

This Code of Business Ethics and Employee Conduct serves as a statement of our expectations for the ethical conduct of employees and others who work for the District. Covers the topics listed below and includes resources to help you understand and adhere to these expectations.

INTRODUCTION

	PAGE
Letter from the General Manager	2
Definitions	3
Guidance and Resources	4
Purpose and Values	5
Compliance with Applicable Laws and the Code	6
Reporting Violations and Non-Retaliation	7

ENSURING THE PUBLIC TRUST

Unfair Business Practices	8
Personal Gain and Potential Conflicts	9
Gifts	10

CARRYING OUT OUR BUSINESS

Reliable Utility Operations	11
Environment, Health and Safety	12
Business and Financial Records	13
Protection of District Assets and Business Relationships	14
Data Protection and Privacy	15
Electronic Communications	16
Interacting with Customers and the Community	17

WORKING WITH EACH OTHER

Discrimination and Harassment	18
Substance Abuse and Violence	19

MANAGING OUR PERSONAL AFFAIRS

Work-Life Balance	20
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ACKNOWLEDGEMENT OF RECEIPT	21
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SACRAMENTO MUNICIPAL UTILITY DISTRICT

April 30, 2009

Dear SMUD employee:

The Executive Committee and I know you value clarity about our expectations of our employees. With this in mind, we present the District's new **Code of Business Ethics and Employee Conduct**. Based on our Standard District Policies (SDPs), the Code provides a framework for uniform action and decision-making applicable to all business units and job functions. Its guiding principles are integrity, respect, transparency, responsibility and accountability.

SMUD's role as a public utility carries responsibilities different from those of an investor-owned utility. We are directly accountable to those whom we serve, and that places upon us, individually and collectively, a higher set of obligations and expectations. The Code of Business Ethics and Employee Conduct remind us of the following obligations:

- **Ensuring the public trust** Conduct all of our business affairs in a way that is beyond reproach. Deal fairly with customers, suppliers, and business partners.
- **Seeking guidance** No policy can address all possible circumstances. For this reason, the Code provides instructions on where to turn for additional guidance. Ask if you are unsure.
- **Carrying out our business** Keep in mind that individual business dealings reflect upon the District as a whole and act accordingly. The District's reputation and the public trust are hard earned and can be easily lost.
- **Working with each other** Make *respect* the common currency used in our interpersonal dealings. Create a work environment that supports a free flow of information and ideas.
- **Managing our personal affairs** Conduct our personal affairs in such a way as to bring only credit to ourselves and to the District.

Once you have read the attached Code and discussed any questions with your supervisor, you will be asked to sign an **Acknowledgement of Receipt** to be kept in your personnel file. As you review this document, keep in mind the broader purposes of the District as a whole, the expectations of the people it serves and the role you play in meeting those expectations. Further, if you are a designated employee required to disclose certain economic interests, you will also be asked to review the District's Conflict of Interest Code as part of the annual financial disclosure process.

SMUD's well-earned reputation for excellent service has been built over many years by individual employees acting in the best interests of the District and its customers. We hope you will use this Code as your guide to ethical conduct and help us preserve and enhance that legacy.

Sincerely,



John DiStasio
General Manager & Chief Executive Officer

April 30, 2009

The District desires that all employees fully understand this Code and the District's expectations for employee conduct. Keep in mind these definitions as you read this Code. Never hesitate to seek clarification from your supervisor or a resource identified in this Code when faced with situations where your authority or responsibilities are not clear."

Confidential Information may include, but is not limited to, nonpublic customer or employee personal information; customer and supplier lists and related contact information; nonpublic reports and filings with regulatory and financial agencies; nonpublic employee personnel records; business and marketing plans; trade secrets of any kind; any information regarding a customer's or potential customer's account, finances or other personal information.

Disciplinary action is any step taken by the District to address job-related behavior that does not meet expected and communicated performance standards, and may include discipline up to and including suspension (with or without pay) and/or termination from employment, subject to federal and state law and existing District policies.

Employee: For purposes of this policy, an employee is defined to include any person appointed to a District position, directly as a District employee or indirectly pursuant to a contract of any type or nature, pursuant to MUD Act (Public Utility Code §§11501 et. seq.) sections 11887, 11887.1, 12055, 12101, 12102, 12102.1; and/or 12103.

Employment At Will: Absent express agreement to the contrary (e.g., non-probationary civil service employees or any other employment relationship governed by an employment contract), the District or its employees may terminate the employment relationship with or without cause and with or without notice.

Exempt Employee, as used in this Code, means an employee who is paid a salary which is not determined by the quality or quantity of the work performed and is not subject to the overtime provisions of federal or state laws.

Good Faith means legitimate and honest efforts to meet one's obligation in a given situation.

Immediate Family Member means spouse, registered domestic partner, dependent child, or other dependent family member.

Management, as used in this Code, means all supervisors and above who manage the District's business.

Non-Exempt Employee, as used in this Code, means an employee who is paid on an hourly basis and is subject to the overtime provisions of federal or state law.

Privileged Information may include, but is not limited to, written and oral communications with the District's legal counsel or outside counsel; this information may not be shared or disclosed without authorization from the General Counsel.

Proprietary Information is nonpublic information, practices, processes, policies or procedures that are created or owned by the District, including, but not limited to, customer and supplier information, research and development, and customer market surveys.

Relative includes spouse or registered domestic partner, father, mother, children, siblings, in-laws, grandchildren, grandparents, stepparents and stepsiblings.

Self Reporting refers to any report by the District to the appropriate agency of a suspected violation of a Federal Energy Regulatory Commission (FERC) Mandatory Reliability Standards. The North American Electric Reliability Corporation (NERC) enforces these standards, and the Western Electricity Coordinating Council (WECC) currently audits SMUD looking for these violations. If it is later determined that an actual violation did occur, any associated fines against SMUD may be lowered because SMUD was proactive in "self reporting" the violation.

