

Exhibit to Agenda Item # 3

Accept the monitoring report for **Strategic Direction SD-12, Ethics.**

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Wednesday, August 19, 2020, scheduled to begin at 5:30 p.m.

Strategic Direction 12 (SD-12) Ethics

2019 Board Monitoring Report

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 is 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; and
- 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.



Integrity & 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)

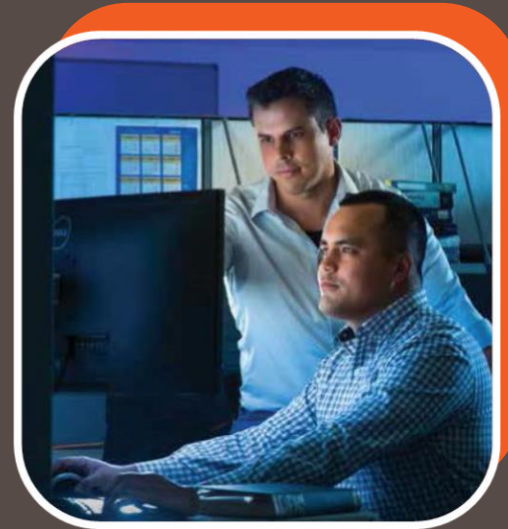
Establish clear guidelines for ethical standards and conduct by setting forth those acts that may be incompatible with the best interests of SMUD and the public

- 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 is a mandatory requirement for all employees
- Employees are required to take the training every 2 years
- 99.7% compliant with 2019 Ethics training



Ethics Reporting



Require disclosure and reporting of potential conflicts of interest

- Employees in specified job classifications are required to complete an annual Conflict of Interest Statement.
- 100% of the annual conflict of interest statements received

