

Exhibit to Agenda Item #6

Provide the Board the Enterprise Risk Management (ERM) Quarterly Update.

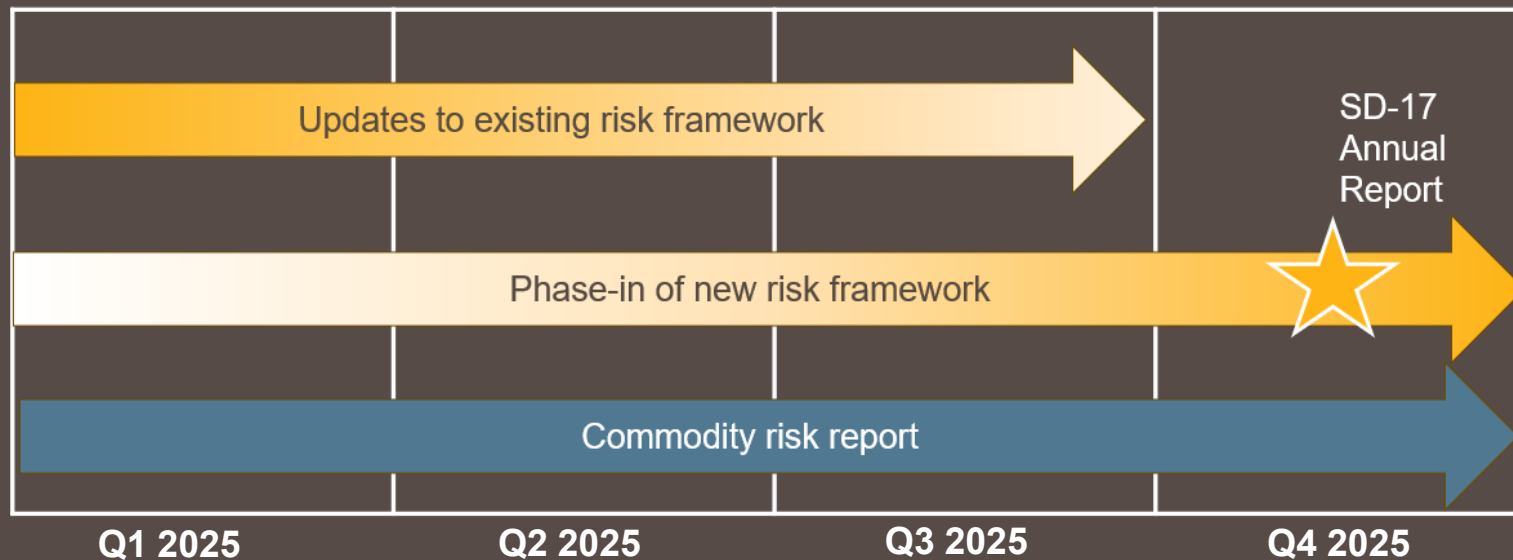
Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, September 16, 2025, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Background

Recap of 2025 Enterprise Risk Management (ERM) commitments:

- Consolidate commodity reporting and overall risk reporting in one quarterly report
- Refresh SMUD's ERM framework in response to a third-party maturity assessment
- Continue to report on our existing risk framework until the refresh is complete