When unsure of your actions, always ask. Many options are available to you. If you need assistance, you can check our online resources or contact one of the District representatives listed below.

Guidance

Your first and most immediate source of guidance is your supervisor and chain of command. Management is charged with the enforcement of the Code provisions and should take prompt action in guiding employees in their activities.

The District also provides a variety of District contacts to help management and employees adhere to this Code and to whom employees may report suspected violations.

Employees may contact the District's Ethics Officer for advice before they act in questionable circumstances. Individual employees may not obtain legal opinions from the District on potential conflicts of interest after the fact.

District Complaint Representatives

Fair Employment Specialist
Labor Relations Manager
General Counsel
Internal Auditor

Other District Representatives

ADA Coordinator – Employment
Customer Data Privacy Officer
District Security Supervisor
Ethics Officer
HIPAA Compliance Officer
Human Resources Manager
Inclusion Officer
IT Security Officer
Policy Coordinator
Regulatory Compliance Manager
Substance Abuse Coordinator
Safety Ombudsman

(See [SMUD Intranet>Human Resources>Policies and Procedures for current names and contact information for District Representatives](#))

Additional Resources

For Board Policies & Strategic Directives, see www.smud.org; or, [Smud Intranet>Strategic Direction](#)

For SMUD [Standard District Policies](#), [Civil Service Rules](#), and [Labor Agreements](#), see [Smud Intranet>Guidelines and Procedures](#)

For Municipal Utility District (MUD) Act, see California Public Utilities Code, Division 6, Section 11501 et seq.

[For Fair Political Practices Commission \(FPPC\)/SMUD Conflict of Interest Code provisions, see California Code of Regulations, Title 2, Division 6, Section 18730.](#)

The District is committed to a harmonious and inclusive work environment that fosters respect and upholds the highest ethical standards. Maintaining the public trust and our reputation for honesty, fair dealing, and integrity can only be achieved if each of us acts responsibly and ethically. Through this Code of Business Ethics and Employee Conduct, we will clarify the standards we expect you to follow and provide guidance as to how you should act in particular circumstances.

Code Purpose

The District is committed to maintaining a reputation for honesty, fair dealing and integrity. By working for the District, you agree to uphold this commitment and to conduct yourself in a manner consistent with the highest ethical standards.

We work solely to benefit the public and our customer-owners. This Code of Business Ethics and Employee Conduct (the "Code") represents the District's effort not only to meet, but in certain instances, to exceed the requirements of current law and industry practice.

The Code does not alter the terms and conditions of your employment. It is intended to provide guidance to help each of us address a variety of situations in accordance with Standard District Policy.

This Code applies to all District employees. You are expected to review, understand, and comply with all provisions of this Code.

Inclusion

The District actively creates and promotes an environment that is inclusive of all people and their unique abilities, strengths, and differences and seeks to foster an environment that supports free-flowing information, creative ideas and flexibility. We expect you to respect diversity in each other, our customers, suppliers, and all others with whom you interact.

Accommodation

The District complies with federal and state laws concerning the accommodation of individuals with disabilities and individual religious beliefs. The District will make good faith efforts to reasonably accommodate these individuals so that they can perform the essential functions of their jobs.

GET MORE INFORMATION

To find out more, see [SDP 2.1 – Purpose and Values](#); [SDP 2.3 – Culture Statement and Diversity Commitment](#); [SDP 4.6.1– Disability Accommodation](#); [SDP 4.3.3 – Code of Ethics](#); [SDP 4.3.5 – Conflict of Interest](#)

Always

- **Stop and think before you act.**
- **Ask yourself:**
 - Is this the right thing to do?
 - Is this legal?
 - Am I authorized to do this?
 - Is this permitted by the Code and other applicable policies?
 - Would I want to see this reported in the media?
- **Lead by example.**
- **Be respectful of and sensitive to differences between what you believe and practice and the beliefs and practices of others.**

Ignorance of the law and/or the Code is not an acceptable excuse for noncompliance. If you are unsure of what to do in any situation, seek guidance before you act.

Individual Accountability

You are responsible for being informed, acting in good faith, and complying with all District policies and the laws that govern our activities. You may not do indirectly through subterfuge (for example, through a relative or friend) anything that the Code prohibits you from doing directly.

If you have any doubt about whether your action or inaction could violate a law, regulation, or policy, you are expected to contact your supervisor to help you determine an appropriate course of action or you may contact one of the District contacts listed in the Guidance and Resources section of this Code.

The Code cannot address every conceivable situation. The fact that an issue is not specifically addressed in the Code does not relieve anyone of the obligation to maintain the highest ethical standards under any and all circumstances.

Heightened Managerial Responsibilities

Management is responsible for ensuring that employees understand their responsibilities under the Code. In addition, management is responsible for monitoring compliance with the Code, and for helping to enforce its standards. Management should also support those who raise questions or concerns about potential violations – and must ensure that those individuals are not retaliated against in any way.

Management is expected to lead by example, demonstrating what it means to act with integrity on a daily basis.

Consequences of Noncompliance

The Code requires ethical behavior and the District intends to enforce the Code and address violations in a timely manner.

Ignorance of the law, the Code, or District policies is no excuse for noncompliance. Failure to follow District policies is considered insubordination. Noncompliance may result in disciplinary action (subject to laws and existing labor agreements).

Violations of the Code may also be violations of the law and may result in civil or criminal penalties for you, your supervisor, and/or the District.

GET MORE INFORMATION

To find out more, see [SDP 4.3.3 – Code of Ethics](#); [SDP 4.4.1 – Positive Discipline](#).

Always

- Follow the law and District policies.
- Act ethically in accordance with the spirit and intent of the Code.
- Talk to your supervisor if you have questions or concerns about behavior you think may be illegal or unethical.
- Report suspected violations of the law or District policies to your supervisor or manager or appropriate District representative.

The most important thing is to ask the question or raise the concern. When in doubt, speak up. The District will not tolerate retaliation against anyone for reporting a violation. When we do not speak up when we should, we hinder the District's commitment to act with integrity and do the right thing.

