Michael A. Backstrom
VP Regulatory Affairs
michael.backstrom@sce.com

March 13, 2023

Caroline Thomas Jacobs, Director
Office of Energy Infrastructure Safety
300 Capital Mall, Suite 500
Sacramento, CA 95814

Docket Number #: 2023-EC

SUBJECT: 2023 Executive Compensation Structure Submission of Southern California Edison Pursuant to Assembly Bill 1054

Dear Director Thomas Jacobs:

In response to the Final 2023 Executive Compensation Structure Submission Guidelines (2023 Guidelines)[1] adopted by the Office of Energy Infrastructure Safety (Energy Safety) on November 28, 2023, Southern California Edison Company (SCE) hereby submits its 2023 Executive Compensation Structure approval request. The attached Required Information Template and supplemental Attachment A address SCE's compensation for executive officers, including how the compensation is determined and how the structure of SCE's executive compensation program is aligned with §8389(e) of the Public Utilities Code and the majority of elements in the Assigned Commissioner's Ruling, Proposal 9 for Pacific Gas and Electric Company. Please feel free to contact me if you should have any questions or require additional information.

Sincerely,

//s//
Michael A. Backstrom

Vice President
Regulatory Affairs

[1] Energy Safety's Final 2023 Executive Compensation Structure Submission Guidelines, available at https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=53269&shareable=true

Section 1: Incentive Compensation Components

Rationale: For the issuance of a Safety Certification, Public Utilities Code section 8389(e)(4) requires that electrical corporations' executive incentive compensation structures include "incentive compensation based on meeting performance metrics that are measurable and enforceable, for all executive officers...." To evaluate an electrical corporation's compliance with this requirement, Energy Safety must know: (a) who are the electrical corporation's executive officers and (b) what incentive compensation structure exists.

Definition: "Executive officer" is defined in Public Utilities Code section 451.5(c) and "means any person who performs policy making functions and is employed by the public utility subject to the approval of the board of directors, and includes the president, secretary, treasurer, and any vice president in charge of a principal business unit, division, or function of the public utility." Energy Safety considers divisions or units responsible for electrical operations, gas operations or wildfire-related functions principal business units, divisions or functions of the public utility.

Instructions: In Table 1.1, for each executive officer subject to the executive compensation filing requirements, provide the executive title and function, the executive name (if the executive is classified as an Officer of the Company per the Company's website), the target percentage of Short-Term Incentives (STIP) and Long-Term Incentives (LTIP) as a proportion of Total Incentive Compensation (TIC) for the appropriate 2023 filing year. See the definition of the proceeding terms in **Attachment 2**.

For purposes of calculating the percentage of TIC, use the grant value of the compensation as determined for accounting purposes. Grant value is the value that is disclosed in proxy statement summary compensation tables for executive officers who are proxy officers. Percentages must be specified for each executive officer and not a range for various position levels.

Table 1.1
Incentive Compensation at the Target Level

Executive Title/ Function and Name (where applicable)	Target STIP as a Percent of TIC	Target LTIP as a Percent of TIC
President and Chief Executive Officer - Steven D. Powell	24.6%	75.4%
SCE Executive or Senior Vice President	33.3%	66.7%
SCE Executive or Senior Vice President	36.7%	63.3%

Executive Title/ Function and Name (where applicable)	Target STIP as a Percent of TIC	Target LTIP as a Percent of TIC
SCE Executive or Senior Vice President	36.7%	63.3%
SCE Executive or Senior Vice President	34.6%	65.4%
SCE Executive or Senior Vice President	33.3%	66.7%

Instructions: In Table 1.2, for each executive officer subject to the executive compensation filing requirements, provide the executive title and function, the executive name (if the executive is classified as an Officer of the Company per the Company's website), the target percentage of Base Salary, STIP and LTIP as a proportion of Total Direct Compensation (TDC) for the appropriate 2023 filing year. See the definition of the proceeding terms in **Attachment 2**.

Table 1.2
Total Direct Compensation at the Target Level

Executive Title/ Function and Name (where applicable)	Target Base Salary as a Percent of TDC	Target STIP as a Percent of TDC	Target LTIP as a Percent of TDC
President and Chief Executive Officer - Steven D. Powell	22.5%	19.1%	58.4%
SCE Executive or Senior Vice President	35.7%	21.4%	42.9%
SCE Executive or Senior Vice President	40.0%	22.0%	38.0%
SCE Executive or Senior Vice President	40.0%	22.0%	38.0%
SCE Executive or Senior Vice President	43.5%	19.6%	37.0%
SCE Executive or Senior Vice President	37.7%	20.7%	41.6%

Section 2: Executive Officer Exclusion Rationale

Rationale: For the issuance of a Safety Certification, Public Utilities Code section 8389(e)(4) requires that electrical corporations' executive incentive compensation structures include "incentive compensation based on meeting performance metrics that are measurable and enforceable, for all executive officers… ." To ensure incentive compensation is used for all executive officers, Energy Safety must understand why certain top-level officials do not fit within the definition of "executive officers" as defined in Public Utilities Code section 451.5(c).

Instructions: For the purpose of completing Table 2.1, include all the positions of the highest three tiers of the executives or officers of the electrical corporation that do not fit within the definition of "executive officers" as defined in Public Utilities Code section 451.5(c). For those positions, provide a simple explanation regarding why the executives holding those positions are not considered "executive officers" as set forth in Public Utilities Code section 451.5(c) (See Attachment 4).

Include all positions within a tier in the table.

Table 2.1
*Public Utilities Code Section 451.5(c) Exclusion Rationales**

SCE Senior Vice President, Corporate Affairs	This individual is not in charge of a principal business unit, division, or function of SCE and does not otherwise perform a policy-making function
SCE Senior Vice President, Human Resources	This individual is not in charge of a principal business unit, division, or function of SCE and does not otherwise perform a policy-making function
SCE Senior Vice President and Chief Information Officer	This individual is not in charge of a principal business unit, division, or function of SCE and does not otherwise perform a policy-making function
SCE Senior Vice President, Asset Strategy and Planning	This individual is not in charge of a principal business unit, division, or function of SCE and does not otherwise perform a policy-making function

* The three highest tiers of executives or officers of SCE are:

1. President and Chief Executive Officer
2. Executive Vice President
3. Senior Vice President

With the exception of the Senior Vice Presidents listed in Table 2.1, all of SCE's executives and officers in these three highest tiers are "executive officers" of SCE as defined in Pub. Util. Code § 451.5(c). None of SCE's executives or officers below these three highest tiers are "executive officers" of SCE as defined in Pub. Util. Code § 451.5(c). See pages 2-4 of the October 15, 2021 letter from SCE to Energy Safety (Southern California Edison Company's Comments on

September 29, 2021 Executive Compensation Guidance Workshop) for additional information regarding the determination of "executive officers," including the exclusion of SCE's Secretary and Treasurer, both of whom are below the Senior Vice President level and therefore are not addressed in Table 2.1.

i) Definition of policy making:

Explain how the electrical corporation defines policy making for purposes of the inclusion or exclusion of personnel pursuant to Public Utilities Code section 451.5(c):

On an annual or more frequent basis, SCE's Board of Directors ("SCE Board") evaluates and determines who performs policy making functions for SCE. The SCE Board designates these policy-makers as its executive officers under Rule 3b-7 of the Securities Exchange Act of 1934 ("Rule 3b-7"). As the California Public Utilities Commission ("Commission") stated in its decision in SCE's 2021 General Rate Case ("2021 GRC"), the definition of "executive officer" in Pub. Util. Code § 451.5 "is similar to the definition provided in Rule 3b-7."[2] One of the similarities is that both definitions provide that executive officers perform policy making functions. There are two key aspects of policy making for purposes of the executive officer determination. First, only policy decisions that could have a material impact on the company are considered for this purpose.[3] Second, policy makers must regularly exercise final authority over material policy decisions. Officers who merely influence policy decisions are policy advisors, not policy makers.[4] All of our officers at some point advise on material policy decisions. But only executive officers regularly exercise final authority to make material policy decisions.

[2] D.21-08-036, p. 417, fn. 1353.

[3] According to guidance from the U.S. Securities and Exchange Commission ("SEC"), "Policy-making function" is not intended to include policy-making functions that are not significant." 17 CFR 240.16a-1(f).

[4] *See SEC v. Prince*, 942 F. Supp. 2d 108, 135 (D.D.C. 2013) ("substantial influence and involvement with regard to [material functions such as] mergers and acquisitions issues" did not constitute a policy-making function because the individual "did not have final, policy making authority over that program.")