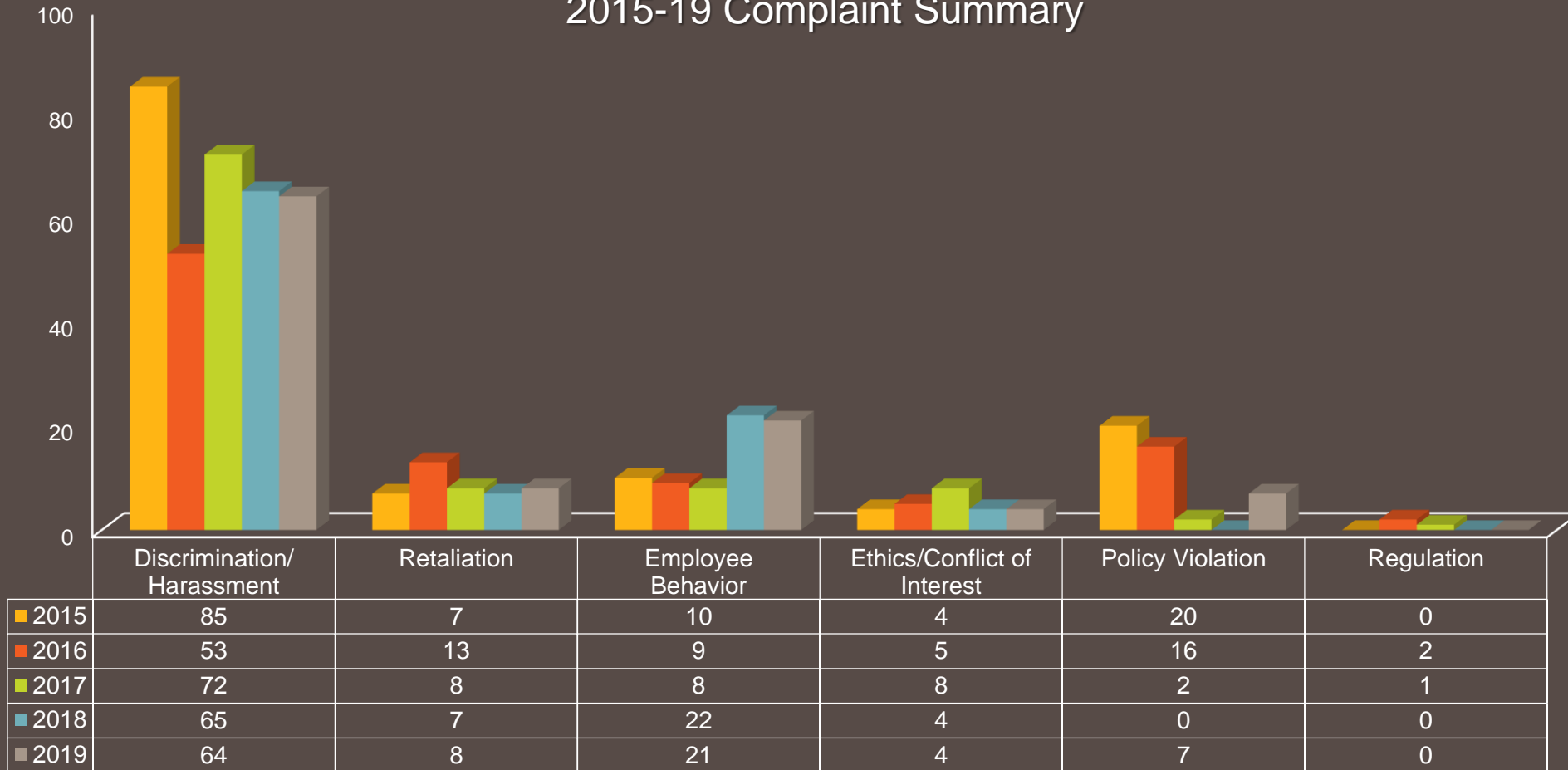


Provide multi-channel process for reporting suspected Code of Conduct and policy violations

- An employee's management or any member of management
- Fair Employment or Labor Relations Office
- Auditor's Office
- Legal/General Counsel's Office
- Ethics and Compliance Hotline

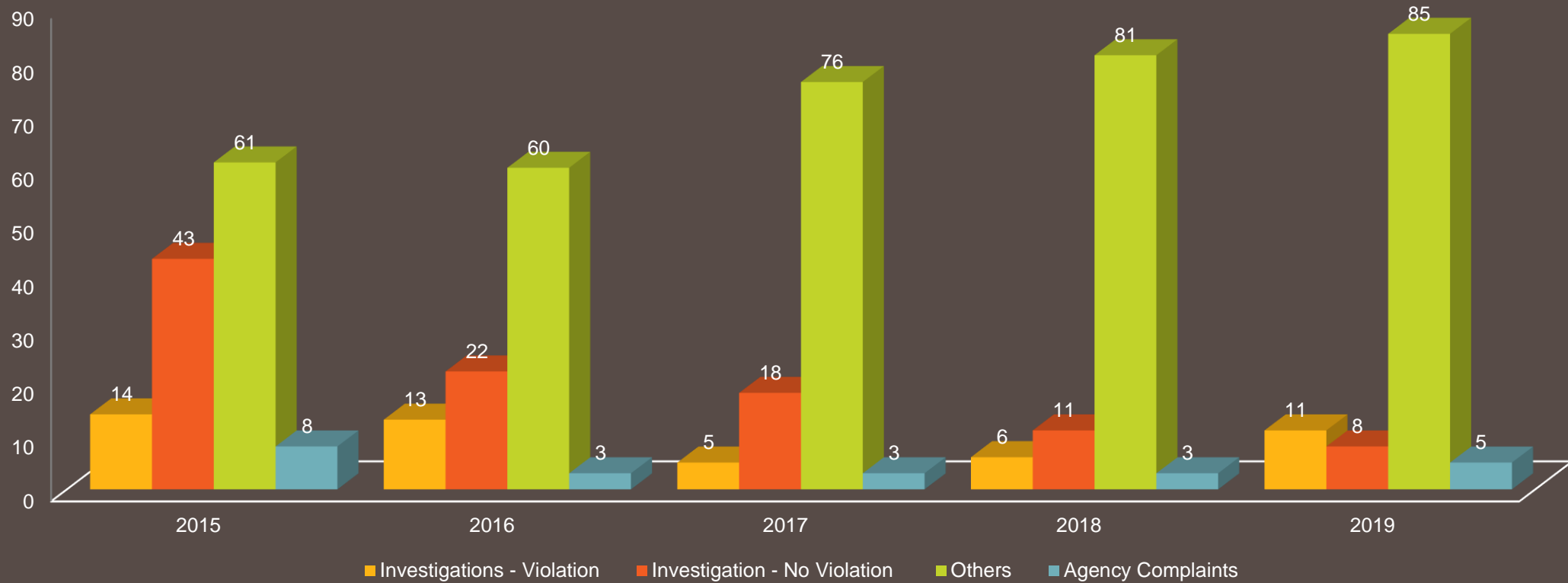
Suspected Violations Reporting

2015-19 Complaint Summary



Suspected Violations Outcomes

2015-19 Complaint Outcome Summary



2019 Suspected Violations Outcomes

	Discrimination/ Harassment	Retaliation	Employee Behavior	Ethics/Conflict of Interest	Policy Violation	Regulation	Total
Violation	11	0	0	0	0	0	11
No Violation	6	1	0	0	1	0	8
Other	47	7	21	4	6	0	85
Total	64	8	21	4	7	0	104

Recommendation

SMUD is in full compliance with Strategic Direction 12.
We recommend acceptance of the SD-12 monitoring report.