Reporting Concerns

The District is committed to maintaining an environment of open, honest communication. Each of us plays a key role in helping the District live up to this commitment by asking questions or raising concerns on a timely basis. In addition to your supervisor or manager, you may seek advice from the District's Ethics Officer or one of the District representatives listed in the Guidance and Resources section of the Code.

How to Report Violations

You should not conduct your own investigations. Management and designated District representatives are responsible for internal investigations.

You should report a suspected violation as soon as possible to your supervisor or manager. You may also call report a suspected violation or file a complaint with the:

- Fair Employment Office,
- Labor Relations Department,

- Internal Auditor's Office, or
- General Counsel's Office.

Consequences of Non-reporting

Managers and supervisors who knew or should have known that someone was in violation of laws, regulations, and/or District policies and failed to take appropriate action may be subject to disciplinary action.

No Retaliation

The District prohibits any retaliatory action against an individual who reports suspected legal or policy violations or raises questions regarding ethics, discrimination or harassment matters. If you believe that you or someone else is being or has been retaliated against for participating in the investigative process, you are encouraged to report it.

The District takes claims of retaliation seriously. Allegations of retaliation will be investigated and appropriate action will be taken. Individuals who engage in retaliatory conduct will be subject to disciplinary action.

Investigation

Determining whether a violation has occurred is a critical step in the process of enforcing the spirit and intent of the Code. Although public disclosure of information submitted in the course of an investigation may be unavoidable, the District will make every effort to maintain confidentiality and to ensure that the information is acted upon only by management.

Cooperation Required

You are required to cooperate fully with any internal or external investigation of reported violations. Making false statements to or otherwise misleading investigators is grounds for disciplinary action and may also be a criminal act if the investigation is conducted by an external governmental agency.

GET MORE INFORMATION

To find out more, see [SDP 4.6.5 – District Complaint Process](#); [SDP 4.6.6 – Anti-Retaliation](#).

Always

- **Report suspected violation (or potential violation) of laws, regulations or Code provisions or retaliation.**
- **Speak up when:**
 - You are uncertain about the proper course of action and need advice
 - You believe that someone acting on the District's behalf is doing – or may be about to do – something that violates the law or this Code
 - You believe that you may have been involved in misconduct.
- **Cooperate in investigations of reported violations and maintain confidentiality.**

You are expected to deal fairly with all District customers, suppliers, and members of the public. Each employee is prohibited from taking unfair advantage of anyone through manipulation, concealment, abuse of confidential information, misrepresentation of material facts, or any other unfair-dealing practice.

Open and Honest Government

As a municipal agency, we are accountable to the public and must comply with laws and regulations designed to create transparency around how we do business. (Also see "Business and Financial Records," page 13.)

Due to the District's unique position in the marketplace, we must strive not to exercise improper influence over our customers, vendors, and suppliers. We must comply with laws and District policies that regulate public contracts and purchases.

Fair Business Practices

You may not solicit, demand, or accept for the benefit of any person anything of value from anyone in return for any District business, service or confidential information. This applies whether you intend to be influenced or rewarded either before or after such a transaction is discussed or consummated.

You may not receive any gifts, loans, or other favors that could appear to influence or compromise your

personal judgment. If you have any doubt about whether a practice is inappropriate, you are expected to contact the District's Ethics Officer for advice **before** you act. (Also see "Personal Gain and Potential Conflicts," page 9.)

Obtaining Confidential Information

To conduct business in the marketplace, it is often necessary to gather information about our customers, suppliers and business partners. But some forms of information gathering are wrong and may violate the law. The District is committed to avoiding even the appearance of improper information gathering. While information that is publicly available is generally fair to use, you must never use or release without proper authorization:

- Confidential or proprietary information of the District or any third party.
- Confidential or proprietary information in any form possessed by new hires about prior employers,

- Nonpublic information about a vendor's bid if you are involved in the bidding process.

District Opportunities

You may not take for your personal benefit an opportunity discovered in the course of your District employment if the opportunity is not available to all District customers or could belong to the District. You may not directly or indirectly award orders, contracts or commitments to suppliers (for goods or services) based on a personal benefit or favor to you or anyone with whom you have a close personal relationship.

GET MORE INFORMATION

To find out more, see District [FERC/NERC Standards of Conduct](#); [SDP 3.3.1 – Delegations – Procurement & Contracts](#); [SDP 4.3.3 – Code of Conduct](#); [SDP 4.3.5 – Conflict of Interest](#); [SDP 6.1 – Classification and Protection of Information](#).

Never

- **Discuss or exchange information with a supplier, contractor or other person for an unlawful reason.**
- **Engage in any unlawful market manipulation activities related to the sale or purchase of electricity or natural gas.**
- **Rig a competitive bidding process, including arranging for the submission of sham bids**
- **Misuse confidential or proprietary information for your benefit or with the intent to harm others.**

You must avoid any activities, interests, or relationships that might interfere with, or appear to interfere with, your ability to act in the best interest of the District and its customers.

Outside Business Activities and Personal Investments

You must be careful if you have an ownership or other financial or personal interest in any other business as your outside interest (e.g., stock in a vendor or competitor) could compromise or appear to compromise your duties for and loyalty to the District. If unsure about a situation, contact the District's Ethics Officer **before** you act on behalf of the District to enter into an agreement that affects your personal interests. The District will not provide legal advice to an employee regarding actions he or she has already taken.

Disclosure and Disqualification

In general, state law prohibits public employees from being financially interested in the contracts of the governments they serve. You must disclose and disqualify yourself from participation in any decisions affecting your financial interests as defined by Government Code 87103.

You must notify your supervisor in writing of any potential conflict of

interest that violates your duty of loyalty and service to the District (for example, if you or an immediate family member owns or controls property of significant value that the District is either purchasing or leasing.) Your supervisor must then confer with the District's Ethics Officer and take appropriate action (e.g., reassign conflicting responsibilities.)