Section 3: Short-Term Incentive Program (STIP)

Rationale: For the issuance of a Safety Certification, Public Utilities Code section 8389(e)(4) requires that electrical corporations' executive incentive compensation structures are "structured to promote safety as a priority and to ensure public safety and utility financial stability with performance metrics, including incentive compensation based on meeting performance metrics that are measurable and enforceable, for all executive officers... ." To ensure that the executive compensation structure for electrical corporation executive officers is structured to promote safety as a priority and ensure public safety and utility financial stability, Energy Safety must have an in-depth understanding of:

- The performance-based components of an executive compensation structure.
- How that structure is promoting safety.
- How effective metrics are in changing safety and financial outcomes.
- How adjustments to metrics are tied to performance.

Instructions: The STIP includes all performance-based compensation awarded on a performance term of less than three years. If the electrical corporation uses more than one short-term incentive mechanism, repeat this information for each mechanism (e.g., quarterly and annually).

Section 3a: STIP Structure

Instructions: Provide the requested 2023 STIP information regarding payment type, triggers, deductions, the use of individual performance modifiers, the use of company performance modifiers, the use of thresholds, targets, and maximums and the associated percentages, and how performance between categories is interpolated.

i) STIP Payment Type. Check one:

Cash: ☒ Other: ☐

If other, describe the other type of STIP payment:

ii) Use of Any Performance Triggers

Does the electrical corporation's 2023 STIP use any performance triggers (e.g., must achieve certain annual earnings per share before any STIP payments are made)? Check one:

Yes: ☒ No: ☐

If "Yes," describe any performance triggers:

Performance triggers are an aspect of our foundational goals and core earnings goal.

Foundational goals are a deduct-only category. Safety and compliance are foundational and events such as fatalities or significant non-compliance issues can result in meaningful or full elimination of short-term incentive compensation ("STIP"), depending on the severity of the lapse, as determined by the Compensation and Executive Personnel Committee of the SCE Board ("Compensation Committee"). The Compensation Committee has exercised its authority in this area multiple times to reduce STIP awards for safety performance, including eliminating STIP awards for 2018 for certain executive officers in light of the impact of wildfires on SCE's service area.

The core earnings goal provides that the STIP payout may be zero if core earnings fall below the threshold level.

iii) Use of Any Automatic, Non-Discretionary Deductions

Does the electrical corporation's 2023 STIP have any automatic non-discretionary deductions (e.g., failure to achieve WMP targets results in X% reduction, catastrophic wildfire results in zeroing out all safety metrics)? Check one:

Yes: ☐ No: ☒

If "Yes," describe all automatic, non-discretionary deductions:

iv) Use of Any Specifically Defined Discretionary Deductions

Does the electrical corporation's 2023 STIP have any defined deductions (e.g., foundational, deduct only goals) that are part of the compensation structure? Check one:

Yes: ☒ No: ☐

If "Yes," describe all specific/defined discretionary deductions that are part of the structure:

See Section 3a.ii for an overview of our foundational deduct-only goals and core earnings threshold performance level. Additional information for the 2023 STIP is in Section 3c.

v) Use of a Performance Range – 2022

Were the 2022 STIP payouts based on a performance range (i.e., below minimum/threshold, minimum/threshold, target, maximum)? Check one:

Yes: ☒ No: ☐

Did the electrical corporation use one range for all 2022 STIP metrics or differing ranges based on the category of metric? Check one:

One range for all metrics: ☐ Multiple ranges: ☒

If multiple ranges are used, explain why:

With the two exceptions noted below, the same basic scoring range is used for all quantitative performance goals: 0% for Unmet/Minimum performance or below, 100% for Met/Target performance, and 200% for Exceeded/Maximum performance or above.

As discussed above in Section 3a.ii, the core earnings goal includes a Threshold level for performance below Unmet/Minimum performance. Core earnings below the Threshold level may result in zero STIP payout.

In addition, as discussed above in Section 3a.ii, the Compensation Committee established certain safety and compliance goals that it views as foundational. Significant lapses can result in either a reduction or an elimination of STIP awards for all or some plan participants, depending upon severity, as determined by the Compensation Committee. Since this is a deduct-only goal that has zero as its target, there is no performance range for scoring above zero.

Provide the 2022 STIP metric performance range(s):

Table 3a.1
2022 STIP Metric Performance Range(s)

	Below Minimum	**Minimum**	**Target**	**Maximum**
Foundational Goals*	Up to -100%	0%	0%	0%
Core Earnings Goal*	-100%	0%	100%	200%

Other Quantitative Performance Goals*	0%	0%	100%	200%

Describe the interpolation method between categories (e.g., straight line):

*The explanations provided in Sections 3a.ii and 3a.v regarding the scoring of foundational goals and the scoring of Below Minimum performance on the core earnings goal also applies to this Table 3a.1.

For the core earnings goal, performance between Unmet/Minimum and Met/Target and between Met/Target and Exceeded/Maximum is scored using linear interpolation. The Threshold level is set at 80% of the core earnings target, while the Unmet/Minimum level is set at 90% of the core earnings target.

For other quantitative performance goals, performance between Unmet/Minimum and Met/Target and between Met/Target and Exceeded/Maximum is initially scored using linear interpolation with practical rounding. See Section 3a.vii for more information about Compensation Committee discretion in determining STIP scoring and payouts.

vi) Use of a Performance Range – 2023

Do the 2023 STIP payouts include a performance range (i.e., below minimum/threshold, minimum/threshold, target, maximum)? Check one:

Yes: ☒ No: ☐

Is the electrical corporation using one range for all 2023 STIP metrics or differing ranges based on the category of metric)? Check one:

One range for all metrics: ☐ Multiple ranges: ☒

If multiple ranges are used, explain why:

The explanation provided in Section 3a.v also applies to Section 3a.vi.

Provide the 2023 STIP metric performance range(s):

Table 3a.2
2023 STIP Metric Performance Range(s)

	Below Minimum	**Minimum**	**Target**	**Maximum**
Foundational Goals*	Up to -100%	0%	0%	0%
Core Earnings Goal*	-100%	0%	100%	200%
Other Quantitative Performance Goals*	0%	0%	100%	200%

Describe the interpolation method between categories:

*The explanation provided in Section 3a.v also applies to this Table 3a.2.

Did the performance range change for any metrics between 2022 and 2023? Check one:

Yes: ☐ No: ☒

If Yes, describe and quantify the change for each such metric:

vii) Use of Performance Modifiers – 2022 Actual

Did the electrical corporation's 2022 STIP involve the use of any of the following types of performance modifiers?

Individual Performance Modifier – 2022, check one:

Yes: ☒ No: ☐

If Yes, describe each performance modifiers:

The 2022 STIP payout for an executive officer equals the target payout for that executive officer established by the Compensation Committee times (i) the company multiplier determined by the Compensation Committee after assessing SCE's performance on 2022 goals and (ii) an individual performance modifier ("IPM") for the executive officer determined by the Compensation Committee based on its evaluation of the executive officer's 2022 performance. The range for the STIP payout is 0% to 200% of the target payout. The potential range for the IPM is 0% to 150%. As reflected in Table 3a.3, the actual range for 2022 was 98% to 105% for SCE's executive officers.

If Yes, quantify for each executive their individual performance modifiers:

Table 3a.3
Individual Performance Modifiers – 2022 Actual

Executive Title/ Function and Name (where applicable)	Increase/ Decrease	Percentage Change	Factors in/ Reason for Adjustment (1)
President and Chief Executive Officer - Steven D. Powell	None	None	See SCE Footnote to Table 3a.3
SCE Executive or Senior Vice President	Decrease	2 percentage points below target (i.e., 98% IPM)	See SCE Footnote to Table 3a.3
SCE Executive or Senior Vice President	Decrease	2 percentage points below target (i.e., 98% IPM)	See SCE Footnote to Table 3a.3
SCE Executive or Senior Vice President	Increase	5 percentage points above target (i.e., 105% IPM)	See SCE Footnote to Table 3a.3
SCE Executive or Senior Vice President	Decrease	2 percentage points below target (i.e., 98% IPM)	See SCE Footnote to Table 3a.3
SCE Executive or Senior Vice President	Increase	5 percentage points above target (i.e., 105% IPM)	See SCE Footnote to Table 3a.3

(1) Providing the broad category for the ‘Factors in/Reasons for the Adjustment’ column is sufficient when those reasons are not safety related (e.g., Other Non-Safety Related, Superior Financial Performance, etc.). If the reason for an adjustment is safety and/or WMP related then the reason provided must be specific (e.g., failure to achieve covered conductor installation WMP targets).