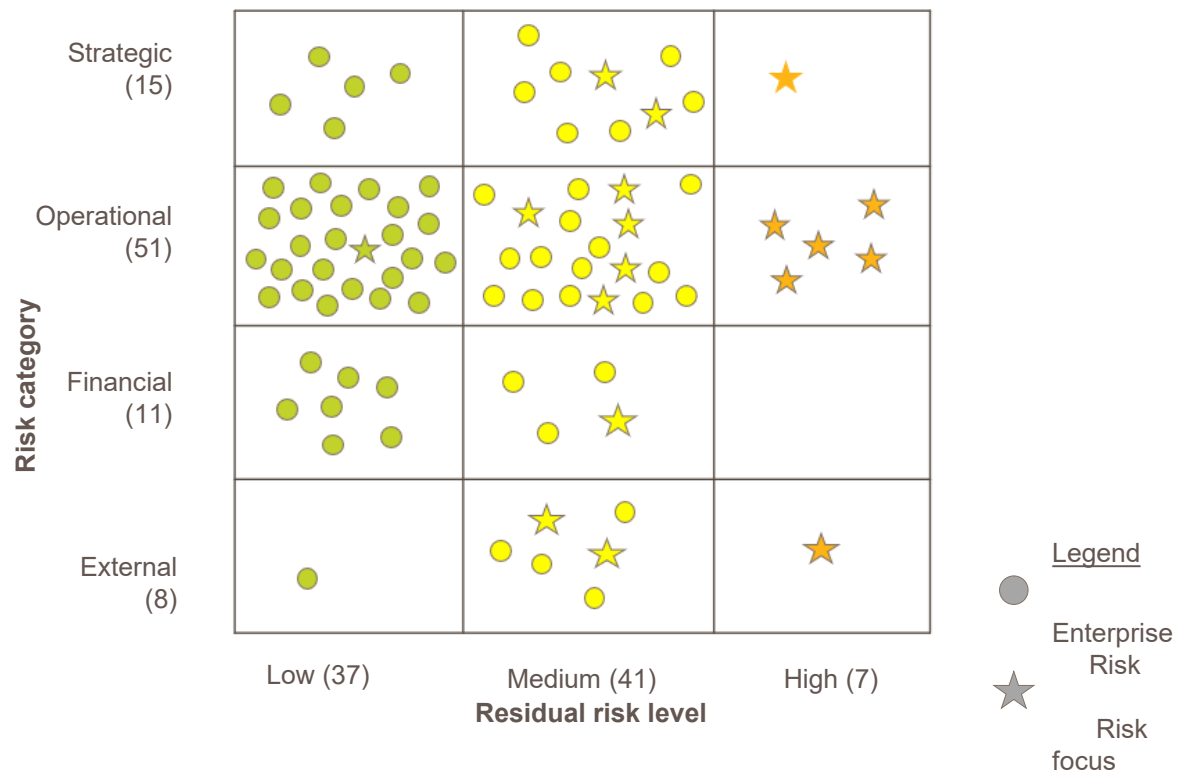




Existing risk framework - Dashboard

Purpose: Effectively balance and manage risk to further SMUD's policies and business goals (SD-17)

Summary of all risks by category and residual risk level



Recent Changes

#	Month	Category	Risk Name(s)	Change
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No change this quarter

Risk focus areas (2023-2024)

Risk category	Risk focus areas (2023-2024)		Residual risk
Strategic	Changing customer expectations		med.
	Renewable projects		high
	Unmanaged electrification		med.
Operational	Cybersecurity		high
	Data privacy		high
	Grid infrastructure & operational adequacy		high
	Grid infrastructure transmission & distribution		high
	Control center		med.
	Business continuity and disaster recovery		med.
	Physical asset security		med.
	Strategic workforce planning: Critical positions		med.
	Supply chain		high
	Employee Safety		med.
Financial	Price volatility: Commodity		med.
	Wildfire		high
	Regulatory/legislative mandates		med.
External	Severe weather		med.

New risk framework: 7 Strategic Risks address Strategic Direction and all business functions

