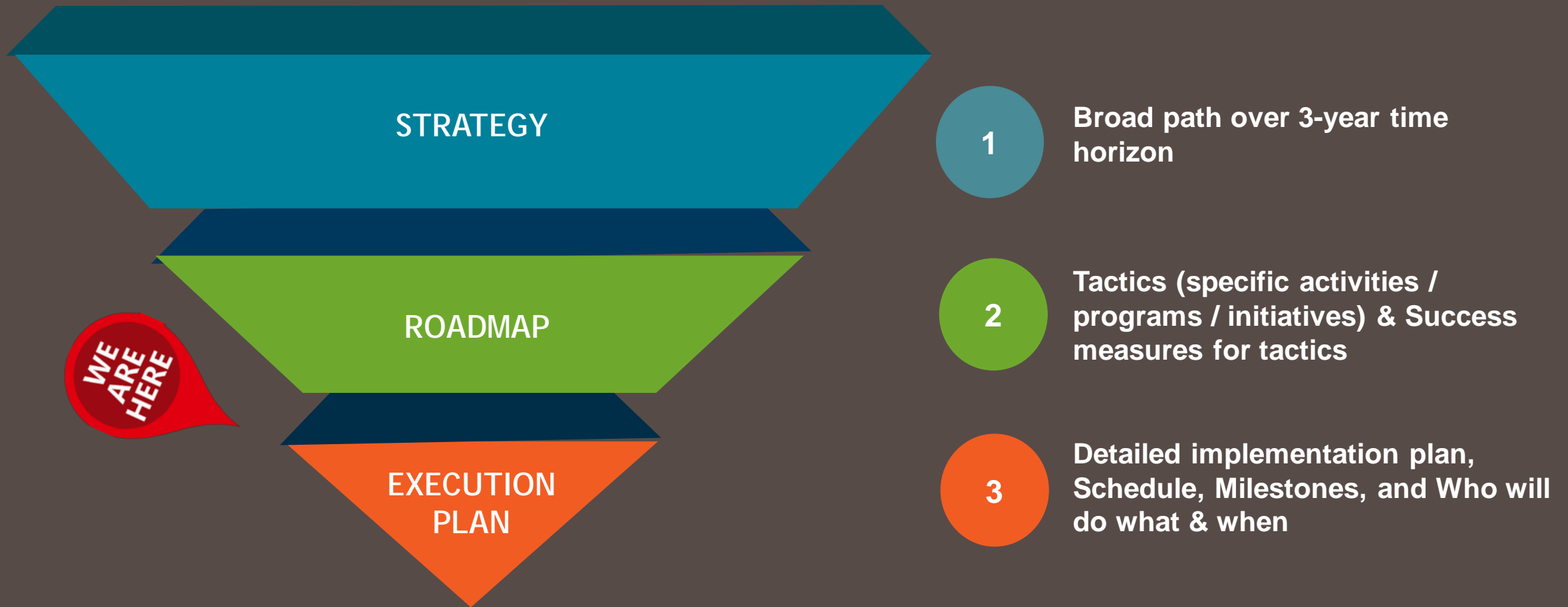# Exhibit to Agenda Item #1

DE&I Strategy Update

Board Strategic Development Committee and Special SMUD Board of Directors Meeting
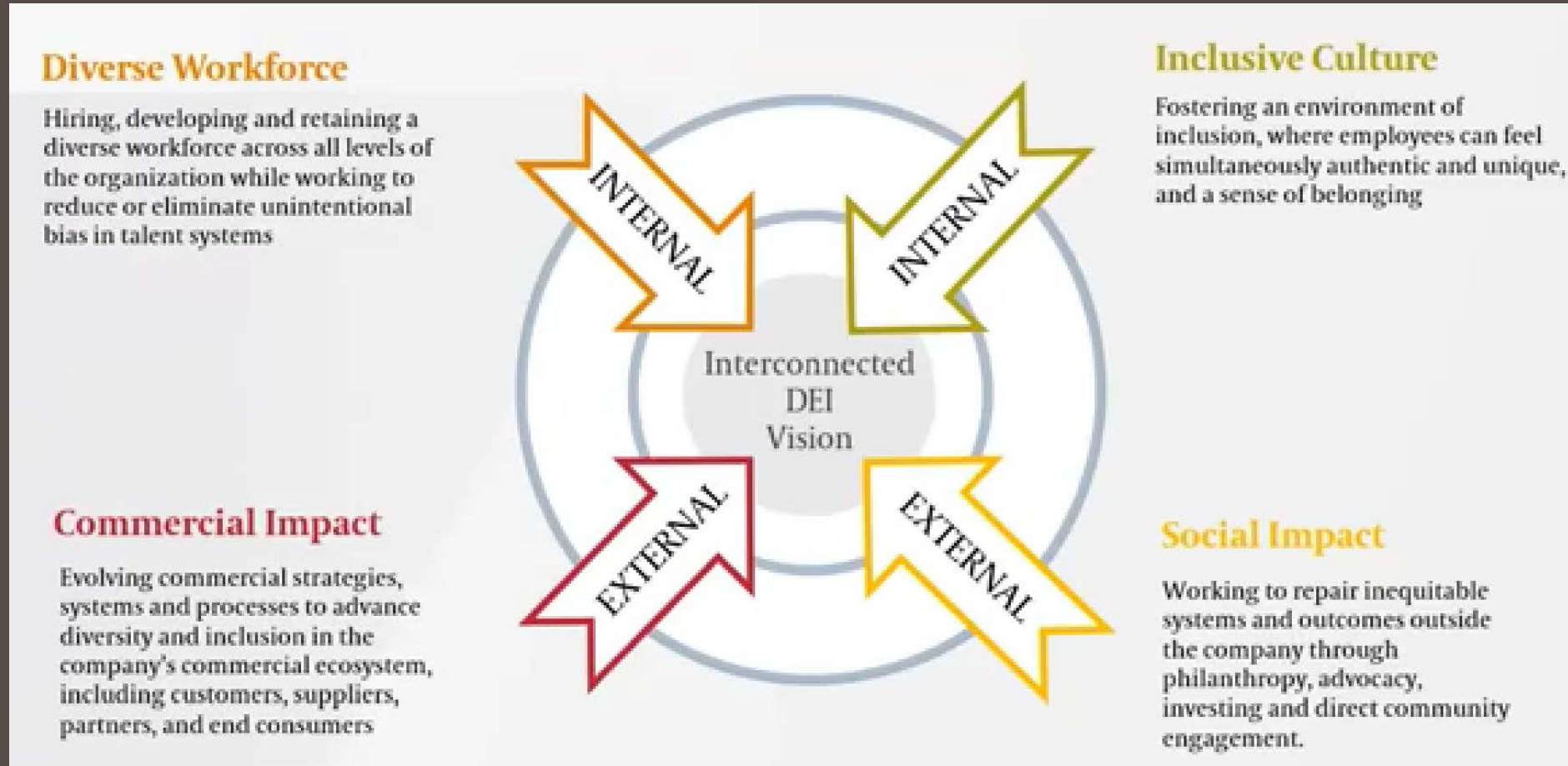
Tuesday, February 8, 2022, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

Powering forward.
Together.

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Strategy Through Execution

STRATEGY

ROADMAP

WE ARE HERE

EXECUTION PLAN

1 — Broad path over 3-year time horizon

2 — Tactics (specific activities / programs / initiatives) & Success measures for tactics

3 — Detailed implementation plan, Schedule, Milestones, and Who will do what & when

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Scope of CDO Role, DE&I Strategy & Team Focus

Diverse Workforce

Hiring, developing and retaining a diverse workforce across all levels of the organization while working to reduce or eliminate unintentional bias in talent systems

Inclusive Culture

Fostering an environment of inclusion, where employees can feel simultaneously authentic and unique, and a sense of belonging

INTERNAL
INTERNAL

Interconnected DEI Vision

EXTERNAL
EXTERNAL

Commercial Impact

Evolving commercial strategies, systems and processes to advance diversity and inclusion in the company's commercial ecosystem, including customers, suppliers, partners, and end consumers

Social Impact

Working to repair inequitable systems and outcomes outside the company through philanthropy, advocacy, investing and direct community engagement.