In addition, employees in positions designated in the District's Conflict of Interest Code are required to file Statements of Economic Interest annually, upon assuming office, and upon leaving office in accordance with state law and regulations of the Fair Political Practices Commission ("FPPC"). Failure to follow state conflict of interest laws or the District's Conflict of Interest Code can lead to enforcement actions by the state and/or disciplinary action by the District. (Also see "Gifts," page 10.)

Use of District Name, Resources, or Relationships

You may not take personal advantage of your association with the District or engage in conduct that is detrimental to the District's interests or reputation.

You may not use the District's name (e.g. through the use of District letterhead), resources or relationships for personal benefit or for outside work. Never misrepresent yourself or your authority as a District employee to the public.

Employment of Relatives

Generally, the District does not permit relatives to work together within a work group unless approved by a District executive. The District prohibits supervisor/subordinate relationships between related persons. The District prohibits the hiring of individuals who are related to a member of the Board of Directors, a District Executive, or the Manager of Human Resources and the hiring in a student classification of relatives of District employees.

GET MORE INFORMATION

To find out more, see [SDP 4.3.3 – Code of Conduct](#); [SDP 4.3.5 – Conflict of Interest](#); [SDP 4.5.3 – Employment of Relatives](#).

On the web:
[Fair Political Practices Commission – http://www.fppc.ca.gov](#)

Always

• Ask yourself:

- Would the investment affect any decisions I will make for the District?
- How would the investment look to my coworkers – would they think it could affect how I do my job for the District?
- How would it look to someone outside the District, such as a customer, supplier, or media? Am I creating an appearance of impropriety or a conflict of interest?

• Ask for advice from the District's Ethics Officer before you act.

• Notify your supervisor if a promotion, transfer, or marriage creates a supervisor/subordinate relationship with a relative or domestic partner.

Ensure your credibility is not called into question by the acceptance of inappropriate gifts of value from persons or entities doing or seeking to do business with the District, including expensive meals, electronics or conference and travel expenses.

Accepting and Giving Gifts

The exchange of gifts in a business setting can create a sense of obligation or the appearance of impropriety. As a result, the District's restrictions in this area often surpass those contained in state conflict of interest laws.

A gift may take many forms—meals, tickets to sporting or entertainment events, cash, gift cards or certificates, travel, electronics, special loan terms, free or nominally priced labor, etc. You may not accept **any** gifts of cash or cash equivalent (e.g., gift cards or gift certificates, or special credit arrangements).

You may give and accept gifts **only** if doing so meets **all** of the following eight criteria:

- Is in keeping with good business ethics;
- Is customary and proper under the circumstances and gives no appearance of impropriety;
- Serves a valid District business purpose;

- Does not impose a sense of obligation from the recipient to the donor;
- Does not result in any kind of special or favored treatment for the donor;
- Cannot be viewed as extravagant, excessive, or too frequent considering all the circumstances;
- Does not involve materials, services, repairs, or improvements at no cost or at unreasonably low prices; and
- No effort is made to conceal the full facts by either the recipient or the donor.

Disclosure and Disqualification

You must disclose to your supervisor any gift or gifts valued at \$50 or more you received from the same source in a calendar year. (Also see "Personal Gain and Potential Conflicts," page 9.)

Any employee will be disqualified from making or participating in the making of a District decision concerning the source of a gift(s) to

the employee or his/her immediate family member for one year from the date on which: (i) a single gift received in a calendar year met or exceeded the limit on gifts; or (ii) multiple gifts received from the same source in one calendar year aggregated to the limit on gifts (Government Code 87103.) The gift limit is adjusted every odd-numbered year and can be found on the Fair Political Practices Commission website. For 2008, this limit is \$390 from a single source.

Personal Favors

You should not receive preferential treatment from District business partners or customers unless such treatment is available to all similarly situated individuals. Likewise, you cannot receive any preferential treatment from the District related to energy services provided to you as a District customer.

GET MORE INFORMATION

To find out more, see [SDP 4.3.3 – Code of Conduct](#); [SDP 4.3.5 – Conflict of Interest](#).

Always

- **Decline all gifts of cash or cash equivalents (e.g., gift cards, gift certificates, special credit arrangements) from persons doing or seeking to do business with the District.**
- **Report to your supervisor any gift or gifts received from a single source totaling \$50 or more in a calendar year.**
- **Just because you can doesn't mean you should; apply the 8-part gift test and ask yourself if you would feel comfortable explaining a gift to your supervisor, colleagues, or the media.**
- **Consult the District Ethics Officer if you are unsure about the propriety of accepting a gift.**

Our goal is to keep the lights on 100% of the time and to do so by complying with all the necessary rules and regulations. Your department may be required to operate under specialized federal or regional Mandatory Reliability Standards. Check with your supervisor to find out which Standards may apply to you. If you think the District may not be meeting one of these Standards, call the Regulatory and Compliance Coordination Manager and make sure.

Things Have Changed

Since SMUD was founded, the District has largely operated under voluntary agreements and procedures that ensured the lights stayed on. When the 2003 Blackout in the Northeast occurred, the federal government decided there should be a single mandatory way to operate the entire North American transmission grid. To make this happen, Congress ordered that a set of Mandatory Reliability Standards be created. SMUD must comply with those Standards.

The Stakes are Very High

Each mandatory Standard applies to specific functions within the District. If SMUD fails to comply with each requirement in each applicable Standard, the District can be fined up to a million dollars per day for every occurrence. That adds up fast!

You Have to Know

It's up to each of us to know which of these standards applies to our job. The best way to find out is to ask your immediate supervisor. When in doubt you can call the Manager of Regulatory and Compliance Coordination.

Self Reporting is Encouraged

One way to reduce the District's risk is to self report any known violation of a Standard. In some cases if SMUD self-reports a violation of a standard, the penalties for failure to comply may be reduced.

