

Exhibit to Agenda Item #8

Holistic Policy Review: Strategic Direction SD-10, Innovation; Strategic Direction SD-11, Public Power Business Model; and Strategic Direction SD-17, Enterprise Risk Management.

Board of Directors Meeting

Thursday, June 18, 2020, scheduled to begin at 5:30 p.m.

SD-10: Innovation

Delivering innovative solutions, products and services to our customers is a core value. To assure our long-term competitiveness, SMUD shall invest in research and development projects that support its core and key values, and integrate emerging technologies and new business models into SMUD's customer offerings in a way that balances risk and opportunity and benefit our customers and community.

Monitoring Method: GM Report
Frequency: Annual

Board member feedback:

Over-arching question: How do we evaluate whether the organization is achieving these goals?

- How does staff measure compliance – and report on it?
- Are there additional measures that Board members would like to see?

SD-11: Public Power Business Model

Supporting and strengthening the public power business model is a core value. Local decision making and flexibility are essential to effective and responsible local governance. Community-owned utilities are primarily accountable to their customers, not stockholders. Community citizens have a direct voice in public power decisions.

Preservation of this business model is vital to ensure public power systems continue to provide innovative solutions tailored to best meet the needs of their customers and communities.

Monitoring Method: GM Report
Frequency: Annual

Board member feedback:

Over-arching question: How do we evaluate whether the organization is achieving these goals?

- How does staff measure compliance – and report on it?
- Are there additional measures that Board members would like to see?

SD-17: Enterprise Risk Management

Effectively balancing and managing risk to further SMUD's policies and business goals is a core value of SMUD.

Therefore: SMUD will implement and maintain an integrated enterprise risk management process that identifies, assesses, prudently manages and mitigates a variety of risks facing SMUD, including financial, supply, operational, physical and cyber security, climate change, legal, legislative and regulatory, and reputational risk.

Monitoring Method: GM Report

Frequency: Annual

Board member feedback:

- What questions do Board members have?
- Discussion