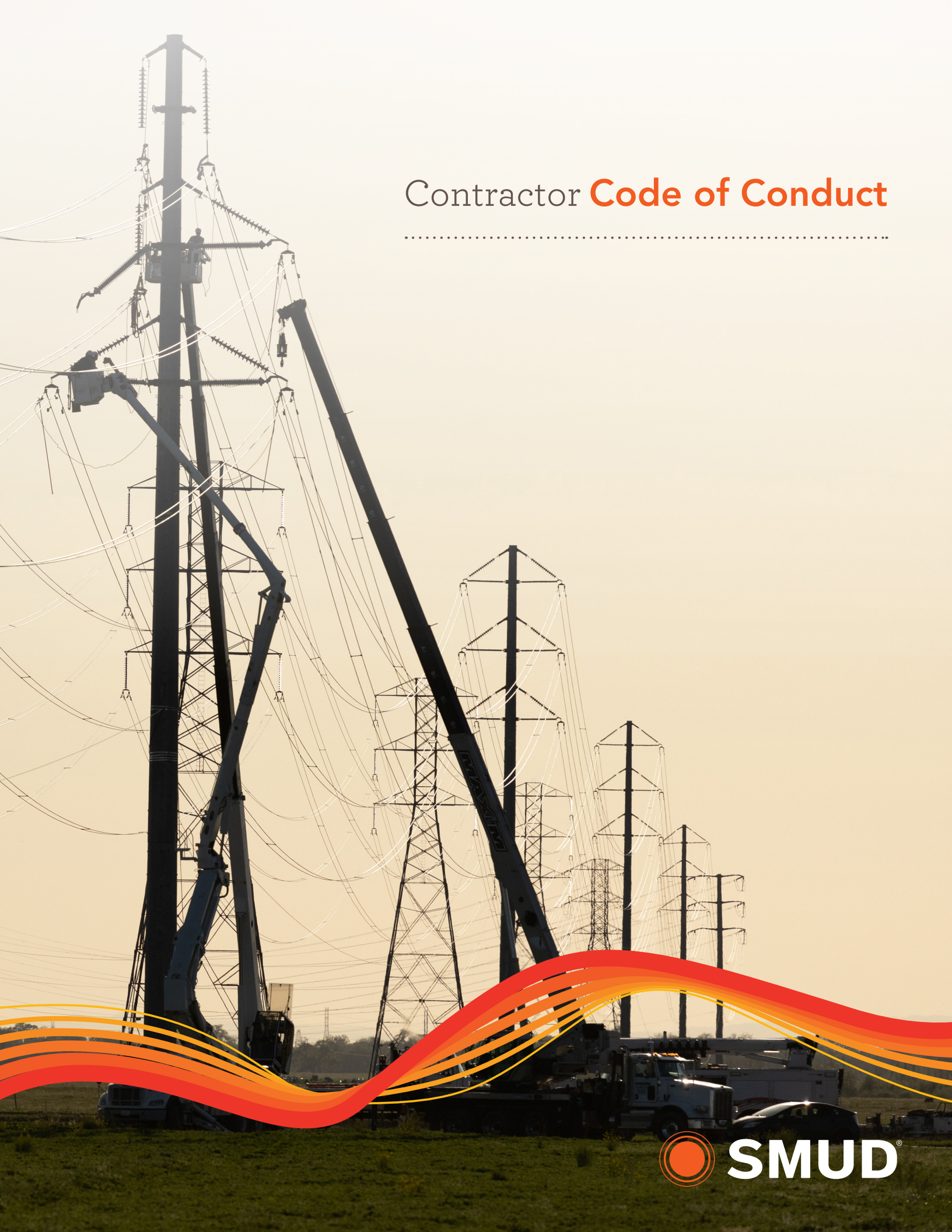


Contractor Code of Conduct



A message from SMUD's CEO & General Manager

For more than 75 years, SMUD's been committed to providing safe, affordable and reliable power to our customers and community. As SMUD's CEO & General Manager, it brings me great pleasure to introduce our very first Contractor Code of Conduct, underscoring our unwavering commitment to environmental and social responsibilities.

Since our inception, we've been deeply rooted in the principles of sustainability and community welfare. We recognize the importance of safeguarding our environment for future generations. That's why we're committed to eliminating carbon from our power supply by 2030 through our 2030 Zero Carbon Plan, and reducing carbon emissions associated with our own operations, procurement and supply chain activities. With the climate crisis we're facing, we firmly believe that environmental consciousness and social responsibility must extend beyond our own practices and echo throughout our entire supply chain lifecycle. Our Clean Energy Vision outlines how we can build a stronger, cleaner and more resilient grid by establishing strong partnerships with contractors who share our values. Together, we can clean the air, combat climate change and leave our region and our world a better place, while ensuring no communities are left behind in this clean energy transition.