Each SMUD employee is encouraged to report known or suspected violations to their immediate supervisor or directly to the Manager of Regulatory and Compliance Coordination. SMUD employees are also encouraged to self report any actions that might make a known

violation even worse. Supervisors and managers must take immediate action to inform their chain of command and the Manager of Regulatory and Compliance Coordination of any known or suspected violations.

GET MORE INFORMATION

To find out more, see SMUD Intranet>Guidelines and Procedures>[NERC Compliance](#)

On the Web:

NERC Standards

http://www.nerc.com/~filez/standards/Reliability_Standards_Regulatory_Aproved.html

WECC Standards and Related Information

<http://www.wecc.biz/>

Always

- **Ask your supervisor whether or not the Reliability Standards apply to your position.**
- **Understand all Reliability Standards that affect you and your position. If you don't understand a Standard, ask your supervisor or the Manager of Regulatory and Compliance Coordination.**
- **Immediately report any known or suspected violation to your supervisor, chain of command, or Manager of Regulatory and Compliance Coordination.**

Safety first, always. Be environmentally responsible and mindful of your workplace environment.

Protecting the Environment

The District is committed to full and complete compliance with all applicable environmental laws and regulations in the conduct of our business.

The District is also committed to reducing the environmental impact of its activities, reducing greenhouse gas emissions, and promoting the sustainability of natural resources, while providing products and services that meet the needs of our consumers. Our objective is to be an environmentally responsible organization wherever and whenever we operate.

You must be aware of and follow any obligations you may have related to the proper storage, handling and disposal of hazardous materials and waste.

If you have questions or concerns about environmental compliance activities, contact Environmental Management in the Protection, Safety and Environmental Services department.

Protecting the Workforce

The District is committed to providing a safe, healthy, and secure work environment. Having an injury and illness-free workforce benefits District employees and customers.

It is the District's policy to comply with all applicable health and safety laws and regulations and to ensure that all work is performed in a safe and responsible manner. Each work location has safety rules and procedures that must be followed. We must also each be alert to safety risks as we each go about our own work.

Supervisors are responsible for a safe and healthful workplace. They must ensure employees receive training, and understand safety rules for their work group. They must also address unsafe conditions.

You should not condone unsafe work practices and should alert your coworkers or supervisors immediately if you have concerns about the way in which work is being performed.

Contact the District's Safety Ombudsman if you have any questions about the District's safety programs.

Preparing Ourselves

As public servants, District employees serve as disaster preparedness workers and first responders. You are encouraged to prepare for community emergencies and disasters.

GET MORE INFORMATION

To find out more, see [SDP 4.7.1 et. seq. – Emergency Action Policy](#); [SDP 4.7.2 et. seq. – Safety](#); [SMUD Intranet>Guidelines and Procedures>EH&S Standards](#)

Always

- **Understand the environmental consequences of what you do and look for ways to reduce or eliminate unnecessary waste and minimize the District's impact on the environment.**
- **Conduct business in accordance with all applicable environmental laws, regulations, requirements, and District commitments.**
- **Comply with safety rules and procedures.**
- **Identify, report, and correct (if possible) hazardous conditions and unsafe situations.**
- **Look out for each other and insist on working safely.**

The District is committed to transparency; you should never hide the true nature of any business transaction.

Accuracy of Business and Financial Records

The District is committed to full, fair, accurate, timely and understandable disclosure in public reports and documents filed with regulatory authorities. The District's business records and financial statements and reports must accurately depict the District's business dealings, be prepared in accordance with generally accepted accounting principles and fairly present the financial condition and results of our operations.

Our obligation to maintain accurate records extends beyond financial information. You must help ensure that reporting of any and all business information (financial or otherwise) is accurate, complete, and timely, regardless of its form (electronic, paper, or other format). You must accurately record all transactions (including those giving rise to liabilities), payroll and benefits records, regulatory data and other essential District information.

To help us meet these requirements, you must:

- Follow all laws, regulatory requirements, external accounting requirements, and internal procedures for reporting financial and other business information.
- Cooperate with our internal and external auditors, both financial and regulatory.

Work Schedules and Time Records

The District is committed to following all wage and hour, IRS, and other employment laws and regulations. All time worked by nonexempt employees – whether scheduled or unscheduled, overtime or straight time, authorized or unauthorized – must be recorded accurately. Supervisors must ensure the accurate reporting of employee compensation.

Exempt employees are paid on a salary basis and are expected to devote the necessary time to fulfill their duties. They do not report actual hours worked unless such hours are required to be reported for cost accounting purposes. Exempt employees must accurately report time off on their time records in accordance with District policies and

procedures. They must report absences of four hours or more in a scheduled work day.

Records Retention and Management

District policies identify which records should be saved and establish schedules for how long certain records must be retained and when records should be destroyed. Saved records must be stored in designated locations. You are expected to adhere to all applicable records retention policies.

You are also expected to comply with any special instructions you receive from the District regarding records or information retention, including directions to preserve electronic communications or other District documents. (Also see "Interacting with Customers and the Community," page 17.)

GET MORE INFORMATION

To find out more about the District's policy, [see SDP 3.11 – Time Reporting](#); [SDP 6.1 – Classification and Protection of Information](#).

Never

- **Deliberately make a false or misleading entry in a report or record, including time records if you are required to report the hours you work.**
- **Sell, transfer or dispose of District assets without proper authorization and documentation.**
- **Alter or destroy District records, except as authorized by established policies and procedures.**
- **Ask or encourage another person to deviate from the District's commitment to provide truthful and accurate financial or other business information.**

We have been entrusted with the District's assets, including its reputation, and are responsible for safeguarding them.

Protecting District Assets

As a customer-owned utility, we work to serve the ratepayers. The use of public funds requires that we carefully consider not only the value of any expenditure to our ratepayers, but also public perception should the expenditure of District funds be questioned, particularly in times of economic difficulties.