<u>SCE Footnote to Table 3a.3</u>: The Compensation Committee assessed the 2022 performance of every SCE executive officer as strong or exemplary, but decided to use an IPM of 100% for Mr. Powell because the Committee believes it is important to align the

CEO's annual incentive award payout with the corporate performance factor and focus the CEO's attention on leading SCE to achieve and exceed SCE's goal targets. The IPMs for the other executive officers reflect the Committee's holistic assessment of each officer's overall performance for 2022 on a variety of matters, including ones related to safety, resiliency, and finances. Since the assessment is holistic, a variance from a 100% IPM is not solely attributable to any single metric or reason. The following strong safety and/or WMP-related performance contributed positively to the IPM assessments [redacted]. The following safety and/or WMP-related issues were negative factors for the IPM assessments: [redacted] Strong company or organizational unit financial performance was a positive factor [redacted].

Did the electrical corporation's 2022 STIP involve the use of any of the following types of performance modifiers?

Company Performance Modifier – 2022, check one:

Yes: ☒ No: ☐

If Yes, describe and quantify the impact of the company performance modifier:

As explained in Section 3a.vii, the 2022 STIP payout for an executive officer equals the target payout for the executive officer established by the Compensation Committee times (i) the company multiplier and (ii) the IPM. The company multiplier is determined by the Compensation Committee after assessing SCE's performance on 2022 goals. The company multiplier for 2022 applies to all employees, including executive officers and represented employees. The range for the company multiplier is technically 0% to 200%, but as noted above, the range for the STIP payout (after taking into account the company multiplier and the IPM) is 0% to 200% of the target payout. The Compensation Committee has discretion to make any adjustments within this range it deems advisable should circumstances warrant (see below for additional information about Compensation Committee discretion).

Board Discretion, check one:

Yes: ☒ No: ☐

If Yes, describe and quantify the impact of the board's discretion:

The SCE Board has delegated authority and responsibility for the STIP to the Compensation Committee, which is composed solely of independent Board members who have significant experience and qualifications and bring a variety of perspectives to the Compensation Committee's deliberations. No officers or other employees serve on the Compensation Committee. The Compensation Committee retains an independent compensation consultant, Pay Governance, to assist in evaluating executive officer compensation.

At the Compensation Committee meeting in February following the end of the goal year, the Compensation Committee assesses all the success measures that were approved for the STIP at the beginning of the goal year, as well as other important activities and developments during the year.

The Compensation Committee evaluates the relative importance of the various success measures and scores the subcategories, depending on the extent to which the goals were Unmet, Met or Exceeded, to establish the company multiplier.

In the scoring process, the Compensation Committee considers both what was accomplished and the manner in which it was accomplished. The goals must be achieved while living the Company's values, which include safety. Significant consideration is given to the efficacy and prudency of the efforts and impacts from external events when evaluating absolute outcomes. Based on the judgment of the Compensation Committee, this may result in a company multiplier that varies from the sum of the scores of the individual success measures. The Compensation Committee can exercise discretion to reduce or increase STIP payouts within the range of zero to 200% of target should circumstances warrant.

For 2022, the Committee approved the sum of the scores of the individual success measures as the company multiplier and decided not to exercise its discretion to increase or decrease the company multiplier.

Section 3b: 2022 STIP Metrics – Minimum, Target, Maximum and Actual

Instructions: Complete Table 3b.1 for the 2022 STIP metrics, adding rows as necessary. See **Attachment 3** for a discussion of categories and sub-categories.

Table 3b.1
2022 STIP – Minimum, Target and Maximum Versus Actual

OEIS Category	OEIS Safety Sub-Category	SCE Metric	Metric Type	Weight	Min	Target	Max	Actual Performance	Weighted Contribution
Other Safety; Security; ESG	Public Safety; Compliance / Adherence	Foundational Goals[5]	Lagging Outcome	Deduct Only	No Deduct	No Deduct	No Deduct	Not Met	-7
			Subtotal	**Deduct Only**					**-7**
Other Safety	Workforce Safety	Employee Edison Electric Institute (EEI) SIF Rate	Lagging Outcome	10%	0.087	0.072	0.058	0.088	0
		Employee DART Injury Rate	Lagging Outcome		1.13	0.98	0.84	1.18	
			Subtotal	**10%**					**0**

[5] The foundational goals had the following success measures: no employee fatalities; no serious injuries to public from system failure; no significant non-compliance events; and maintain effective controls and cybersecurity measures to prevent and mitigate significant disruption, data breach or system failure. See explanation provided in Section 3a.ii for additional information about potential deductions.

OEIS Category	OEIS Safety Sub-Category	SCE Metric	Metric Type	Weight	Min	Target	Max	Actual Performance	Weighted Contribution
Wildfire Safety; Other Safety	Wildfire Mitigation; Public Safety; Emergency Response	CPUC reportable ignitions in High Fire Risk Areas	Leading/ Lagging Outcome[6]	30%	49	41	33	40	43
		Covered Conductor	Leading		1,100	1,250	1,400	1,399	
		Overhead Inspections and Remediations in HFRA	Leading		60%	70%	80%	80%	
		Vegetation Line Clearing	Leading		75%	80%	85%	88%	
		Public Safety Power Shutoff (PSPS): Reduced duration of customer PSPS outages	Leading		11%	17%	23%	20%	
		Public Safety Power Shutoff (PSPS): Customer notifications	Leading		91%	95%	99%	71%	
			Subtotal	**30%**					**43**

[6] Ignitions is a lagging/outcome metric for reducing wildfire risk but a leading indicator for reducing public safety serious injuries and fatalities.

OEIS Category	OEIS Safety Sub-Category	SCE Metric	Metric Type	Weight	Min	Target	Max	Actual Performance	Weighted Contribution
Security		Mature Enterprise-wide Phishing Program: • Click Rate	Leading	5%	4%	3%	2%	2.4%	7
		• Reporting Rate			31%	36%	41%	37%	
			Subtotal	**5%**					**7**
Other Operational; Other Safety	Performance	Sustain quality performance in key programs	Lagging Outcome	5%	87%	90%	93%	93%	10
		Execute grid, technology, electrification and improvements to deliver safe, reliable, clean and affordable energy for customers[7]	Activity-based[8]	5%	N/A	N/A	N/A	Met	5
			Subtotal	**10%**					**15**
Customer Service		SAIDI, Repair	Lagging Outcome	5%	110	98	86	100	4
		Billing & Payment (B&P) Net Score	Lagging Outcome	5%	16	28	40	36.6	9
			Subtotal	**10%**					**13**

[7] Represents scope of executing SCE's authorized capital plan, which is a measure of work performed, consistent with appropriate regulatory direction. Level of spend associated with the capital plan serves as a guide indicator of completion of scope. 2022 annual capital plan budget was $6.2 billion. Actual capital spend was $5.7 billion.

[8] Activity-based metrics are qualitative in nature.

OEIS Category	OEIS Safety Sub-Category	SCE Metric	Metric Type	Weight	Min	Target	Max	Actual Performance	Weighted Contribution
Environmental, Social, Governance (ESG)		Transportation Electrification (TE) and Other Initiatives: • TE Light Duty Installs	Leading	5%	800	1,000	1,200	277	5
		• TE Medium / Heavy Duty Conversions			365	460	555	584	
		• Building Electrification Installs			5,500	7,000	8,500	4,946	
		• Demand Response Resources			720	775	830	1,000	
			Subtotal	**5%**					**5**
Diversity, Equity, and Inclusion (DEI)		Build DEI action plans	Activity-based[9]	5%	N/A	N/A	N/A	Met	5
		Diverse Business Enterprise (DBE) spend	Lagging Outcome		30%	33%	36%	35%	
			Subtotal	**5%**					**5**

[9] Activity-based metrics are qualitative in nature.

OEIS Category	OEIS Safety Sub-Category	SCE Metric	Metric Type	Weight	Min	Target	Max	Actual Performance	Weighted Contribution
Financial		SCE core earnings[10]	Lagging Outcome	25%	$1,820 million	$2,022 million	$2,224 million	$2,029 million	26
			Subtotal	**25%**					**26**
			Total	**100%**					**107**

Section 3c: 2023 STIP Metrics – Minimum, Target, and Maximum

Instructions: Complete Table 3c.1 for the 2023 STIP. Provide details of the STIP metrics and minimum, target and maximum performance values for the filing year. Wildfire safety metrics must be categorized separately (with no other metrics) and must include a weighting. Add additional rows as needed.

Table 3c.1
2023 STIP Metrics

OEIS Class	OEIS Sub-Class	Metric	Metric Type	Weight	Min	Target	Max
Performance Range					0%	0%	0%
Other Safety; Security; ESG	Public Safety; Compliance / Adherence	Foundational Goals[11]	Lagging Outcome	Deduct Only	No deduct	No deduct	No deduct
			Subtotal:	**Deduct Only**			

[10] The STIP payout may be zero if core earnings performance falls below the Threshold level. The Threshold level is 80% of the core earnings target.