We always reach to go above and beyond compliance with regulations, actively pursuing initiatives that preserve our environment and support the well-being of our communities.



Our new Contractor Code of Conduct represents a significant step toward fostering a collective commitment to sustainability and responsible business practices. We seek contractors – and their employees and subcontractors – who share our vision and are willing to stand alongside us in safeguarding the environment. With your collaboration, we aim to create a supply chain that collectively contributes to building a greener, more sustainable future.

Our Contractor Code of Conduct outlines specific guidelines that encompass compliance with:

- Laws, rules and regulations.
- Labor and human rights.
- Environmental and social.
- Health and safety.
- Diversity, equity, inclusion and belonging.
- Ethics and compliance.

At SMUD, we believe that the success of our mission depends on the collective efforts of our valued partners.

Together, let's lead the charge in protecting the environment, setting a precedent for sustainable practices that resonate throughout our industry and beyond. I am confident that with your support, we can make a difference and create a brighter, greener future for generations to come.

Thank you for your commitment to join SMUD in this important work.

Sincerely,



Paul Lau
CEO & General Manager

Purpose and intent



SMUD's mission is to enhance the quality of life for our customers and community by providing safe, reliable, affordable electricity and leading the transition to a clean energy future. As a community-owned, not-for-profit electric service and public agency, we work solely to benefit the customers and community we serve.

This Contactor Code of Conduct (Code of Conduct) outlines the principles and practices that our contractors, as well as their employees and subcontractors, are expected to follow when doing business with SMUD.

We believe that by working together with our contractors, we can create a more sustainable and responsible supply chain that benefits all stakeholders. We encourage our contractors to review and adopt this Code of Conduct as part of their business practices.

Thank you for your commitment to ethical and responsible business practices, and for partnering with us to achieve our shared goals.

Casey Fallon

Director of Purchasing, Warehouse & Fleet Operations

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Labor and human rights

SMUD is committed to equal employment opportunities and creating a harmonious environment that fosters respect and inspires employees and contractors to achieve our common goals.

Equal opportunity and non-discrimination

Contractors are expected to provide equal employment opportunities to their employees and job applicants, and are expected to maintain a workplace free from discrimination and retaliation.

Fair labor and child labor

Contractors must not exploit their employees by engaging in practices such as child labor, forced labor, discrimination or any form of abuse. They are expected to uphold fair labor standards, providing employees with safe working conditions, fair wages and respecting their rights.



Wages, hours of work and benefits

Suppliers will follow all wages and hours, Internal Revenue Service regulations and other employment laws and regulations. Under applicable state and federal regulations, employees shall not be required to work beyond daily and weekly work hour limits.

Harassment, fair treatment and discrimination

Contractors will not allow harassment or discrimination. All employment-related decisions made by the contractor must be based on merit, performance and job-related factors and not based on race, color, religion, sex, age, national origin, sexual orientation, gender identity, disability, pregnancy, medical condition, citizenship, marital status, military service or any legally protected status. No employee will be subjected to unsolicited or unwelcome conduct or overtures, whether verbal, visual or physical. Contractors must behave professionally and treat others with dignity and respect. Contractors will actively create and promote an inclusive environment for all people.

Freedom of association

Contractors must recognize and respect the freedom of association and the right to collective bargaining of their employees. Workers shall be free to join or form trade unions of their choice, consistent with applicable law, and contractors shall not interfere with, obstruct or discriminate against workers' representatives. The company is committed to fostering an environment where open communication and constructive dialogue between workers and management are encouraged.



Environmental, social and governance

At SMUD, we embrace environmental sustainability as a core leadership value. To us, environmental sustainability means delivering safe, affordable and reliable service in a socially and environmentally responsible manner. Therefore, we expect contractors to embrace environmental sustainability.

Compliance with environmental legal requirements

Contractors shall adhere to all applicable environmental laws and regulations, particularly those related to emissions standards in the State of California. This includes compliance with the California Air Resources Board (CARB) regulations and any other relevant state or local regulations governing emissions. Contractors are expected to use environmentally friendly practices and adopt technologies that minimize emissions in their operations. Any necessary permits or approvals related to emissions must be obtained and maintained throughout the duration of the contract. Failure to comply with emissions regulations may result in contractual penalties and may also be grounds for termination of the contract.

