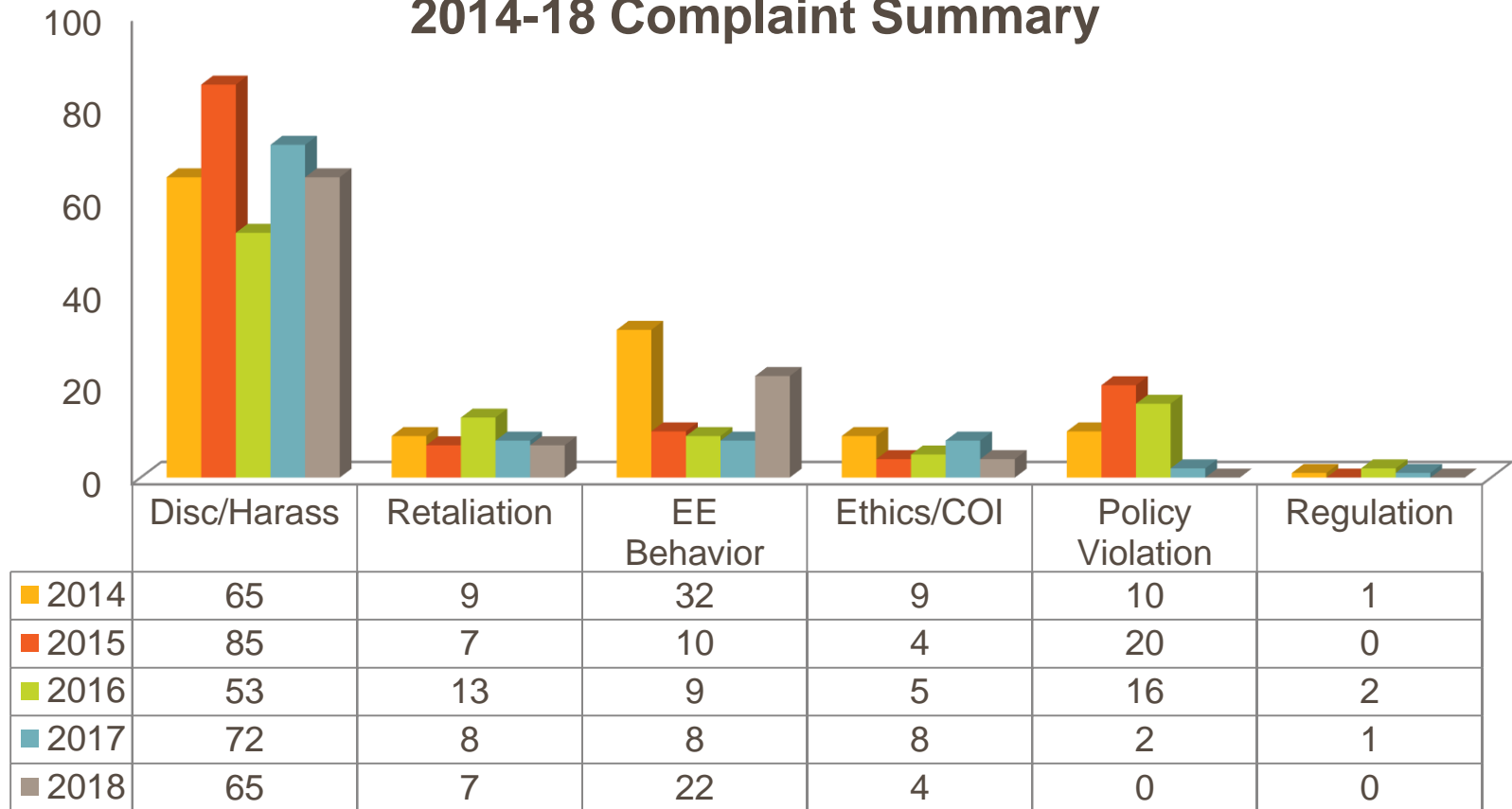
The image displays two side-by-side screenshots of the SMUD Ethics Training eLearning interface. The left screenshot is titled 'C-101: Ethics Training for Employees Module 1 Lesson 1 Violations'. It features a photograph of three business professionals (two men and one woman) in an office setting. The text on the right side of the screenshot discusses violations of the Code of Business Ethics and Employee Conduct, providing a link to download a copy of the Code and mentioning SMUD's Conflict of Interest Policy. The right screenshot is titled 'Module 3 Lesson 2 Policy Acceptance'. It features a photograph of a woman and a man looking at a laptop. The text on the right side of the screenshot asks the user to acknowledge that they are required to read the Code of Conduct and follow its standards, guidelines, and procedures. Below the text are radio buttons for 'Accept' and 'Reject', and a green 'Submit Response' button. Both screenshots include a progress bar at the bottom and a copyright notice for Inspired eLearning, Inc. (2003-2014).