[11] The foundational goals have the following success measures: no employee fatalities; no serious injuries to public from system failure; no significant non-compliance events; and maintain effective controls and cybersecurity measures to prevent and mitigate significant disruption, data breach or system failure. See explanation provided in Section 3a.ii for additional information about potential deductions.

OEIS Class	OEIS Sub-Class	Metric	Metric Type	Weight	Min	Target	Max
Performance Range					0%	100%	200%
Other Safety	Workforce Safety	Employee Edison Electric Institute (EEI) SIF Rate	Lagging Outcome	5%	0.090	0.075	0.060
		Employee DART Injury Rate	Lagging Outcome	3%	1.15	1.00	0.85
		Observations of employees in high-hazard occupations that include either opportunities for improvement or recognition	Leading	2%	100%	200%	300%
			Subtotal:	**10%**			
Performance Range					0%	100%	200%
Wildfire Safety	Wildfire Mitigation; Public Safety; Emergency Response	CPUC Reportable Ignitions in High Fire Risk Areas (HFRA)	Leading/Lagging Outcome[12]	6%	47	39	31
		Covered Conductor	Leading	6%	1,100	1,200	1,300
		Overhead Inspections and Remediations in HFRA	Leading	6%	60%	70%	80%
		Vegetation Line Clearing	Leading	6%	79%	84%	89%
		PSPS: Customer Notifications	Leading	6%	96%	98%	100%
			Subtotal:	**30%**			
Performance Range					0%	100%	200%
Security		Mature Enterprise-wide Phishing Program Click Rate	Leading	3%	3.5%	2.5%	1.5%
		Mature Enterprise-wide Phishing Program Reporting Rate	Leading	2%	31%	36%	41%
			Subtotal:	**5%**			

[12] Ignitions is a lagging/outcome metric for reducing wildfire risk, but a leading indicator for reducing public safety serious injuries and fatalities.

OEIS Class	OEIS Sub-Class	Metric	Metric Type	Weight	Min	Target	Max
Performance Range					0%	100%	200%
Other Operational; Other Safety	Performance	Sustain quality performance in key programs	Lagging Outcome	5%	87%	91%	95%
		Execute grid, technology, electrification and improvements to deliver safe, reliable, clean, and affordable energy for customers[13]	Activity-based[14]	5%	N/A	N/A	N/A
			Subtotal:	**10%**			
Performance Range					0%	100%	200%
Customer Service		SAIDI, Repair	Lagging Outcome	4%	110	98	86
		Billing & Payment and Outage Net Score	Lagging Outcome	4%	5	14	23
			Subtotal:	**8%**			
Performance Range					0%	100%	200%
Environmental, Social, Governance (ESG)		Transportation Electrification (TE) and Building Electrification (BE) • TE Light Duty Installs	Lagging Outcome	4%	1,600	2,000	2,400
		• TE Medium/Heavy Duty (MDHD) Conversions			495	620	745
		• BE Installs			3,850	5,500	7,150
			Subtotal:	**4%**			
Performance Range					0%	100%	200%
		Implement DEI action plans	Lagging Outcome	2%	90%	95%	100%

[13] Represents scope of executing SCE's authorized capital plan, which is a measure of work performed, consistent with appropriate regulatory direction. Level of spend associated with the capital plan serves as a guide indicator of completion of scope. 2023 annual capital plan budget is $5.98 billion.

[14] Activity-based metrics are qualitative in nature.

OEIS Class	OEIS Sub-Class	Metric	Metric Type	Weight	Min	Target	Max
Diversity, Equity, and Inclusion (DEI)		Diverse Business Enterprise (DBE) spend	Lagging Outcome	2%	32%	35%	38%
			Subtotal:	**4%**			
Performance Range					0%	100%	200%
Financial		Achieve SCE core earnings target[15]	Lagging Outcome	25%	90% of Target	Core Earnings Target[16]	110% of Target
			Subtotal:	**25%**			
Performance Range					0%	100%	200%
Other Operational		Implement planned improvement projects	Lagging Outcome	4%	85%	100%	115%
			Subtotal:	**4%**			
Total				**100%**			

[15] The STIP payout may be zero if core earnings performance falls below the Threshold level. The Threshold level is 80% of the core earnings target.

[16] EIX's publicly issued earnings per share guidance range for 2023 reflects a range for SCE's 2023 core earnings from approximately $2,085 million to approximately $2,185 million. SCE's 2023 core earnings goal for STIP is within that range, but the specific target is material nonpublic information.

Section 3d: 2023 STIP Metric Definition and Calculation

Instructions: Provide detailed definitions, whether the metric is leading, lagging or outcome, and calculations for the 2023 STIP metrics. For each metric, provide a detailed definition of the metric, any adjustments or exclusions, the basis for the definition and the actual calculation such that if Energy Safety requested the source data/inputs, it would be able to derive the reported results.

Table 3d.1
2023 STIP – Metric Definitions and Calculation

Measure/Metric	Detailed Definition	Calculation Methodology	Any Adjustment/ Exclusions
Employee EEI SIF Rate	Edison Electric Institute (EEI) serious injury and fatality (SIF) rate measures the number of serious injuries and fatalities normalized by the actual hours worked. This is a lagging/ outcome-based metric.	The total number of EEI serious injury and fatalities. Multiply this number by 200,000 (base hours worked for 100 full-time equivalent employees). Divide the result by the total number of hours worked.	Employees only, excludes contractor and temporary workers
Employee DART Injury Rate	Days away, restricted or transferred as measured by OSHA. Days away = Time away from work Restricted = Restricted job roles Transferred = permanent transfer to a new position. This is a lagging/ outcome- based metric.	Total number of reportable injuries and illnesses resulting in days away, restrictions or transfers as measured by OSHA. Multiply this number by 200,000 (base hours worked for 100 full-time equivalent employees). Divide the result by the total number of hours worked.	Employees only, excludes contractor and temporary workers
Observations of employees in high-hazard occupations that include either opportunities for improvement or recognition	Percentage increase in the number of observations of employees in high-hazard occupations that include either opportunities for improvement or	Total number of observations of employees in high-hazard occupations that include either an opportunity for improvement, defined as identification of an improvement opportunity made by an observer during an observation, or recognition	Only includes job titles in the following high-hazard OUs and/or departments: Distribution, Transmission, Substation Construction & Maintenance, Grid Operations, Generation, Transportation

Measure/Metric	Detailed Definition	Calculation Methodology	Any Adjustment/ Exclusions
	recognition. This is a leading metric.	divided by the baseline number of observations of employees in high-hazard occupations that include either an opportunity for improvement or recognition. Subtract 1 from the result to yield the percentage increase. The baseline number of observations reflects the count of observations meeting these criteria that occurred during 2022.	Services, and Supply Chain.[17] Excludes contractors
CPUC reportable ignitions in HFRA[18]	Ignitions within SCE's High Fire Risk Area (HFRA) that are associated with SCE equipment and meet CPUC reportable ignition criteria. This is a leading/lagging outcome-based metric.	Total number of Ignitions within SCE's High Fire Risk Area (HFRA) that are associated with SCE equipment and meet CPUC reportable ignition criteria.	Ignitions do not include events not associated with SCE equipment, events that are pending legal claims resolution, or events reported via Electric Safety Incident Reports (ESIR) filed with CPUC per CPUC Resolution E-4184
Covered Conductor	Install Covered Conductor within SCE's HFRA under the Wildfire Covered Conductor Program as well as other programs that install covered conductor in HFRA. This is a leading metric.	Total number of Covered Conductor miles installed within SCE's HFRA under the Wildfire Covered Conductor Program as well as other programs that install covered conductor in HFRA.	Replacement of damaged Covered Conductor in HFRA is not included
Overhead Inspections and Remediations in HFRA	Complete ground and aerial-based inspections of overhead infrastructure in SCE's HFRA and remediate	Inspection: Complete all ground and aerial overhead inspections of the riskiest structures as outlined in the 2023 Wildfire Mitigation Plan.	Priority 1 findings are excluded from the calculation because they require immediate action in accordance with CA GO 95. Findings generated or brought back into the queue after the

[17] High hazard jobs in the supply chain include work in warehouses with exposure to various high energy hazards, such as use of forklifts to drive or transport/move heavy materials. Additionally, these workers may encounter risks such as falls from heights while working in the warehouses.
[18] Ignitions is a lagging/outcome metric for reducing wildfire risk, but a leading indicator for reducing public safety serious injuries and fatalities