All District assets, funds, and resources, including our work time, should be used only for legitimate business purposes and never for any unlawful or unauthorized purpose, including personal gain. You are expected to make the best use of your time at work and not let personal activities interfere with your or your co-workers' productivity.

You must help us prevent the theft, misuse, damage, misappropriation, or waste of District assets. Finally, you must return all District assets in your possession when employment is terminated.

You may not use the District's name or logo for any non-business related reason.

Maintaining IT Security

Your use of the District's electronic resources must not endanger the confidentiality, integrity and availability of the District's data, networks and computer systems.

Safeguard any information or devices used to access District networks, such as user IDs, passwords, and remote access tokens with anyone for any reason.

Do not post or write-down your User ID and/or password for any reason. Do not download or install software unless authorized.

Do not open or forward email attachments unless you know the source and were expecting the attachment.

Contact the District's Information Security Officer about your information security or privacy concerns.

Preserving the District's Business and Employment Relationships

During your employment or association with the District, you may not directly or indirectly (except as expressly authorized):

- Divert or attempt to divert from doing business with the District, any customer, supplier, or other person or entity which the District has or had a business relationship.
- Use privileged or proprietary information for personal reasons.

GET MORE INFORMATION

To find out more, see [SDP 3.4 – Solicitation on District Property](#); [SDP 3.7 – Asset Management](#); [SDP 4.3.5 – Conflict of Interest](#); [SDP 4.5.1 – Employment Reference Inquiries](#); [SDP 6.1 – Classification and Protection of Information](#).

Always

- **Use District assets for business purposes.**
- **Consider whether or not the expenditure of public funds can be justified (i.e. expensive travel by several employees to the same event) and whether or not less expensive alternatives are appropriate.**
- **Obtain appropriate permission for the use of District assets, including endorsements of products or services.**
- **Dispose of District assets only with prior approval (even if being donated) in accordance with state law and District policy.**
- **Respect the District's business and employment relationships and never interfere with or disrupt them.**
- **Refer requests for current/former employee reference checks to Human Resources,**

Respect the rights of all customers, consumers, and employees to the privacy of their personal data.

Respect the District's proprietary rights.

Data Protection

If you are authorized to communicate confidential information, you should make sure that the recipient knows the information is confidential and agrees to treat the information as confidential.

Care should be taken to minimize the exposure of temporary workers to confidential information. Depending on the circumstances, disclosure of confidential information to persons outside the District, even District agents, may require a formal confidentiality agreement. Each department may, when appropriate, require that consultants and temporary contract staff sign agreements to maintain the confidentiality of the information they obtain, or arrange for agencies responsible for temporary workers to sign such agreements on their behalf.

Customer and Employee Privacy

You have a responsibility to protect the confidentiality of information that customers and employees entrust to the District. If you do not have a

legitimate business reason to access this information, you should never seek to do so.

If you have legitimate access, you must take steps to protect against the unauthorized release or use of such information. Outside parties who are given access to this information are also responsible for protecting it, and should be monitored for their compliance.

Refer all requests for customer information to the Manager, Customer Strategy.

Refer all requests for employee information and/or references to the Human Resource Department.

Refer all other requests for public records or any requests under the California Public Records Act to the General Counsel's Office.

Confidential, Privileged, and Proprietary Information

You may have access to confidential, privileged or proprietary information in the course of your employment, including all nonpublic information

and information that if misused would be harmful to the District or our customers if released without authorization.

Such information can be used only for District business. It should be shared only with colleagues who have a business need to know it. The information cannot be revealed to anyone outside of the District, unless previously authorized. (Also see "Interacting with Customers and the Community," page 17.)

Risks associated with processing confidential information by email or through the internet make it imperative that each of us take extra precautions and follow District policies and procedures when we communicate electronically. (Also see "Electronic Communications," page 16.)

GET MORE INFORMATION

To find out more, see [SDP 4.3.4 – Electronic Communications](#); [SDP 4.6.4 – HIPAA Policy](#); [SDP 6.1 – Classification and Protection of Information](#).

Always

- Only share confidential or privileged information as specifically authorized.
- Treat all personal information about individuals as confidential, in particular social security numbers and personal health information and take appropriate steps to protect such information.
- Refrain from sharing confidential or privileged District information with other persons inside or external to the District who do not need the information for a valid business reason.
- Ensure the accuracy of any potential recipient's identity before distribution of confidential information by fax, email, or voice mail.
- Comply with District data and computer security measures.
- Report any data security breach of personal information to your supervisor.

Your communications through the use of District resources are a reflection on the District. Electronic communications sent and received are records that have an (almost) permanent quality. Stop and think before you send them.

No Expectation of Privacy

All electronic resources provided by the District are the property of the District and you should not have any expectation of privacy when you use the District's electronic resources. The District has the ability to access information on its systems, even if it is password-protected or deleted, and may, from time to time at its discretion and to the extent permitted by law, monitor, review, and/or record any information you send or store using these resources.

Incidental Personal Use

Employee use of the District's electronic assets should be incidental and should not adversely affect productivity or the availability of District resources as determined by your supervisor or manager. You should not tie up District resources by streaming live video unrelated to District business.

Employee Electronic Conduct

Any email or voice mail you send or internet site you visit using District resources is a reflection on the District. Your use of computer and communication resources (such as District phones and pagers, voice mail, email, fax machines, computer systems and networks) must be consistent with the law and all other District policies. You are expected to be aware of, and to comply with, all applicable email and Internet policies.

Do not send emails or visit inappropriate websites that contain defamatory, threatening, sexually explicit content, or any other content that may be offensive or in violation of the District's nondiscrimination policy.

You may be disciplined for your electronic conduct as if the conduct occurred in person. Remember, sometimes written words can be much more offensive to others than spoken words. (Also see "Working with Each Other, pages 18 and 19.)

Confidentiality

Consider whether sensitive, confidential or privileged matters should be communicated in an email. Do not send confidential information in email unless the communication is protected from unauthorized review. (Also see "Data Protection and Privacy," page 15.)

