

Exhibit to Agenda Item #3

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

Board Policy Committee and Special SMUD Board of Directors Meeting
Wednesday, May 10, 2023, scheduled to begin at 6:00 p.m.
Auditorium, SMUD Headquarters Building

Strategic Direction 12 (SD-12) Ethics

2022 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.



Maintaining High Ethical Standards

Policy & Procedure Program

- Collaborative process between SMUD's Legal Department, Unions, and Business Units
- Oversight from People Services & Strategies



Ethics Policy & Procedure

- Administrative Policy - Ethics (5.02.03)
- Management Procedure - Ethics (5.02.03.100)

Guidelines for Ethical Standards & Conduct

Code of Business Ethics & Employee Conduct

- **100%** of all employees and contractors acknowledged code in 2022

Mandatory Ethics Training

- **99.59%** compliant with 2022 training requirement



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.
- 99% of 2022 annual conflict of interest statements received

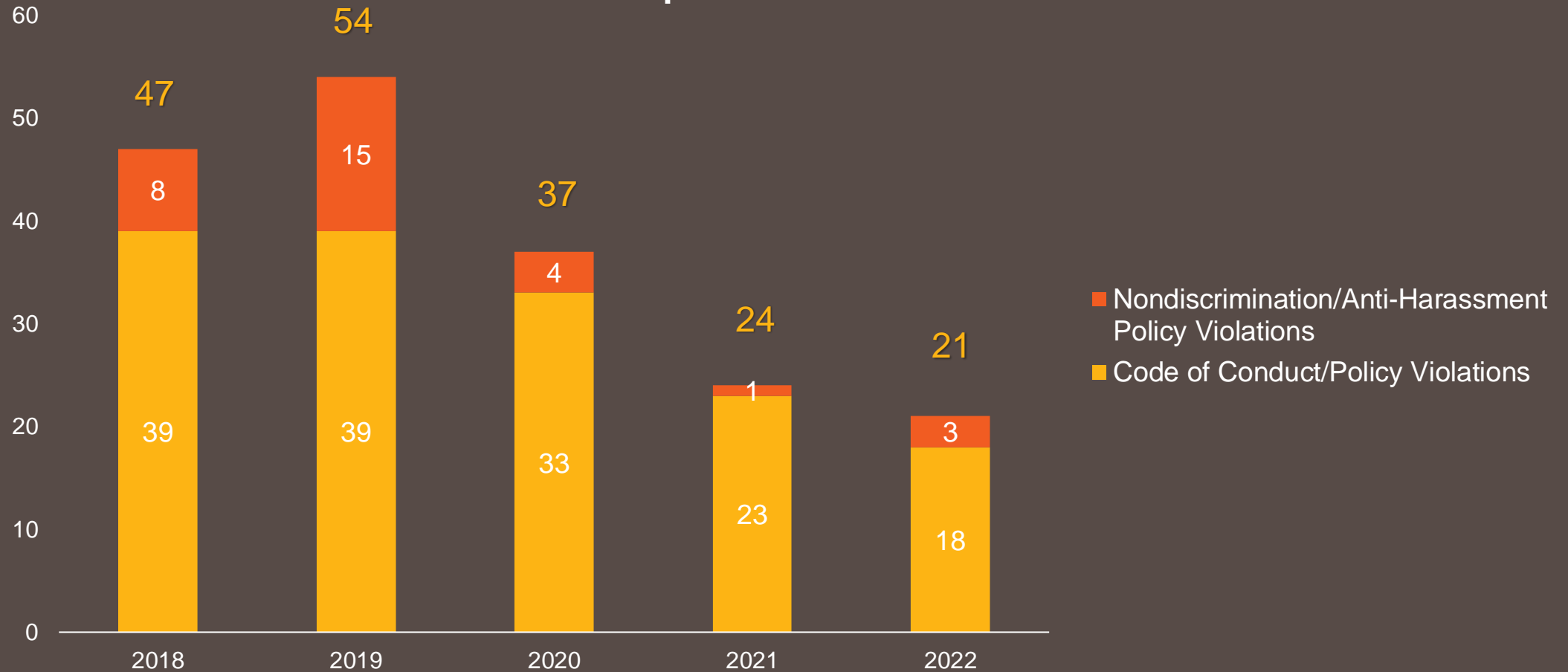


Provide multi-channel process for reporting suspected Code of Conduct and policy violations

- 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

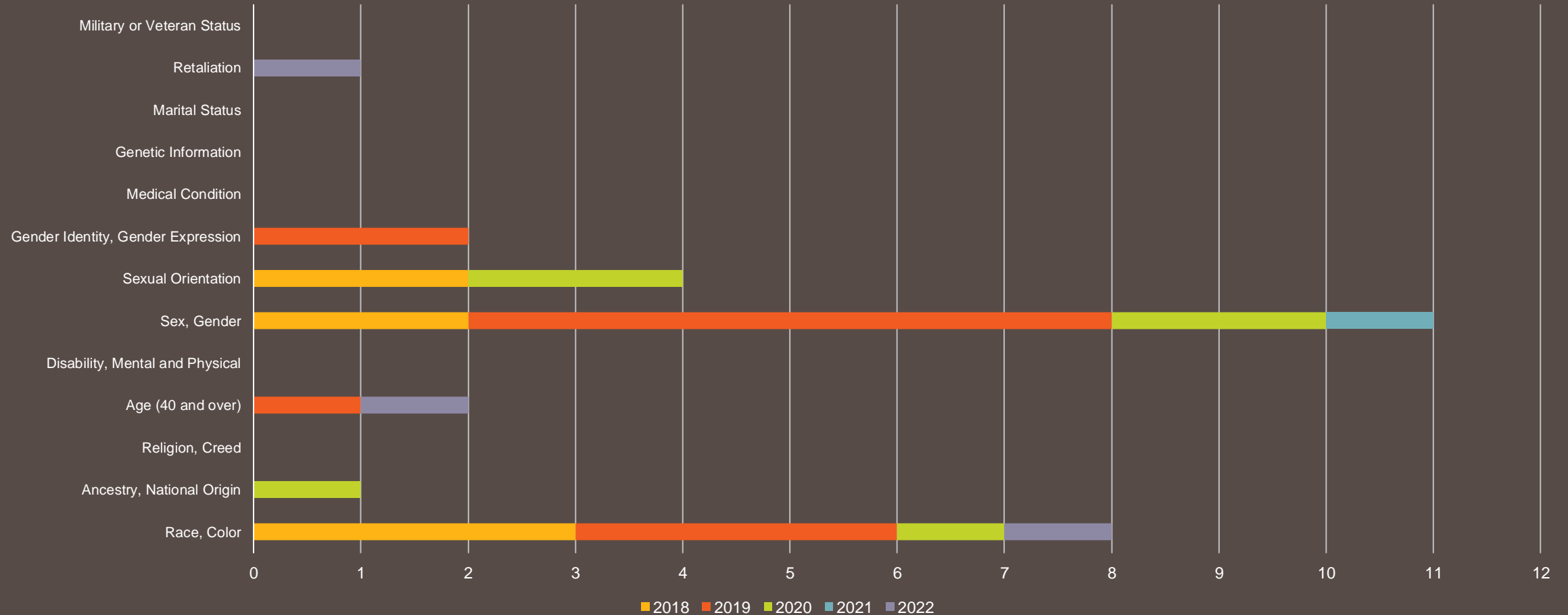
Discipline Reporting

Discipline Issued 2018-2022



Discipline Reporting

Non-discrimination / Anti-harassment Policy Violations by Protected Class



Recommendation

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