Measure/Metric	Detailed Definition	Calculation Methodology	Any Adjustment/ Exclusions
	associated findings. This is a leading metric.	Remediation: The percentage of all Priority 2 findings due in 2023 in High Fire Risk Areas (HFRA) remediated 30 days or more before a given compliance due date, measured on a cumulative basis. Priority 2 findings refer to safety and/or reliability risks with variable requirements in terms of time to remediate per California General Order 95 (CA GO 95) Rule 18. On time refers to the CA GO 95 compliance due date.	assigned due date as a result of data cleanup, adjustments in HFRA, and technology issues will also be excluded. Priority 2 findings that qualify for GO 95 exceptions or are delayed due to worker and/or safety conditions will be excluded from the measure.
Vegetation Line Clearing	Complete trimming of vegetation near power lines across SCE's service area within planned schedule to support compliance with CA GO 95 requirements. This is a leading metric.	The percentage of trims completed within planned schedule to support compliance with CA GO 95 requirements, measured on a cumulative basis. GO 95 does not specify a timeframe for trimming vegetation. Instead, SCE on its own establishes an aggressive trimming schedule. Within planned schedule trims are defined as being complete within 60 days of planned trim month if the tree is not subject to Environmental Holds and within 90 days of planned trim month if the tree is subject to Environmental Holds.	Trees that are reviewed and identified for rework through the quality control process are excluded to avoid double counting. Trees that require work multiple times in an annual cycle in order to maintain clearance distances are also excluded for the same reason.
PSPS: Customer Notifications	Percentage of PSPS impacted customers who receive notification before de-energization. This is a leading metric.	Number of PSPS impacted customers who receive notification before de-energization. Divide the result by total number of PSPS impacted customers de-energized. Multiply the result by 100 to convert to percentage.	Customers with inaccurate or missing contact information and those impacted by rapid weather changes are excluded.

Measure/Metric	Detailed Definition	Calculation Methodology	Any Adjustment/ Exclusions
	Percentage of PSPS impacted customers who received notifications once de-energization is initiated. This is a leading metric.	Sum the number of PSPS impacted customers who: i) receive notifications once de-energized, ii) receive prepare for restoration notifications, and iii) receive restoration confirmation notifications. Divide the result by 3 times the total number of PSPS impacted customers de-energized. Multiply the result by 100 to convert to percentage.	Customers with inaccurate or missing contact information are excluded.
Mature Enterprise-wide Phishing Program Click Rate	Click rate of workers that have been sent a simulated email phish. This is a leading metric.	Percentage of workforce who clicked on a Level 2 simulated email phish in each quarter. Then take the average of this percentage for the four quarters in the year. Level 2 simulations, as defined by SCE, but informed by industry benchmark (attributes include: 1-2 grammatical errors, some urgency or deadline, some business relevance), are harder than Level 1 simulations (attributes include: 3+ grammatical errors, low urgency, no business relevance, generic).	N/A
Mature Enterprise-wide Phishing Program Reporting Rate	Reporting rate of workers that have been sent a simulated email phish. This is a leading metric.	Percentage of workforce who reported the Level 2 simulated email phish in each quarter. Then take the average of this percentage for the four quarters in the year. Level 2 simulations, as defined by SCE, but informed by industry benchmark (attributes include: 1-2 grammatical errors, some urgency or deadline, some business relevance), are harder than	N/A

Measure/Metric	Detailed Definition	Calculation Methodology	Any Adjustment/ Exclusions
		Level 1 simulations (attributes include: 3+ grammatical errors, low urgency, no business relevance, generic).	
Sustain quality performance in key programs	Quality conformance rate index based on a weighted average of quality conformance rates across 5 key programs: Distribution Construction, Transmission Construction, Overhead Inspection, Vegetation Management, and Distribution Service Planning. This is a lagging/ outcome-based metric.	For Distribution Construction, Transmission Construction, Overhead Inspection, and Distribution Service Planning programs determine the quality conformance rate by multiplying the number of conforming structures by 100 and dividing the result by the number of inspections. For Vegetation Management program determine the quality conformance rate by multiplying the number of conforming trees by 100 and dividing the result by number of trees inspected. Quality conformance rate index is a weighted average of: Distribution construction (30%), Overhead Inspection (20%), Vegetation Management (20%), Transmission Construction (15%), and Distribution Service Planning (15%) conformance rates.	Findings which pose a risk of low potential impact (i.e., P3 findings as defined in GO95 guidelines and SCE procedures) to safety or reliability are excluded.
Execute grid, technology, electrification and improvements to deliver safe, reliable, clean, and affordable energy for customers	Achieve CPUC and FERC jurisdictional capital improvement plan execution, which is a measure of work performed, consistent with appropriate regulatory direction. This is an activity-based metric.	Capital deployment amount reflects 2021 GRC authorized spend levels as specified in Final Decision. Includes delivery of utility owned storage commitments.	N/A
Core Earnings	See section 3a.iv and the footnote for the	Core earnings are defined as SCE's earnings less non-core items for SCE. Non-core items	The Committee may adjust the Core Earnings goal levels to the extent (if any) it

Measure/Metric	Detailed Definition	Calculation Methodology	Any Adjustment/ Exclusions
	core earnings goal in Table 3c.1.	include income or loss from discontinued operations and income or loss from significant discrete items that management does not consider representative of ongoing earnings, such as write downs, asset impairments and other income and expense related to changes in law, outcomes in tax, regulatory or legal proceedings, and exit activities, including sale of certain assets and other activities that are no longer continuing.	determines appropriate to mitigate: (i) the impact of any differential between the assumptions upon which the current Core Earnings goal levels are based with respect to cost recovery from SCE's Catastrophic Event Memorandum Account application(s) to recover certain emergency costs that SCE incurred to restore damage caused by 2020 wildfires (collectively, "CEMAs for 2020 Emergency Wildfire Restoration") and the actual result for the company's earnings if final decisions for the CEMAs for 2020 Emergency Wildfire Restoration are not received in 2023; and/or (ii) the impact of any differential between the final decisions SCE received in 2022 with respect to SCE's 2022 off-cycle and 2023-2025 on-cycle Cost of Capital applications and the actual result for the company's Core Earnings if either or both of these final decisions are overturned in response to applications for rehearing

Measure/Metric	Detailed Definition	Calculation Methodology	Any Adjustment/ Exclusions
System Average Interruption Duration Index (SAIDI), Repair	Number of minutes, on average, a customer was without power in a year due to sustained interruptions from unplanned or emergent outages lasting five minutes or more. This is a lagging/ outcome-based metric.	Sum of all sustained customer interruption durations from unplanned or emergent outages lasting five minutes or more divided by the total number of customers served	Excludes major event days (MEDs) and Public Safety Power Shut Off (PSPS) events.
Implement DEI action plans	Implement Organizational Unit level DEI action plans measured by milestone completion index. This is a lagging/outcome-based metric.	Index measures actual 2023 milestone completion for achievements representing all Organizational Unit level DEI plans against 2023 planned milestone completion for representative DEI plans, measured on a cumulative basis.	N/A
Diverse Business Enterprise (DBE) spend	Measures SCE performance in procuring goods and services from diverse suppliers in compliance with CA GO 156 guidelines. This is a lagging/ outcome-based metric.	Sum of DBE PO Spend, DBE Non-PO Spend, DBE Credit Card Spend and DBE Tier 2 Spend multiplied by 100. Divide the result by the sum of Total PO Spend, Total Non-PO Spend and Total Credit Card Spend	Excludes DBE Suppliers with recorded spend that do not have a valid 2023 certificate with the Supplier Clearinghouse or spend that is not categorized as a product or service. “Product and service categories” means product and service categories as defined by the Standard Industrial Classification (SIC) system maintained by the US Department of Labor, Occupational Safety and Health Admin, as they currently read or as amended or as defined by any other updated classification system that supersedes the SIC system.
Clean Energy Transition: Transportation	TE: charging port installations. This is a	Number of charging port installations. Scope includes ports from Charge Ready Light	N/A

