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)
Strategy Through Execution

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
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.

**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.

**Interconnected DEI Vision**

Source: Egon Zehnder
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.

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**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
DE&I Strategy Development & Rollout

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

WE ARE HERE
Equality vs. Equity
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

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
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
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.

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
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.
# 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. |
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.
Focus Area #3: Community Impact

**Goals**

- Pursue community-based partnerships to equitably engage underserved communities.
- 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.
- 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**

- Identify grant and funding opportunities for small business focused on clean energy, electrification, energy storage, and EV infrastructure improvements.
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
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

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

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*.

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

DEI Strategy Roadmap 2022
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Questions?