# Conflict of Interest Code

- ✓ **Require disclosure and reporting of potential conflicts of interest**
  - Employees in specified job classifications are required to complete an annual Conflict of Interest Statement.
  - 98.7% of the annual Conflict of Interest Statements filed by the time this report was finalized.
- ✓ **Provide a process for reporting suspected violations of the code of conduct and policies through multiple channels, including an anonymous hotline**
  - Fair Employment or Labor Relations Office
  - Auditor's Office
  - General Counsel's Office
  - Ethics and Compliance Hotline

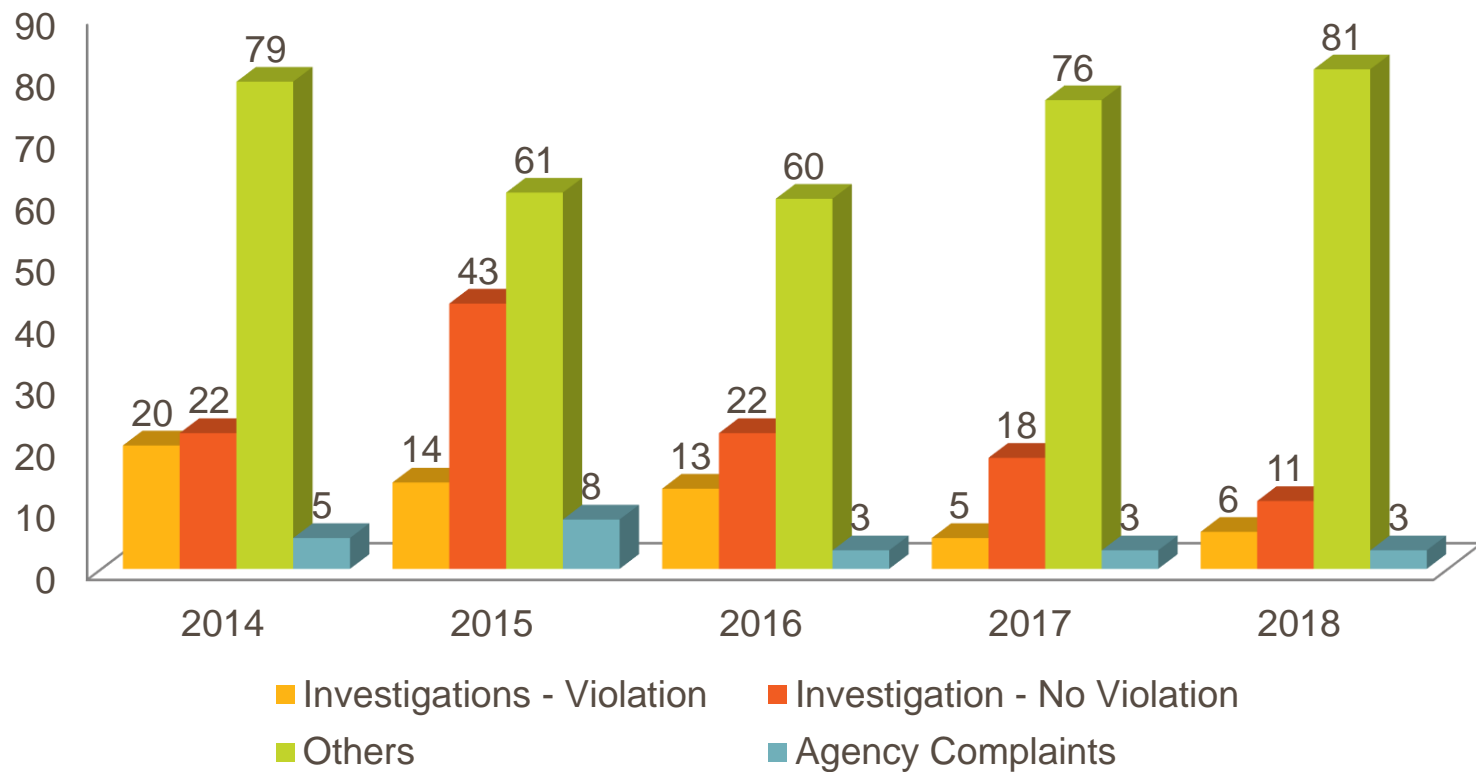
# Suspected Violations

## 2014-18 Complaint Summary



# Suspected Violations Outcomes

## 2014-18 Complaint Outcome Summary



# 2018 Suspected Violations Outcomes

	Discrimination/ Harassment	Retaliation	EE Behavior	Ethics/COI	Policy Violation	Regulation	Total
Violation	6	0	0	0	0	0	6
No Violation	11	0	0	0	0	0	11
Other	48	7	22	4	0	0	81
Total	65	7	22	4	0	0	98

**Note:** “Other,” involved complaints about inappropriate behavior which did not indicate a potential Nondiscrimination, Anti-Harassment and Non-Retaliation Policy violation and were either closed with the complainant as a consult without investigation or were referred to management or Labor Relations for guidance or to address appropriately.



# Requested Action

- Accept the 2018 Board Monitoring Report for SD-12, Ethics.