Measure/Metric	Detailed Definition	Calculation Methodology	Any Adjustment/ Exclusions
Electrification (TE) and Building Electrification (BE)	lagging/outcome-based metric.	Duty and Charge Ready schools. Installation scope includes completing SCE infrastructure.	
	TE: medium/heavy duty electric vehicle conversions. This is a lagging/outcome-based metric.	Number of Medium/Heavy Duty electric vehicle conversions. Scope includes electric vehicle conversions from Charge Ready Transport program. Electric vehicle conversions scope includes completing SCE infrastructure.	N/A
	BE: heat pump installations. This is a lagging/outcome-based metric.	Number of residential and commercial heat pump retrofit installations. Installations are defined as heat equipment serving both residential households and commercial buildings installed in the SCE service area. Scope includes the following customer programs: San Joaquin Valley Disadvantaged Community Pilot, Energy Savings Assistance programs, statewide Technology and Equipment for Clean Heating Initiatives (SB 1477), Self-Generation Incentive Program, and Energy Efficiency (EE) local programs.	The goal does not count heat pumps that may be installed through the statewide EE HVAC or Plug Load & Appliance programs currently being administered by SDG&E.
Billing & Payment (B&P) and Outage Net Score	Customer Satisfaction index metric which measures 2 unique experiences: (1) The Billing & Payment experience, comprised of (i) The Bill Questions experience, where customers call in to SCE's call center to ask questions about their bill and (ii) the Payment experience,	Net score is measured on a -100 to +100 point scale and is calculated by taking the percentage of customers who scored 9's and 10's (considered promoters) on the survey minus the percentage of customers who scored 1-6 on the survey (considered detractors).	Excludes non-mass market business customers

Measure/Metric	Detailed Definition	Calculation Methodology	Any Adjustment/ Exclusions
	where customers are surveyed when they successfully complete a payment on SCE.com or via Interactive Voice Response and (2) The Outage experience, comprised of (i) the maintenance outage experience, where customers are surveyed after a maintenance outage is completed and (ii) the repair outage experience, where the customers who reported the outage as well as the customers impacted by the outage are surveyed. This is a lagging/outcome-based metric.		
Operational Excellence: Implement planned improvement projects	Measures completion of approved Operational Excellence projects to advance continuous improvement culture across the enterprise. This is a lagging/outcome-based metric.	Number of completed Operational Excellence projects divided by the baseline count of Operational Excellence projects. Multiply the result by 100 to convert to percentage. The baseline reflects the number of projects with material impact planned for completion in 2023 (as of 1/1/23). The numerator is computed as 1.0 point for every project completed on time. A 0.5 point will be added for every project completed early and a 0.5 point will be deducted for every project completed late.	N/A

Section 3e: STIP Changes

Instructions: Describe any changes between 2022 and 2023 in terms of STIP eligibility, structure, modifiers, metrics (including changes to minimum/threshold, target and maximum performance values), weightings and definitions. Explain the reason for the change(s).

Each year, SCE engages in an extensive goal development process that begins in June with a strategic refresh of company priorities by the Board and concludes in February of the goal year when final goals and success measures are approved by the Compensation Committee. During this process, SCE reviews internal and external developments such as regulatory commitments (e.g., Wildfire Mitigation Plan) and guidance (e.g., OEIS guidance for SCE's 2023 executive compensation structure), progress on current goals, performance gaps, budgetary limitations and priorities, external factors impacting the company, and evolving best practices. Success measures are adjusted to account for recent and historical performance, availability of internal resources, improvements in measuring performance, and other developments.

The result of this process, in terms of STIP changes from 2022 to 2023, was an increase in the number of quantitative success measures, including the following new goals and/or success measures:

- New quantitative Employee Safety leading indicator focused on increased leadership engagement to identify opportunities for improvement and recognize employees in high-hazard occupations during safety observations,
- New quantitative Operational Excellence goal focused on the advancement of planned operational improvement projects, and
- New quantitative DEI goal focused on execution of organizational unit DEI action plans.

The goal development process described above also resulted in certain changes to target weights and metrics (compare Table 3b.1 with Table 3c.1), and to definitions used for success measures (compare Table 3d.1 of this submission with the Appendix of SCE's March 14, 2022 Executive Compensation Supplemental Submission to the Wildfire Safety Division).

Section 3f: Historical STIP Data

Instructions: Provide five years of historical performance data for 2023 STIP metrics. If data is lacking, or should be considered in a certain context, explain in the Notes/Context field provided why there is no data for a given year(s) and the relevant context. Add rows as necessary.

Table 3f.1
STIP Metric Historical Actual Performance

Metric/Measure	2018	2019	2020	2021	2022
Employee EEI SIF Rate	0.11	0.05	0.12	0.06	0.09
Employee DART Injury Rate	0.98	1.17	0.90	1.05	1.18
Increase in observations of high-hazard employee occupations[19]	N/A	N/A	N/A	N/A	N/A
CPUC reportable ignitions in HFRA	37	41[20]	50	48	40
Covered Conductor	151	372	965	1454	1399
Overhead Inspections and Remediations in HFRA[19]	N/A	N/A	72%	74%	80%
Vegetation Line Clearing[19]	N/A	N/A	82%	79%	88%
PSPS: Reduce duration of customer PSPS outages[19]	N/A	N/A	N/A	N/A	20%
PSPS: Improve Customer Notification[19]	N/A	N/A	75%	90%	71%
Mature Enterprise-wide Phishing Program: Click Rate[19]	N/A	22.1%	2.9%	3.2%	2.4%
Mature Enterprise-wide Phishing Program: Reporting Rate[19]	N/A	16.0%	32.8%	34.6%	37%
Sustain quality performance in key programs[19]	N/A	N/A	N/A	N/A	N/A
CPUC and FERC Capital Execution	$4,363	$4,815	$5,536	$5,370	$5,678

---

[19] "N/A" is used in this row for years where the collected data (if any) reflects a different methodology or definition than is being applied to the calculation for the current year.
[20] Prior submission showed 38 ignitions, however that has since been revised to 41.

System Average Interruption Duration Index (SAIDI), Repair	71	89	87	102	100
Implement OU DEI Action Plan[19]	N/A	N/A	N/A	N/A	N/A
Diverse Business Enterprise Spend	46.7%	40.1%	37.7%	38.1%	35.4%
TE Charge Ready Installs[21]	N/A	N/A	61	37	277
TE MDHD Conversions[21]	N/A	N/A	76	235	584
Building Electrification Installs[21]	N/A	N/A	N/A	N/A	4,946
Achieve Billing & Payment and Outage Net Score[21]	N/A	N/A	N/A	N/A	N/A
Implement Planned Improvement Projects[21]	N/A	N/A	N/A	N/A	N/A

Notes/Context:

[21] "N/A" is used in this row for years where the collected data (if any) reflects a different methodology or definition than is being applied to the calculation for the current year.

Section 3g: 2022 STIP Adjustments

Instructions: Provide a detailed explanation of any increases and decreases in STIP compensation in 2022 due to failure to meet safety or other targets. Separately describe any adjustments to STIP compensation levels made by the Compensation Committee or executive management and the amount and reason for the reduction. Detail any adjustments made to increase compensation beyond the levels warranted by the actual performance (in any metric classification) and the reasons for the adjustments.

i) Actual performance lower than target due to failure to meet safety target(s):

EEI SIF rate and DART rate performance were both lower than target: 0 points scored for Employee Safety goal, instead of the target 10 points

ii) Actual performance lower than target due to failure to meet other target(s):

SAIDI, Repair performance was lower than target: 4 points scored for Reliability goal, instead of the target 5 points

iii) Any deductions due to failure to meet "foundational goals":

Five-point deduction for compliance issues involving our Energy Efficiency Upstream Lighting Program and a two-point deduction for a public injury associated with a downed power line

iv) Any deductions due to failure to meet earnings targets or thresholds:

No deductions

v) Any additional deductions made by the Compensation Committee or executive management, that were not based on failure to meet earnings targets:

No deductions

vi) Any upward adjustments made by the Compensation Committee or executive management and reason(s) for the adjustment(s):

No upward adjustments

Section 3h: 2022 and 2023 STIP Metric Ties to Other Metrics

Rationale: The CPUC requires PG&E, SCE, Southern California Gas Company (SoCalGas) and SDG&E (collectively the investor-owned utilities or IOUs) to annually report on 26 safety performance metrics (SPMs) to measure achieved safety improvements.[22] Additionally, the CPUC adopted 32 Safety and Operational Metrics (SOMs) for PG&E[23] to be used in accordance with the approved PG&E's post-bankruptcy reorganization plan.[24] The decision requires PG&E to report on the SOMs every six months starting March 31, 2022. The CPUC also adopted 10 new SPMs, building on those adopted for application to PG&E, SCE, SoCalGas, and SDG&E. It deleted four and modified 19 of 26 existing SPMs for a total of 32 SPMs.

Energy Safety's Executive Compensation Guidelines require all electrical corporations' executive compensation submissions include:

- Compensation structures that are structured to promote measurable outcomes for safety improvements required by Wildfire Mitigation Plans (WMPs).
- Compensation awards based on objective, measurable, and enforceable performance metrics that track impacts on drivers of ignition probability, and safety outcome metrics that measure leading and lagging indicators of wildfire risk and consequences of wildfire mitigation work.