Source: Egon Zehnder

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What is DEI?

Diversity is the presence of differences.

Equity is ensuring everyone has access to the same opportunities.

Inclusion is about what we do to have different people feel welcome and valued.

What it's not

- It's not about lifting someone up at the expense of another.
- It's not about filling a quota.
- It's not about politics in any way, shape or form.

Accomplishments and what we're working on

DE&I team: Staffing new department

- Director
- Office Technician
- Sr. Analyst

DE&I strategy framework

- Developed by employees
- Focus areas
- Measurable goals
- Key tactics

Diversity, Equity, Inclusion and Belonging Advisory Council

- Wide cross-section of employees to give voice on key DE&I topics and decisions

Workforce demographics dashboard

- Shared with all employees
- Creates transparency

Review of people processes and programs
Benchmark SMUD's DE&I program

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DE&I Strategy Development & Rollout

WE ARE HERE

| Executive Input | WDI Input | Director-level Small Group Briefings | Senior Leader Input | Finalize Strategy & Roadmap | Enterprise Rollout |

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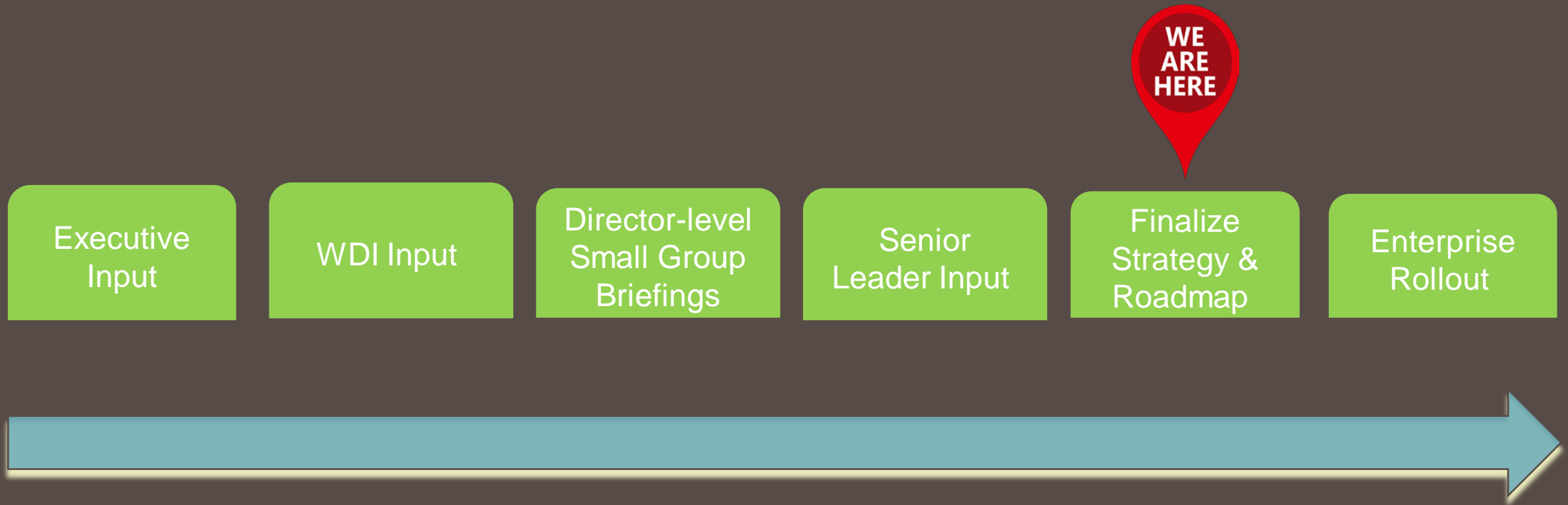
Equality vs. Equity