Security of District Electronic Assets

You must follow District protocol to protect the District's electronic network and equipment. (Also see "Protection of District Assets and Business Relationships," page 15.)

GET MORE INFORMATION

To find out more, see [SDP 4.3.4 – Electronic Communications](#); [SDP 6.1 – Classification and Protection of Information](#).

Always

- **Stop and think before you send or post something. Ask yourself:**
 - Am I discussing anything confidential or privileged?
 - Is this permitted by the Code and other applicable policies?
 - Is there anything misleading in the communication?
 - Would I want to see this reported in the media?
 - Am I using the appropriate tone in the message I am sending or posting?
- **Consider whether someone will be offended by what you send or forward, including email messages or jokes you may have received from someone else.**

The District's reputation and the public's trust are hard earned and easily lost. Unwavering honesty and integrity are critical to keeping both.

Dealings with Customers

You are representing the District in each interaction with a member of the public. Always be courteous, professional and honest.

Do not accept anything in exchange for providing special treatment to a customer. Never solicit customers for non-District causes or purposes while on duty.

Shaping our Reputation

When you are wearing the District uniform or using a District vehicle, you are representing the District to the public even if you are on personal time. You must never act in such a way—on or off duty—to harm the District's reputation or misrepresent yourselves or your authority as a District employee to the public. Think how your surroundings and behavior impact the District and act appropriately.

Statements to the Public or Media

To ensure the District's public statements are accurate, consistent and in its best interest, specific employees have been authorized to

speak publicly on behalf of the District or to comment to the news media on matters related to the District's business. Only these individuals, or other persons specifically authorized to speak on a particular subject, may make public disclosures about the District.

You should not initiate media contact or public statements without prior approval. Before responding to any media inquiry or providing information to the news media, you should determine if you are authorized to do so; contact your manager when in doubt about how to respond.

Failure to adhere to this requirement may be cause for disciplinary action.

Requests for Public Records

In general, District records are public records and open to public inspection unless specifically exempted by law. The law also places time and cost restrictions on public records. If you receive a request for public records, you must inform your supervisor immediately. Supervisors will notify the General Counsel's Office upon receipt of the request.

Government Proceedings

If you receive a subpoena or become aware of pending, imminent or contemplated litigation or a government audit or investigation, you must contact the General Counsel's Office immediately. You must also save all records and documents that may be relevant to the subpoena, litigation, or investigation, including any records that may otherwise be automatically destroyed or erased (such as email and voice mail messages).

If you are contacted by a government official with respect to your duties, you should obtain enough information to verify the identity of the person who contacted you and should consult with your supervisor or manager about how to proceed. If required, any information you provide must be accurate.

GET MORE INFORMATION

To find out more, see [SDP 3.4 – Solicitation on District Property](#); [SDP 6.1 – Classification and Protection of Information](#).

Never

- **Make negative comments to the public about the District, its customers or others in the community while doing your job.**
- **Publicly represent your personal views as those of the District.**
- **Comment or provide information on issues of importance to the District involving colleagues, customers, business partners or the community (i.e. possible or actual legal actions, catastrophes, public controversies) on behalf of the District unless authorized to do so.**
- **Behave in a manner that negatively reflects upon the District even when you are on a break or off duty, especially when the District logo is displayed on your uniform or vehicle.**
- **Respond to a request for public records or from a government official without first consulting your supervisor.**

The District is committed to equal employment opportunities, does not tolerate discrimination and/or harassment of any kind under any circumstances, and strictly prohibits retaliation against anyone for voicing a complaint. The District provides several avenues for employees to make a complaint of discrimination, harassment or retaliation known to District management. We expect you to let the District know about any concerns as soon as possible.

Nondiscrimination

The District prohibits discrimination with respect to selection and hiring, advancement, discharge, compensation, training, or other terms, conditions, and privileges of employment based on race, color, religion, sex, age, national origin, sexual orientation, gender identity, disability, pregnancy, medical condition, citizenship, marital status, military service or any other applicable legally protected status. All employment-related decisions made by the District are based on merit, performance and job-related factors.

Harassment and Discrimination Awareness and Prevention

The District is committed to providing a work environment free from all forms of discrimination, including harassment. Harassment in any form is unacceptable, and the District will not tolerate its presence in the workplace.

No employee should be subjected to unsolicited or unwelcome conduct or overtures, either verbal or physical.

The District will not permit harassment of any employee whether by managers, coworkers, or third parties, such as vendors, clients or customers.

Because harassment can take many forms, each employee must exercise his or her own good judgment to avoid engaging in conduct that may be perceived by others as harassment and treat other employees with respect. Any employee who violates the District's nondiscrimination policy will be subject to prompt disciplinary action as well as possible civil penalties.

Heightened Management Responsibilities

Supervisors and managers have a heightened duty to enforce District policy related to the work environment. Supervisors and managers may be subject to disciplinary action if they fail to take prompt and effective corrective action when they become aware of or should have known of any conduct that could be viewed as violating the District's nondiscrimination policy.

Supervisors and managers must contact the Fair Employment Office immediately upon learning of a possible violation of the District's nondiscrimination policy.

No Retaliation

No action will be taken against any employee for making claims or inquiries or for filing a complaint. Anyone who retaliates against an employee for voicing a complaint or for participating in the investigative process will be subject to disciplinary action. (Also see "Reporting a Violation and Non-Retaliation," page 7.)

GET MORE INFORMATION

To find out more, see [SDP 4.6.2 – Nondiscrimination](#); [SDP 4.6.3 – Equal Opportunity](#); [SDP 4.6.5 – Whistleblower Anti-Retaliation](#); and [SDP 4.6.6 – District Complaint Process](#).

Always

- **Make employment-related decisions based only on an individual's qualifications, performance, and other job-related factors.**
- **Speak up when someone's behavior has offended you; ask them to stop.**
- **Report concerns regarding discrimination and/or harassment of yourself and/or others to your supervisor, manager or the District's Fair Employment Office.**

You are expected to be mentally and physically fit for duty when you report to work and while on duty, including during meal breaks.