Energy Safety seeks to understand how the Executive Compensation Structure metrics relate to the WMP, SPMs and SOMs.

2022 STIP

Instructions: For each metric included in the 2022 STIP, indicate whether the metric is tied to the electrical corporation's WMP (and the associated initiative number) and whether it is similar in nature to SOM and/or SPM metrics (and the associated SOM and/or SPM number). For metrics similar in nature to a SOM, explain any differences between the electrical

---

[22] CPUC Decision 19-04-020 (accessed July 26, 2022): https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M288/K389/288389255.PDF.

[23] CPUC Decision 21-11-009 in eight separate files (accessed July 26, 2022): https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=421107805.

[24] CPUC Decision 20-05-053 (accessed July 26, 2022): https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpucwebsite/content/news_room/newsupdates/2020/d2005053-for-i1909016.pdf.

corporation's calculation of that metric and the required SOM method of calculation of that metric.

Table 3h.1
2022 STIP – Ties to WMP, SPMs, and SOMs

Executive Compensation Structure Submission STIP Measure/ Metric	WMP Related Yes/ No	WMP Related Initiative Number	Similar to SPM Yes/ No	Similar to SPM SPM Number	Similar to SOM Yes/ No	Similar to SOM SOM Number	Description of Computational/ Definitional Differences
SIF Rate	No	N/A	Yes	15	N/A	N/A	None
DART Rate	No	N/A	Yes	14	N/A	N/A	None
Ignitions	No	N/A	Yes	4	N/A	N/A	SPM includes all ignitions while the corporate goal is limited to HFRA only - The number of fire incidents annually reportable to the CPUC per Decision 14-02-015.
Covered Conductor	Yes	SH-1	No	N/A	N/A	N/A	None
OH Inspections / Remediations	Yes	IN-1.1 IN-1.2	Yes	26 / 29	N/A	N/A	SPM measurement is compliance only inspections. Ground and aerial inspections in the STIP metric are expanded beyond GO 165.
Vegetation Line Clearing	No	N/A	No	N/A	N/A	N/A	N/A
PSPS Customer Outages	Yes	SH-7	No	N/A	N/A	N/A	WMP examines a specified quantity of circuits for additional mitigations. The STIP metric analyzes the estimated reduction in outages once mitigations are in place.
PSPS Customer Notifications	No	N/A	No	N/A	N/A	N/A	N/A
Cybersecurity Click Rate	No	N/A	No	N/A	N/A	N/A	N/A
Cybersecurity Reporting Rate	No	N/A	No	N/A	N/A	N/A	N/A
Quality	No	N/A	No	N/A	N/A	N/A	N/A
Capital Deployment	No	N/A	No	N/A	N/A	N/A	N/A
Core Earnings	No	N/A	No	N/A	N/A	N/A	N/A
Reliability	No	N/A	No	N/A	N/A	N/A	N/A

Executive Compensation Structure Submission STIP Measure/ Metric	WMP Related Yes/ No	WMP Related Initiative Number	Similar to SPM Yes/ No	Similar to SPM SPM Number	Similar to SOM Yes/ No	Similar to SOM SOM Number	Description of Computational/ Definitional Differences
Diversity, Equity and Inclusion Action Plans	No	N/A	No	N/A	N/A	N/A	N/A
DBE Spend	No	N/A	No	N/A	N/A	N/A	N/A
Clean Energy Transition	No	N/A	No	N/A	N/A	N/A	N/A
Customer Experience	No	N/A	No	N/A	N/A	N/A	N/A

2023 STIP

Instructions: For each metric included in the 2023 STIP, indicate whether the metric is tied to the electrical corporation's WMP (and the associated initiative number) and whether it is similar in nature to SOM and/or SPM metrics (and the associated SOM and/or SPM number). For metrics similar in nature to a SOM, explain any differences between the electrical corporation's calculation of that metric and the required SOM method of calculation of that metric.

Table 3h.2
2023 STIP – Ties to WMP, SPMs, and SOMs

Executive Compensation Structure Submission STIP Measure/ Metric	Related to WMP Yes/ No	Related to WMP Initiative Number	Similar to SPM Yes/ No	Similar to SPM SPM Number	Similar to SOM Yes/ No	Similar to SOM SOM Number	Description of Computational/ Definitional Differences
SIF Rate	No	N/A	Yes	15	N/A	N/A	None
DART Rate	No	N/A	Yes	14	N/A	N/A	None
Safety Observations	No	N/A	No	N/A	N/A	N/A	N/A
Ignitions	No	N/A	Yes	4	N/A	N/A	SPM includes all ignitions while the STIP measure is limited to HFRA only - The number of fire incidents annually reportable to the CPUC per Decision 14-02-015.

Executive Compensation Structure Submission STIP Measure/ Metric	Related to WMP Yes/ No	Related to WMP Initiative Number	Similar to SPM Yes/ No	Similar to SPM SPM Number	Similar to SOM Yes/ No	Similar to SOM SOM Number	Description of Computational/ Definitional Differences
Covered Conductor	Yes	SH-1	No	N/A	N/A	N/A	None
OH Inspections / Remediations	Yes	IN-1.1 IN-1.2	Yes	26 / 29	N/A	N/A	SPM measurement is compliance only inspections. Ground and aerial inspections in the STIP measure are expanded beyond GO 165.
Vegetation Line Clearing	No	N/A	No	N/A	N/A	N/A	N/A
PSPS Customer Notifications	No	N/A	No	N/A	N/A	N/A	N/A
Cybersecurity Click Rate	No	N/A	No	N/A	N/A	N/A	N/A
Cybersecurity Reporting Rate	No	N/A	No	N/A	N/A	N/A	N/A
Quality	No	N/A	No	N/A	N/A	N/A	N/A
Capital Deployment	No	N/A	No	N/A	N/A	N/A	N/A
Core Earnings	No	N/A	No	N/A	N/A	N/A	N/A
Reliability	No	N/A	No	N/A	N/A	N/A	N/A
Diversity, Equity and Inclusion Action Plans	No	N/A	No	N/A	N/A	N/A	N/A
DBE Spend	No	N/A	No	N/A	N/A	N/A	N/A
Clean Energy Transition	No	N/A	No	N/A	N/A	N/A	N/A
Customer Experience	No	N/A	No	N/A	N/A	N/A	N/A
Operational Excellence	No	N/A	No	N/A	N/A	N/A	N/A

Section 4: Long-Term Incentive Program (LTIP)

Rationale: For the issuance of a Safety Certification, Public Utilities Code section 8389(e)(4) requires that electrical corporations' executive incentive compensation structures are "structured to promote safety as a priority and to ensure public safety and utility financial stability with performance metrics, including incentive compensation based on meeting performance metrics that are measurable and enforceable, for all executive officers... ." To ensure that the executive compensation structure for electrical corporation executive officers is structured to promote safety as a priority and ensure public safety and utility financial stability, Energy Safety must have an in-depth understanding of the performance-based components of an executive compensation structure.

Instructions: The LTIP includes all performance-based compensation awarded on a performance term of three or more years. If the electrical corporation uses more than one long-term incentive mechanism, repeat this information for each mechanism (e.g., three-year, four-year).

Section 4a: LTIP Structure

Instructions: Provide name, title/function, grant date and estimated award percentage of TIC for each executive officer listed in Table 1.1 that receives or is expected to receive direct compensation under a LTIP for the applicable years. For purposes of calculating the grant value as a percentage of TIC, use the grant value of the compensation as determined for accounting purposes. Grant value is the value that is disclosed in proxy statement summary compensation tables for executive officers who are proxy officers. For purposes of calculating Earned Value as a percentage of TIC, use the value at the date of vesting. Percentages must be specified for each executive officer and not a range for various position levels. Provide a table for each executive officer. Make copies of Table 4a.1 as necessary.

