

Exhibit to Agenda Item #3

Discuss proposed revisions to **Strategic Direction SD-16, Information Management and Security.**

Board Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting

Wednesday, November 20, 2024, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Proposed Revisions to SD-16

Proper management of cyber and physical information, as well as physical security, is a core value. Robust information management and physical security practices are critical to effective risk management and to ensure regulatory compliance, business resiliency and customer satisfaction. SMUD shall take prudent and reasonable measures to accomplish the following:

- ***No changes to introduction***

Proposed Revisions to SD-16 (cont.)

- a) **Information-CyberSecurity**: SMUD will protect customer, employee and ~~third party~~third-party information, and SMUD ~~information~~technology systems are protected from unauthorized access, use, disclosure, disruption, modification, or destruction.
- *Be more inclusive of Cybersecurity and Information Management & Compliance functions*
 - *Change “Information Security” to “Cybersecurity” to more accurately describe the scope of responsibilities of the Cybersecurity department*
 - *Removed “information” to allow broader coverage of the technology term, as both IT (Information Technology) and OT (Operational Technology) are to be protected.*

Proposed Revisions to SD-16 (cont.)

- b) Physical Security:** SMUD will safeguard its employees while at work as well as customers and visitors at SMUD facilities. SMUD will also protect its facilities and functions that support the reliability of the electric system and overall operation of the organization from unauthorized access or disruption of business operations.
- ***No changes to Physical Security section***

Proposed Revisions to SD-16 (cont.)

c) **Customer Privacy:** SMUD will annually notify customers about the collection, use and dissemination of sensitive and confidential customer information. Except as provided by law or for a business purpose, SMUD will not disseminate sensitive and confidential customer information to a third party for non-SMUD business purposes unless the customer first consents to the release of the information. Where sensitive and confidential information is disseminated for a business purpose, SMUD will ensure: (i) the third party has robust information practices to protect the sensitive and confidential customer or employee information, and (ii) use of the information by the third party is limited to SMUD's business purpose. SMUD will maintain a process that identifies the business purposes for which SMUD will collect, use and disseminate sensitive and confidential customer and employee information.

- ***Removal of “Customer” to allow language to more broadly cover employee privacy in addition to customer privacy***
- ***Addition of “and/or employee” where applicable***

Proposed Revisions to SD-16 (cont.)

- d) **Records Information Management**: SMUD will maintain the efficient and systematic control of the creation, capture, identification, receipt, maintenance, use, disposition, and destruction of SMUD **records information**, in accordance with legal requirements and Board policies.
- ***Change “Records” to “Information” to more accurately reflect that this function area encompasses not only records but all SMUD Information. This will help prevent any confusion around maintaining the older “records” language.***