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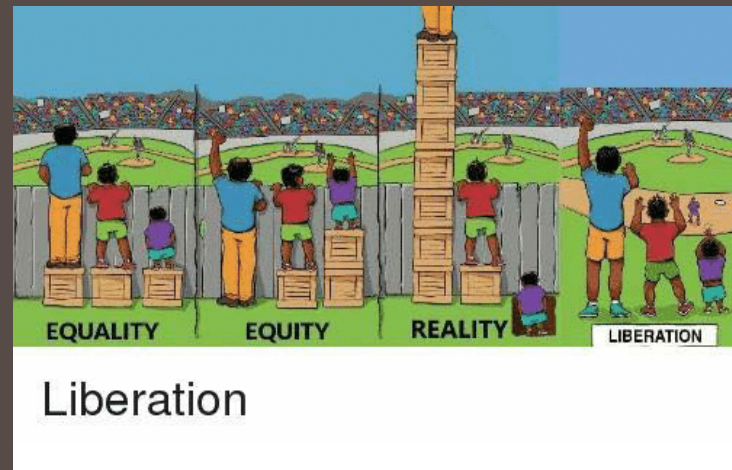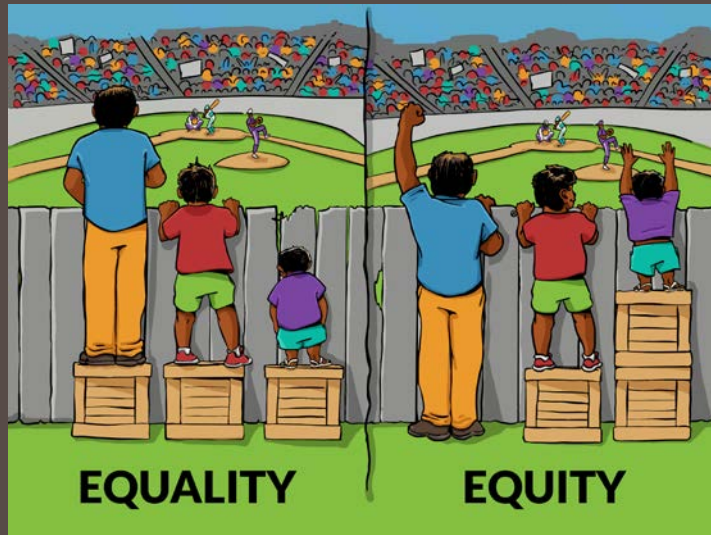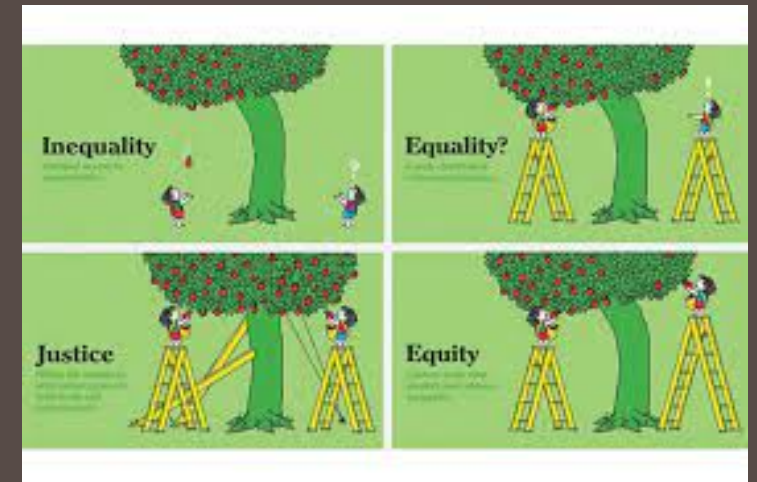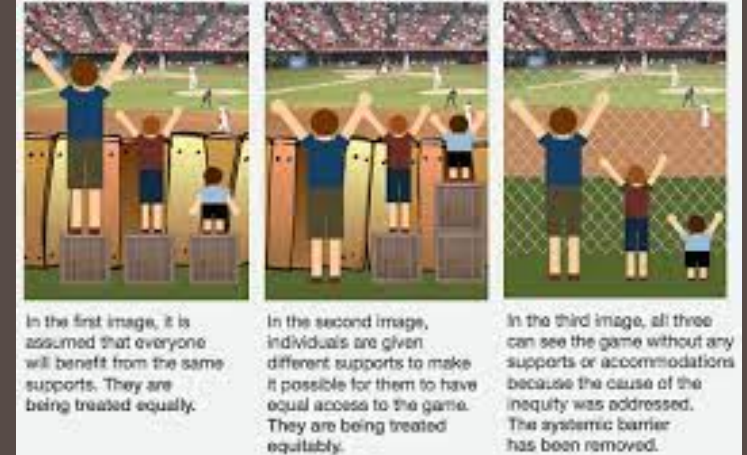
Equality