Energy efficiency and renewables

All contractors are encouraged to invest in innovative energy-saving technologies and promote energy efficiency in their operations, such as upgrading equipment and/or adopting best practices to reduce energy consumption. SMUD encourages contractors to research the benefits of renewable energy resources and to make investments in renewable power supply.

Resource efficiency and clean energy

Contractors are expected to promote business practices that will minimize environmental impacts, conserve natural resources, reduce the use of hazardous substances, reduce mobile sources of NOx emissions and recycle and responsibly dispose of waste. We encourage all contractors to advance their electrification of vehicles, buildings and equipment to clean energy.

Minimizing and disposing of waste properly

Contractors must “Reduce, Reuse, and Recycle” disposable materials whenever possible.

Responsible sourcing of materials and procurement activities

Contractors will engage in ethical and responsible procurement methods that include sourcing products, materials and services consistent with the International Organization for Standardization’s ISO 20400:2017, the international standard for integrating sustainability into procurement practices.

Health and safety

SMUD is committed to providing a safe, healthy and secure work environment. All contractors must ensure their products and services meet relevant health and safety standards, and take measures to minimize any potential risks to employees, customers and stakeholders.

Occupational safety and health

Contractors will follow safety rules and procedures in all work locations. All contractors are responsible for understanding the safety rules for their workgroup and ensuring all work is performed safely and responsibly under Occupational Safety and Health Administration (OSHA) standards. Contractors must oversee the use of safe and healthy practices, and ensure employees are trained regarding such procedures.

Contractors must provide timely, quality healthcare for injured employees that aids their recovery while maintaining the positive financial performance of the workers' compensation program. Injuries related to SMUD operations or facilities must be tracked and reported to the public.



Diversity, equity, inclusion and belonging

SMUD is committed to promoting supplier diversity and fostering an inclusive business environment. We recognize that diversity among our contractors brings a multitude of perspectives, innovative ideas and unique strengths to our supply chain. We firmly believe that supplier diversity is not just a social responsibility, but also a strategic business imperative.

Supplier diversity

Diverse businesses, including those categories recognized under the California Public Utilities Commission General Order 156 and Federal Subcontracting Programs, shall have a meaningful and robust opportunity to be considered for participation in the performance of contracts.

Contractors agree to use their best efforts to ensure subcontracts (when applicable and available) are equitably available with such diverse contractors consistent with the performance of their contract.



Ethics and compliance

SMUD is dedicated to complying with all applicable laws, regulations and industry standards, and strives to exceed mere compliance by continuously improving our practices. We take allegations of ethics and compliance violations seriously and are committed to conducting prompt and thorough investigations.

Business integrity

Contractors must act honestly and ethically in all their business transactions. Unfair advantage of anyone through manipulation, concealment, misrepresentation of material facts or any other unfair dealing practice will not be allowed.

Gifts and gratuities

Contractors are expected to compete for work based on merit and performance, not on the exchange of gifts or entertainment. The exchange of gifts in a business setting can create a sense of obligation or the appearance of impropriety. As a result, SMUD's restrictions in this area often surpass those contained in state conflict-of-interest laws. Contractors should inquire into SMUD's current gift limits before offering a gift.

Privacy and information security

Contractors will protect customer, employee and other third-party Personally Identifiable Information and confidential information, and contractors' information systems must be protected from unauthorized access, use, disclosure, disruption, modification or destruction. Contractors must exercise due diligence and practical judgment when making decisions about privacy and information security.

Quality control

Regular audits, performance metrics, contract requirements – SMUD may include specific language in our contracts that requires contractors' compliance with this Code of Conduct.

Management systems

Contractors are expected to maintain an appropriate management system to ensure their operations comply with all applicable laws and regulations listed in this Code of Conduct. Failure to comply with the Code of Conduct expectations outlined can result in contract termination.

Disclaimer

The expectations in this Code of Conduct are enforceable as part of your contract(s) with SMUD but are not intended to conflict with or modify the terms and conditions of those contract(s). If a contract requirement is more restrictive than this Code of Conduct, you must comply with the more restrictive contract requirement.

Reporting violations, concerns and compliance

Contractor's violation of any of the provisions of this Code of Conduct may be considered a material breach of contract(s) with SMUD. Should the contractor fail to cure the breach upon written notice from SMUD, SMUD may terminate or suspend all contracts between SMUD and Contractor, and invoke and enforce all other rights or remedies that SMUD may have under contract or applicable law.

Contractors and representatives that suspect non-compliance with this Code of Conduct should contact us at ProcurementCompliance@SMUD.org.





Powering forward.
Together.