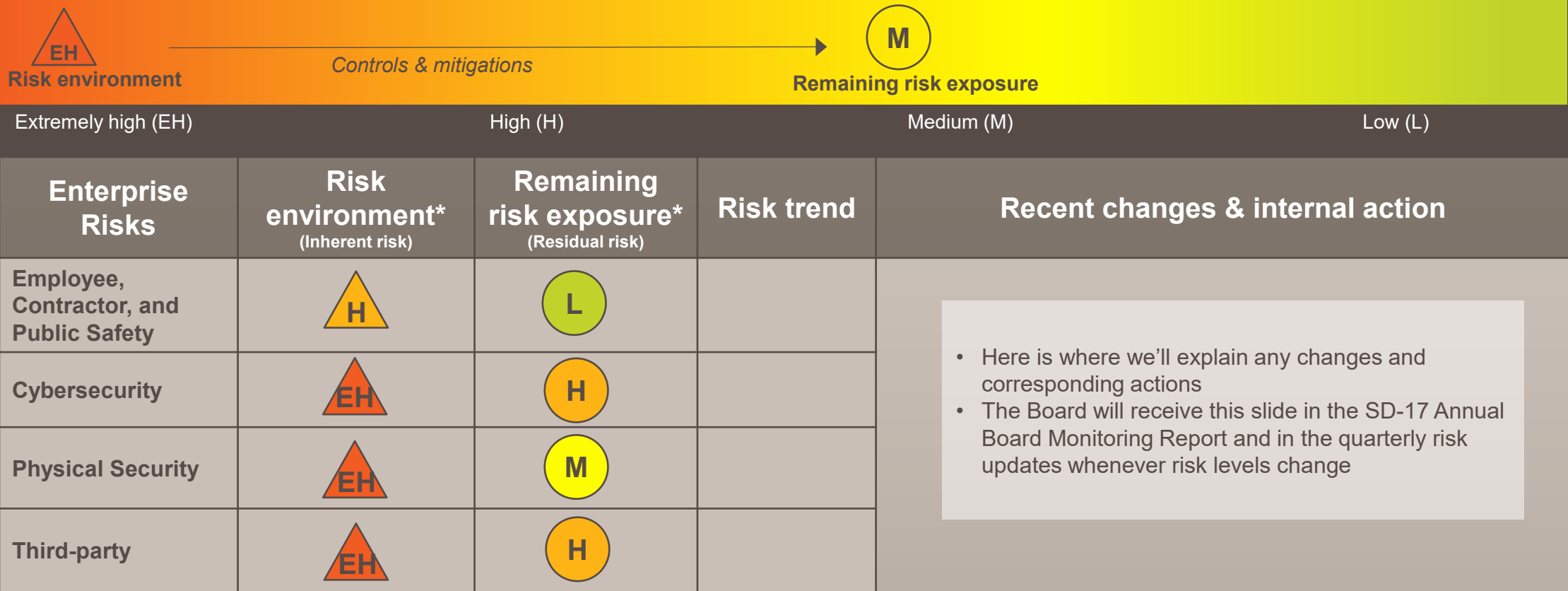
■ For review today

	Safety & Reliability		Environmental Leadership	Community Vitality	Affordability	Organizational Agility	
Strategic Directions	<ul style="list-style-type: none"> SD-6 (Safety) SD-16 (Info mgmt. & security) 	<ul style="list-style-type: none"> SD-4 (Reliability) SD-14 (System enhancement) 	<ul style="list-style-type: none"> SD-7 (Environmental Leadership) SD-9 (Resource planning) 	<ul style="list-style-type: none"> SD-5 (Customer relations) SD-13 (Economic development) SD-15 (Outreach & communications) 	<ul style="list-style-type: none"> SD-2 (Competitive rates) SD-3 (Access to credit markets) SD-11 (Public Power Business Model) SD-19 (Diversified business) 	<ul style="list-style-type: none"> SD-10 (Innovation) SD-16 (Info mgmt. & security) 	<ul style="list-style-type: none"> SD-8 (Employee Relations) SD-12 (Ethics)
Strategic Risks	1. Safety & Security	2. Reliability	3. Environmental	4. Customer & Community	5. Financial	6. Process & Technology	7. Our People
Enterprise Risks	Employee, Contractor and Public Safety	Resource Adequacy	Clean Energy Resources	Customer Experience	Economic Conditions & Financial Management	Technology Systems	Talent Management
	Cybersecurity	System Adequacy	Community Decarbonization	Reputational	Commodity Management	Data Governance & Privacy	Employee Experience
	Physical Security	Operational Adequacy	Environmental Stewardship	Inclusive Energy Transition		Supply Chain	Strategic Workforce
	Third-party	Hazards		Inclusive Economic Development		Artificial Intelligence & Emerging Technologies	
		Compliance		Customer Affordability			

Safety & Security Risk

Risk related to the safety and security of our people, community and critical assets.

Strategic Direction: SD-6 (Safety) | SD-16 (Information Management & Security)



*Note: Risk ratings are preliminary and will be calibrated by senior leaders once all 7 are scoped

Process & Technology Risk

Risk related to the processes and technology that enable innovation and operational efficiency.

Strategic Direction: SD-10 (Innovation) | SD-16 (Information Management & Security)



Extremely high (EH)

High (H)

Medium (M)

Low (L)

Enterprise Risks	Risk environment* (Inherent risk)	Remaining risk exposure* (Residual risk)	Risk trend	Recent changes & internal action
Technology Systems				<ul style="list-style-type: none">Here is where we'll explain any changes and corresponding actionsThe Board will receive this slide in the SD-17 Annual Board Monitoring Report and in the quarterly risk updates whenever risk levels change
Data Governance & Privacy				
Supply Chain				
Artificial Intelligence & Disruptive Technology				

*Note: Risk ratings are preliminary and will be calibrated by senior leaders once all 7 are scoped

Our People Risk

Risk related to SMUD’s employees and our goal to maintain an inclusive, engaged and future-ready workforce.

Strategic Direction: SD-8 (Employee Relations) | SD-12 (Ethics)



Enterprise Risks	Risk environment* (Inherent risk)	Remaining risk exposure* (Residual risk)	Risk trend	Recent changes & internal action
Talent Management				<ul style="list-style-type: none">• Here is where we’ll explain any changes and corresponding actions• The Board will receive this slide in the SD-17 Annual Board Monitoring Report and in the quarterly risk updates whenever risk levels change
Employee Experience				
Strategic Workforce				

*Note: Risk ratings are preliminary and will be calibrated by senior leaders once all 7 are scoped

Next steps

Fourth quarter update (Currently scheduled in November)

- Introduction of last 2 Strategic Risks - Reliability and Environmental
- Calibrated risk levels
- Regular Strategic Direction, SD-17 annual Board Monitoring Report including work plan and benchmarking