- Everyone receives the same sandwich
- Everyone receives an equal portion
- The sandwich maker has control/power over what is in the sandwich, no differentiation

7

Equity

- People have what they need to eat a meaningful meal, to feel whole
- Multiple strategies are used, not every meal is the same
- We support the people to make their own meal
- Accommodates for needs

6

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Equity is about:

▶ Recognizing people's unequal starting places and providing appropriate levels of support to achieve fair outcomes

▶ Examining inequities caused by institutional failures rather than solely placing responsibility on individuals' behaviors and conditions

▶ Improving policies that, even if they appear fair, may exclude or burden individuals or groups

▶ Sharing power, resources, and funding with underserved groups

▶ Eliminating all forms of discrimination and oppression

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DEI Strategy Framework

DEI Vision

SMUD celebrates diversity and inspires an inclusive culture based on trust and respect to create belonging and connection among our employees, customers and communities. By working together, we are powering positive, equitable outcomes for all.

DEI Mission

Create an innovative culture powered by trust, respect, & inclusion through the recognition and removal of systemic barriers leading to access, opportunity, and just outcomes.

Focus Areas

| Diverse Workforce | Inclusive Culture | Community Impact | Applying Equity |

Goals

Key Measures

Tactics / Activities

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Defining our Focus Areas (Priorities)

Diverse Workforce

Our workforce reflects the vast diversity of the communities we serve, and diverse perspectives are elevated and intentionally considered for integration into our work, while embracing difference, diversity of identity, experience, and thought.

Inclusive Culture

We value a culture of transparency as part of a collaborative, safe, ethical and inclusive work environment where our employees feel that they belong and can do the best work of their lives – *creating a truly innovative culture powered by trust and respect.*

Community Impact

We support a diverse and inclusive region in partnership with community by advancing the values of environmental and social justice, equity, and the dignity of the customers and communities we serve.

Applying Equity

We apply an equitable approach to our workforce and communities. We remove organizational barriers to ensure every individual regardless of demographic status can reach their full potential.

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Focus Area #1: Diverse Workforce

Goals

Increase the diversity of our applicant pools and have them reflect the community.

Develop awareness and training of DEI impacts on recruitment and promotions.

Increase underrepresented talent for both internal and external review, selection, development and retention.

Key Measures

M1: Increase diversity of our applicant pools to improve alignment with available workforce.

M2: All employees involved with hiring, promotions, & selection for employee development programs receive training to avoid implicit or unconscious bias in these processes.

M3: Increase participation of under-represented employees In development opportunities (i.e., mentoring and project assignments).

M4: Increase retention of under-represented employees.

Next Step – Tactics / Activities

In partnership with Sustainable Communities & Career Development and Learning expand internal and external outreach to attract diverse candidates for hiring and development.