Drugs and Alcohol

Being under the influence of alcohol or drugs, or improperly using medications, diminishes an employee's ability to perform at his or her best. It may also compromise the safety of fellow employees and customers.

You may not possess, use, sell, purchase, or transfer illegal drugs on District premises, in District vehicles, or while on duty. This includes selling, purchasing, or transferring personal prescription drugs.

You must not be under the influence of illegal drugs or alcohol during work hours, regardless of when or where the drugs or alcohol were consumed.

Supervisors should report suspected substance abuse to the Labor Relations department.

Suspected Abuse and Assistance

The District provides a program to educate employees about the consequences of drug use and alcohol abuse and strives to provide

assistance to those who volunteer a dependency. You should let your supervisor know if you are concerned about workplace substance abuse.

Workplace Violence

Workplace violence refers to a broad range of behaviors falling along a spectrum that, due to their nature and/or severity, significantly affect the workplace, generate a concern for personal safety, or result in physical injury or death.

The District has a "zero tolerance" policy for threats (whether implicit or explicit), intimidation and violence. Such activities have no place at any of our work locations, and will not be tolerated.

Weapons of any kind are not allowed in the workplace, in District vehicles, or on District premises without prior written authorization from District Security.

Employees are required to promptly report to their supervisor, Labor Relations, or Security Operations any

suspected violations of the Workplace Violence Prevention Policy or other disturbing circumstances that may raise a concern for safety.

GET MORE INFORMATION

To find out more, see [SDP 4.7.2.1 – DOT Drug and Alcohol Testing](#); [SDP 4.7.2.2 – Driving](#); [SDP 4.7.2.3 – Violence Prevention in the Workplace](#); [SDP 4.7.4 – Substance Abuse](#).

Never

- **Report to work unfit to carry out your assignments.**
- **Consume alcohol or use drugs on District premises or in District vehicles.**
- **Drive a District vehicle under the influence of alcohol or drugs.**
- **Bring any kind of weapon to the workplace.**
- **Ignore a threat of intimidation or violence to yourself or others.**

You are encouraged to be active in the community and represent SMUD as an ambassador while doing so. Always consider how your personal conduct may affect the District's reputation and integrity. Take care to balance your family responsibilities with your employment responsibilities and obligations as a public servant. Seek help when needed.

SMUD Ambassadors

The District recognizes its employees have a wealth of knowledge about the District and encourages them to serve as SMUD ambassadors when participating in their local communities.

Work-Life Balance

The District recognizes that employees don't shed their personal responsibilities when they come to work while at the same time have an obligation to use District resources, including work time, wisely. The District provides leave and other benefits designed to support the work-life balance of its employees. The District also provides a confidential Employee Assistance Program to help you handle difficult personal financial or relationship situations.

Personal Causes

Employee discussions, solicitations and distribution of literature related to personal beliefs, causes or interests must not disrupt or interfere with ongoing District operations or other employees'

enjoyment of their break or meal periods.

As a public entity, the District is restricted in its communications related to ballot measures. You may not use your work time or any District resources for political campaigns unless expressly authorized to do so.

Personal Finances and Outside Employment and Businesses

A precarious personal financial position or questionable outside business relationship may negatively impact your credibility and might appear to influence the actions or judgments you make on behalf of the District. (See also "Personal Gain and Potential Conflicts," page 9.)

Employees should report existing or prospective outside employment to their supervisors in order to determine if there is an existing or potential conflict with District employment. Employees must remember that, despite any outside employment, their positions with the District depend upon their availability and performance. Outside employment is, not an excuse for poor job

performance, tardiness, absenteeism or refusal to work overtime.

An employee may be asked to terminate outside employment and may be subject to disciplinary action if outside employment leads to attendance or other performance problems or creates an actual or apparent conflict of interest.

Arrests and Convictions

You must immediately report to your supervisor any arrest or admission into a diversionary or deferred adjudication program that impacts your job responsibilities or availability. You may be placed on administrative leave while the situation is investigated and may be subject to further disciplinary action depending upon the circumstances.

GET MORE INFORMATION

To find out more, see [SDP 3.4 – Solicitation on District Property](#); [SDP 4.3.3 – Code of Ethics](#); [SDP 4.3.5 – Conflict of Interest](#); [SDP 4.5.4 – Outside Employment](#); [SDP 4.7.4 – Substance Abuse Testing and Rehabilitation Program](#)

Never

- **Use District time or assets for your own business or other job or engage in activities that could create an appearance of impropriety or conflict of interest.**
- **Misrepresent the reasons why you are unable to be at work or perform your job.**
- **Interfere with the work environment or productivity of your co-workers to advocate or solicit support for personal causes.**
- **Suggest that the District is endorsing a particular political candidate, ballot measure, organization, or position without getting the required approval.**
- **Use your job title or affiliation with the District to support anything without getting the required approval.**

EMPLOYEE COPY

Acknowledgement of Receipt

I, _____, acknowledge that I have received and read a copy of the Sacramento Municipal Utility District's Code of Business Ethics and Employee Conduct ("the Code") dated April 30, 2009. I will seek guidance if I am ever unsure about the proper course of conduct. Furthermore, I acknowledge that the Code does not alter the terms and conditions of my employment. The Code is not a contract of employment and nothing in the Code creates an express or implied contract of employment.

Signature

Employee # or Contract Agency

Date

DISTRICT COPY

Acknowledgement of Receipt

I, _____, acknowledge that I have received and read a copy of the Sacramento Municipal Utility District's Code of Business Ethics and Employee Conduct ("the Code") dated April 30, 2009. I will seek guidance if I am ever unsure about the proper course of conduct. Furthermore, I acknowledge that the Code does not alter the terms and conditions of my employment. The Code is not a contract of employment and nothing in the Code creates an express or implied contract of employment.

Signature

Employee # or Contract Agency

Date