Exhibit to Agenda Item # 2

Accept the monitoring report for **Strategic Direction SD-8, Employee Relations**.

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

Wednesday, August 19, 2020, scheduled to begin at 5:30 p.m.
Developing and maintaining a high quality, diverse and inclusive workplace that engages and inspires employees to commit to SMUD’s purpose, vision and values is a core value of SMUD.

SMUD is committed to diversity and inclusion and will foster and support a workplace that values employees representing a variety of backgrounds, including but not limited to, race, ethnicity, gender, gender identification and/or expression, sexual orientation and identification, national origin, age, physical abilities, veteran status, socio-economic status, life experiences, talents, and thinking styles.

Therefore:

a) SMUD shall attract and retain a highly qualified and diverse workforce.

b) SMUD shall promote inclusion and diversity and engage its workforce in activities that demonstrate and support inclusion and diversity across the organization.

c) SMUD shall engage its workforce in personal and professional development.

d) SMUD’s percentage of engaged employees as measured through the Engagement Index shall exceed 80%.

e) SMUD shall use a broad mix of communication and outreach channels to ensure its recruitment activities reflect the diversity of the communities it serves.

f) SMUD shall maintain and communicate written policies that define procedures and expectations for staff and provide for effective handling of grievances.

g) Annually, and consistent with State and Federal law, the Board shall receive a report detailing the demographics and trends of the SMUD workforce, the available workforce, and the Sacramento region. The report shall also provide information on veterans as a part of SMUD’s workforce.
Attract & Retain a Highly Qualified Workforce

- Improved Career Ambassador focus on diverse and underserved communities
- Facilitated improved cultural understanding with ongoing education and events
- 8.5% employee turnover rate ranked below 11.1% industry benchmark
- Supplemented field force education & development in response to industry trends
- Implemented procedural changes to address bias in hiring processes
Diversity & Inclusion Across the Organization

• 7 Employee Resource Groups supported 69 events and business initiatives in 2019

• Ongoing education and D&I embedment in business processes

• D&I Acceleration in 2020
  • Addition of Equity
  • Diversity Council
  • Expanded Corp Comm strategy
  • DEI program manager
  • Mandatory training for all employees
Workforce Personal & Professional Development

- 20 employees participated in local and regional development programs
- 150 employees utilized SMUD’s Educational Assistance Program in 2019 (10% increase)
- 2,487 individuals averaged 38 hours of training each (up from 33 hours in 2018)
Employee Engagement & Culture of Trust

- 86% response rate for 2019 pulse survey
- 87% of employees are engaged

Opportunities:
- Stronger communication and cascading information among senior leaders
- Improved trust and cross-functional collaboration

Response:
- Launched enterprise-wide Speed of Trust campaign
- Implemented RACI matrix for critical initiatives
- Increased meeting cadence for senior leaders
- Planned 2020 reboot of annual Leadership Summit

Fully Engaged
Key Contributor
Opportunity Group
Fully Disengaged

42% 45% 10% 3%
Diverse Outreach and Partnerships

- Participated in broad mix of employment-related events:
  - 5 female
  - 2 LGBTQ
  - 86 culture & ethnic
  - 25 low-income
  - 3 veteran; and
  - 2 disabled

- Received 1,695 college intern applications
- Hired 76 interns, increased # of minorities and females
- Hosted 25 High School interns over summer, 5 during school year

Funded endowments and awarded 1 scholarship each:
- Powering Hornets (CSUS)
- Powering Aggies (UCD)

Awarded 21 Powering Futures Scholarships

Funded 10 CSUS Hornet Leadership Program students from diverse backgrounds with critical IT majors
Policies for Effective Handling of Grievances

2019 Grievances

- Security
- Unrepresented
- IBEW
- OSE

<table>
<thead>
<tr>
<th>Year</th>
<th>Security</th>
<th>Unrepresented</th>
<th>IBEW</th>
<th>OSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>10</td>
<td>2</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>3</td>
<td>12</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>3</td>
<td>5</td>
<td>1</td>
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<tr>
<td>2018</td>
<td>4</td>
<td>8</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>2</td>
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</tbody>
</table>
**Workforce Demographics**

*Percentages may not add up to 100% due to rounding.*

**Tri-county demographics based on a civilian labor force, represent residents 16yrs+. Numbers exclude houseworkers, unpaid volunteers, institutionalized individuals, and U.S. Armed Forces active duty.*

<table>
<thead>
<tr>
<th>Population</th>
<th>Male</th>
<th>Female</th>
<th>Caucasian</th>
<th>African American</th>
<th>Hispanic</th>
<th>Asian</th>
<th>Native American</th>
<th>2 or more Races</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 SMUD Employees</td>
<td>66%</td>
<td>34%</td>
<td>59%</td>
<td>8%</td>
<td>14%</td>
<td>15%</td>
<td>0%</td>
<td>4%</td>
</tr>
<tr>
<td>2018 SMUD Employees*</td>
<td>66%</td>
<td>34%</td>
<td>60%</td>
<td>8%</td>
<td>14%</td>
<td>15%</td>
<td>0%</td>
<td>4%</td>
</tr>
<tr>
<td>2017 SMUD Employees*</td>
<td>67%</td>
<td>33%</td>
<td>61%</td>
<td>7%</td>
<td>13%</td>
<td>14%</td>
<td>1%</td>
<td>3%</td>
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<tr>
<td>Sacramento, El Dorado &amp; Placer Co.*</td>
<td>52%</td>
<td>48%</td>
<td>60%</td>
<td>7%</td>
<td>17%</td>
<td>13%</td>
<td>1%</td>
<td>3%</td>
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<tr>
<td>U.S.</td>
<td>53%</td>
<td>47%</td>
<td>67%</td>
<td>11%</td>
<td>15%</td>
<td>15%</td>
<td>1%</td>
<td>1%</td>
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<tr>
<td>2019 SMUD Veterans</td>
<td>92%</td>
<td>8%</td>
<td>55%</td>
<td>8%</td>
<td>16%</td>
<td>14%</td>
<td>0%</td>
<td>7%</td>
</tr>
<tr>
<td>2018 SMUD Veterans*</td>
<td>92%</td>
<td>8%</td>
<td>56%</td>
<td>8%</td>
<td>15%</td>
<td>14%</td>
<td>0%</td>
<td>6%</td>
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<tr>
<td>2017 SMUD Veterans*</td>
<td>91%</td>
<td>9%</td>
<td>59%</td>
<td>8%</td>
<td>14%</td>
<td>14%</td>
<td>0%</td>
<td>6%</td>
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<tr>
<td>CA Veterans</td>
<td>91%</td>
<td>9%</td>
<td>63%</td>
<td>9%</td>
<td>17%</td>
<td>7%</td>
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Recommendation

SMUD is in full compliance with Strategic Direction 8. We recommend acceptance of the SD-8 monitoring report.