

Exhibit to Agenda Item #8

Board Finance & Audit Committee Meeting and Special SMUD Board of Directors Meeting

Tuesday, March 19, 2019 scheduled to begin at 5:30 p.m.

Customer Service Center, Rubicon Room

Supply Chain Risk

- Overview of supply chain risk and how an SMUD's Enterprise Procurement Framework helps to manage [operational] risk.

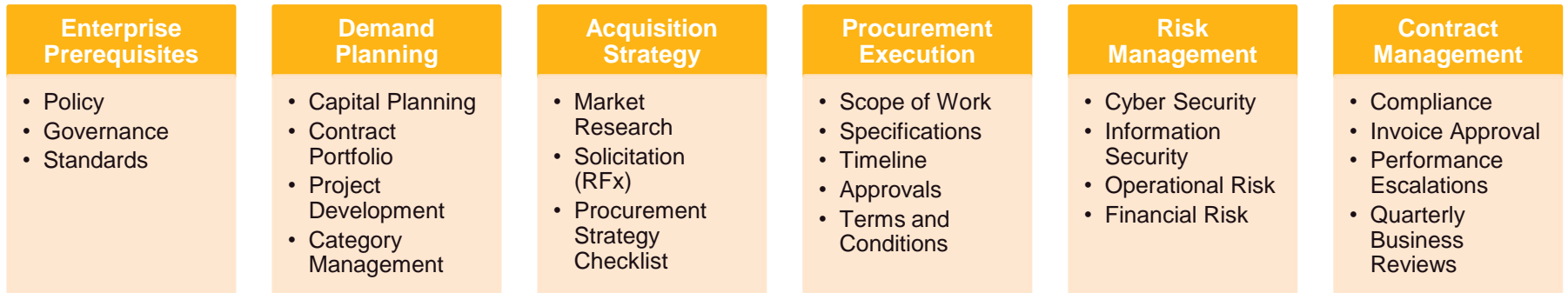
**Material
Lifecycle**

**Supply
Disruption**

Cyber Risk

Enterprise Procurement Framework

- Not a single action, a system to mitigate supply chain risk



Supply Chain Risk Mitigation

- Key process elements

Enterprise Prerequisites	Demand Planning	Acquisition Strategy	Procurement Execution	Performance & Risk Management	Contract Management
<ul style="list-style-type: none">• Policy• Governance• Standards	<ul style="list-style-type: none">• Capital Planning• Contract Portfolio• Project Development• Category Management	<ul style="list-style-type: none">• Market Research• Solicitation (RFx)• Procurement Strategy Checklist	<ul style="list-style-type: none">• Scope of Work• Specifications• Timeline• Approvals	<ul style="list-style-type: none">• Cyber Security• Information Security• Operational Risk• Financial Risk	<ul style="list-style-type: none">• Compliance• Invoice Approval• Performance Escalations• Quarterly Business Reviews

Procurement Policy

- Enterprise Policy establishes clear guidelines
- Policy and process compliance enables consistent oversight

Approval Process

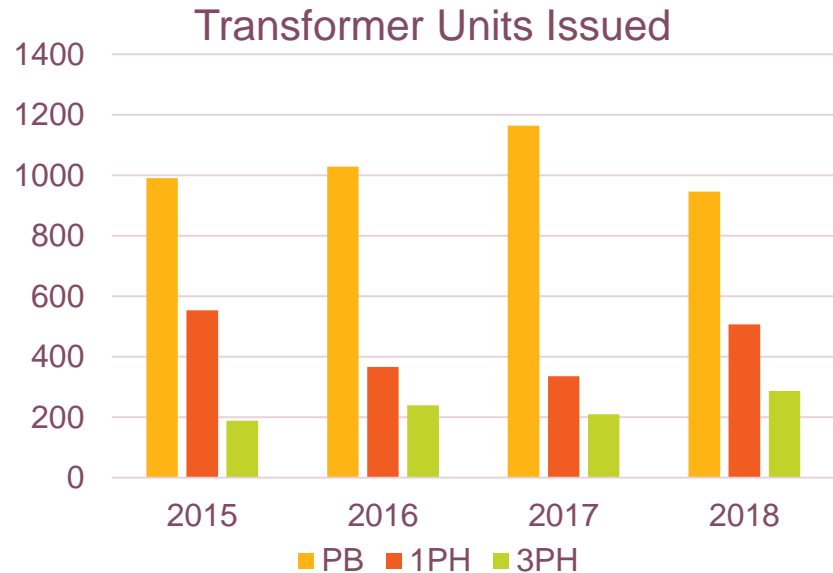
- Purchasing request and delegations
- Solicitation development and approval
- Supplier selection
- Contract approval

Contract Management

- Develop specifications and requirements
- Evaluate requirements and technical qualifications
- Compliance with contract provisions (oversight)

Supply Chain Risk Mitigation – Materials

- Critical Activity
 - Material Contracts Assessment
 - Standards Enforcement & Quality Testing
 - Material Planning & Forecasting



Supply Chain Risk Mitigation - Cyber

- CIP-13 SCRM

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FERC Order
No. 829
(2017)

SMUD CIP-13
SCRM Project
Development
(Oct. 2018)

SCRM Project
Collaboration with
Salt River Project
(March 2019)

Large Public
Power Council
(LPPC) Supply
Chain Workshop,
SMUD
Presentation
(May 2019)

CIP-13 SCRM
Program
Compliance
(Mid-2020)