Employees enroll in LinkedIn Learning Course on Unconscious Bias starting Q2 2022

Develop and implement new and expanded attract and retain strategies for critical roles and measure effectiveness.

Incorporate demographics data into Talent Acquisition to inform outreach strategy for all hiring.

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Focus Area #2: Inclusive Culture

Goals

Create and sustain data transparency	Create an environment where all employees feel psychological safety and a sense of belonging where they can thrive and perform at their best	Develop & emphasize accountability for a strong DEI culture.

Key Measures

M1: Share all aggregated data listed in the published workforce transparency matrix with employees annually to inform and support business strategy	M2: Demonstrated an annual improvement in Psychological Safety and Belonging	M3: Increase the percentage of employees who "agree" or "strongly" agree with questions related to diversity, equity & inclusion index on Engagement Survey.

Next Step – Tactics or Activities

Include additional demographic data to the dashboard that informs recruitment and promotions as well as strengthening workplace culture.	Utilize the DEIB Council to expand on baseline data (through qualitative data) through employee focus groups.	Create create pathways to advancement and growth through targeted mentorship programs; Increase variety of professional learning offerings to meet the needs of all employees. Use feedback from CEO meeting to shape additional activities.

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Focus Area #3: Community Impact

Goals

Pursue community-based partnerships to equitably engage underserved communities.	Encourage diversity, equity & inclusion in SMUD business activities, programs & incentives to foster sustainable participation throughout our community.	Ensure inclusive economic development by activating and distributing resources equitably among our communities for an equitable, inclusive, & clean energy future.

Key Measures

M1: Equitable regional workforce development training programs, curriculum, and partnerships developed in sustainable community targeted areas.	M2: Deploy equity index for diversity, equity, and inclusion evaluation for all existing & new programs & incentives.	M3: SMUD's investments to address opportunity gaps and improve access to essential community components achieve improvement.

Next Step – Tactics or Activities

Develop job training pipeline, internships, and workforce development programs in areas most likely underserved or distressed as defined by Sustainable Communities-Resource Priority Map	Utilize data from Sustainable Communities-Resource Communities Map to inform decisions and review processes to ensure representation and inclusion of all of our customers to improve impact and operational excellence.	Identify grant and funding opportunities for small business focused on clean energy, electrification, energy storage, and EV infrastructure improvements.

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Focus Area #4: Applying Equity

Goals		
Apply the concept of equity in SMUD's business areas.	Provide professional learning opportunities that increase awareness of equity key concepts.	Encourage equity in SMUD's business activities, programs, and incentives to foster sustainable participation throughout our community.

Key Measures		
	Under Development	

Next Step – Tactics or Activities		
	Under Development	

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DEI Strategy Roadmap 2022

SMUD celebrates diversity and inspires an inclusive culture based on trust and respect to create belonging and connection among our employees, customers and communities. By working together, we're powering positive, equitable outcomes for all.

Q1

Objective: Finalize Community of Practice & Align DEI Strategy Focus Areas
Steps:
- Finalize tactics, goals, and measures
- Develop baselines and benchmarks for Focus Area 4: Applying Equity
- Determine Focus Areas Leads
- Complete RACI* Model to identify Focus Area overlap
- Determine frequency & schedule Community of Practice meetings
- Create info share/marketing strategy to rest of enterprise

Q2

Objective: Determine current status on DEI Strategy Focus Areas
Steps:
- Assess tactics of Focus Areas
- Align efforts to achieve milestones
- Initiate Community of Practice

Q3

Objective: Check in on Focus Area Progress, determine Plan for remainder of 2022
Steps:
- Determine next steps for yearly goals/milestones
- Goal progress check in
- Review/update roles & responsibilities from RACI*.

Q4

Objective: Measure progress in 2022 and plan for 2023
Steps:
- Determine status and review tactics and milestones from 2022
- Develop tactics and milestones for 2023
- Develop community of Practice for 2023

* RACI = Responsible, Accountable, Consulted, and Informed

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Questions?

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