Exhibit to Agenda Item #2

Accept the monitoring report for **Strategic Direction SD-12, Ethics.**
Strategic Direction 12 (SD-12) Ethics
2020 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
• 98% compliant with 2020 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
Discipline Reporting

Discipline Issued 2018-2020

- Nondiscrimination/Anti-Harrassment Policy Violations
- Code of Conduct/Policy Violations

<table>
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<th>Year</th>
<th>Nondiscrimination/Anti-Harrassment</th>
<th>Code of Conduct/Policy Violations</th>
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<td>2019</td>
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<tr>
<td>2020</td>
<td>4</td>
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</tbody>
</table>
Discipline Reporting

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

- Race, Color
- Ancestry, National Origin
- Religion, Creed
- Age (40 and over)
- Disability, Mental and Physical
- Sex, Gender
- Sexual Orientation
- Gender Identity, Gender Expression
- Medical Condition
- Genetic Information
- Marital Status
- Military or Veteran Status
- Non-discrimination/Anti-harassment Policy Violations by Protected Class

2018 2019 2020
Recommendation

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