Table 4a.1
2022 and 2023 LTIP Grants

Executive Title/ Function and Name: **SCE President and Chief Executive Officer – Steven D. Powell**		
LTI Type	2022 Performance Year Grant Date Fair Value as a % of TIC	2023 Performance Year Target Value as a % of TIC
Stock Grant	0%	0%
Stock Option	18.4%	18.8%
Restricted Stock Unit (RSU)	18.4%	18.8%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	36.7%	37.7%
Cash Performance Payment	0%	0%
Other	0%	0%

Executive Title/ Function and Name: **SCE Executive or Senior Vice President**		
LTI Type	2022 Performance Year Grant Date Fair Value as a % of TIC	2023 Performance Year Target Value as a % of TIC
Stock Grant	0%	0%
Stock Option	16.4%	16.7%
Restricted Stock Unit (RSU)	16.4%	16.7%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	32.9%	33.3%
Cash Performance Payment	0%	0%
Other	0%	0%

Executive Title/ Function and Name: **SCE Executive or Senior Vice President**		
LTI Type	2022 Performance Year Grant Date Fair Value as a % of TIC	2023 Performance Year Target Value as a % of TIC
Stock Grant	0%	0%
Stock Option	15.9%	15.8%
Restricted Stock Unit (RSU)	15.9%	15.8%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	31.9%	31.7%
Cash Performance Payment	0%	0%
Other	0%	0%

Executive Title/ Function and Name: **SCE Executive or Senior Vice President**		
LTI Type	2022 Performance Year Grant Date Fair Value as a % of TIC	2023 Performance Year Target Value as a % of TIC
Stock Grant	0%	0%
Stock Option	15.8%	15.8%
Restricted Stock Unit (RSU)	15.8%	15.8%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	31.7%	31.7%
Cash Performance Payment	0%	0%
Other	0%	0%

Executive Title/ Function and Name: **SCE Executive or Senior Vice President**		
LTI Type	2022 Performance Year Grant Date Fair Value as a % of TIC	2023 Performance Year Target Value as a % of TIC
Stock Grant	0%	0%
Stock Option	16.3%	16.3%
Restricted Stock Unit (RSU)	16.3%	16.3%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	32.7%	32.7%
Cash Performance Payment	0%	0%
Other	0%	0%

Executive Title/ Function and Name: **SCE Executive or Senior Vice President**		
LTI Type	2022 Performance Year Grant Date Fair Value as a % of TIC	2023 Performance Year Target Value as a % of TIC
Stock Grant	0%	0%
Stock Option	16.7%	16.7%
Restricted Stock Unit (RSU)	16.7%	16.7%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	33.4%	33.4%
Cash Performance Payment	0%	0%
Other	0%	0%

If “Other” LTIP Type indicated, provide explanation:

N/A

i) Is any LTIP compensation not at risk?

Yes: ☐ No: ☒

Describe/Explain:

All of SCE's LTIP compensation (stock options, RSUs, and PSUs) is at-risk because it is subject to time-based vesting conditions.

In addition, all of SCE's LTIP compensation is equity-based and at risk because the value the grant recipient will ultimately receive will depend on EIX's stock performance. A company's stock can lose value, even all its value.

Finally, stock options and PSUs are subject to performance conditions that may result in zero payout or below-target payouts.

ii) Were the 2022 LTIP payouts determined based on a performance range (i.e., below minimum/threshold, minimum/threshold, target, maximum)? Check one:

Yes: ☒ No ☐

iii) Did the electrical corporation use one range for all 2022 LTIP metrics or differing ranges based on the category of metric)? Check one:

One range for all metrics: ☐ Multiple ranges: ☒

iv) Provide the 2022 LTIP metric range(s):

Table 4a.2
2022 LTIP Performance Range(s)

	Below Minimum	Minimum	Target	Maximum
TSR Performance Shares*	0%	25%	100%	200%
EPS Performance Shares*	0%	25%	100%	200%
Stock Options*	0%	0%	N/A	N/A

Describe the interpolation method between categories (e.g., straight line):

*For TSR Performance Shares, if EIX achieves a TSR ranking between the 25th percentile (Minimum) and the 50th percentile (Target) or between the 50th percentile (Target) and the 75th percentile (Maximum), the number of shares paid is interpolated on a straight-line basis.

For EPS Performance Shares, if EIX's core EPS for a year as a percentage of target core EPS is between 80% (Minimum) and 100% (Target) or between 100% (Target) and 120%

(Maximum), the EPS performance multiplier is interpolated on a straight-line basis, with discrete intervals at every 4th percentage point.

The exercise price for a stock option (which is equal to the closing price of a share of EIX Common Stock on the grant date) is the minimum level of performance. If EIX Common Stock is trading at or below that exercise price, then the stock option cannot be exercised for any value at that time. If EIX Common Stock is trading above that exercise price, then the stock option (if vested) can be exercised with a payout based on the difference between the market price at exercise and the exercise price.

v) Provide the 2023 LTIP metric performance range(s):

Table 4a.3
2023 LTIP Metric Performance Range(s)

	Below Minimum	**Minimum**	**Target**	**Maximum**
TSR Performance Shares*	0%	25%	100%	200%
EPS Performance Shares*	0%	25%	100%	200%
Stock Options*	0%	0%	N/A	N/A

Describe the interpolation method between categories (e.g., straight line):

*For TSR Performance Shares, if EIX achieves a TSR ranking between the 25th percentile (Minimum) and the 50th percentile (Target) or between the 50th percentile (Target) and the 75th percentile (Maximum), the number of shares paid is interpolated on a straight-line basis.

For EPS Performance Shares, the 2023 EPS performance multiplier is interpolated on a straight-line basis if EIX's actual 2023 core EPS is either between eighty percent (80%) and one hundred percent (100%) of the EIX 2023 core EPS target, or between one hundred percent (100%) and one hundred twenty percent (120%) of the EIX 2023 core EPS target.

The exercise price for a stock option (which is equal to the closing price of a share of EIX Common Stock on the grant date) is the minimum level of performance. If EIX Common Stock is trading at or below that exercise price, then the stock option cannot be exercised for any value at that time. If EIX Common Stock is trading above that exercise price, then the stock option (if vested) can be exercised with a payout based on the difference between the market price at exercise and the exercise price.

vi) Use of Any Performance Triggers

Does the electrical corporation’s 2023 LTIP use any performance triggers (e.g., must achieve annual earnings per share of at least XYZ before any LTIP payments are made)? Check one:

Yes: ☒ No: ☐

If “Yes,” describe any performance triggers:

As described above for Tables 4a.2 and 4a.3, performance shares and options have minimum performance thresholds, and performance below those minimum thresholds results in zero payout.

vii) Use of Any Automatic, Non-Discretionary Deductions

Does the electrical corporation’s 2023 LTIP have any automatic, non-discretionary deductions (e.g., failure to achieve WMP targets results in X% reduction, catastrophic wildfire results in zeroing out all safety metrics)? Check one:

Yes: ☐ No: ☒

If “Yes,” describe all automatic, non-discretionary deductions:

N/A

viii) Use of Any Specifically Defined Discretionary Deductions

Does the electrical corporation’s 2023 LTIP have any defined deductions (e.g., foundational goal(s)) that are part of the compensation structure? Check one:

Yes: ☐ No: ☒

If “Yes,” describe all specific/defined discretionary deductions that are part of the structure:

N/A

Section 4b: LTIP General Eligibility

Instructions: Provide a general description of the executive officers eligible for the electrical corporation's LTIP. Add additional rows as needed.

Table 4b.1
LTIP Eligibility

All SCE executives, including all SCE executive officers, participate in the LTIP and are subject to the same terms and conditions.

Section 4c: LTIP Measures, Weighting and Award Basis

Instructions: For each LTIP type, indicate weighting and basis of award. If basis of award differs amongst position or person, copy Table 4c.1 and Table 4c.2 as necessary and indicate who the table applies to in space provided at the top of the table. Add additional tables if LTIP varies for certain officer classifications.

Table 4c.1
2022 LTIP Measures, Weighting and Award Basis

Executive Title/ Function and Name: All Executive Officers		
LTIP Type	**2022 Weight**	**2022 Performance Year LTIP Award Basis**
Stock Grant	0%	
Stock Option	25%	Stock Options (weighted at 25%): see the description under Table 4a.2 – 2022 LTIP Performance Range(s)
RSU	25%	Restricted Stock Units (weighted at 25%): payout value depends on EIX stock performance and dividends
PSU/ PRSU	50%	Performance Shares (collectively weighted at 50%) • 25% based on EIX's 3-year TSR compared to the other companies in the UTY • 25% based on EIX's 3-year average annual core EPS measured against target levels
Cash	0%	
Other	0%	
Weighting Total:	**100%**	

Table 4c.2
2023 LTIP Measures, Weighting and Award Basis

Executive Title/ Function and Name: All Executive Officers		
LTI Type	**2023 Weight**	**2023 Performance Year LTIP Award Basis**
Stock Grant	0%	
Stock Option	25%	Stock Options (weighted at 25%): see the description under Table 4a.3 – 2023 LTIP Performance Range(s)
RSU	25%	Restricted Stock Units (weighted at 25%): payout value depends on EIX stock performance and dividends
PSU/ PRSU	50%	Performance Shares (collectively weighted at 50%) • 25% based on EIX's 3-year TSR compared to the other companies in the UTY • 25% based on EIX's 3-year average annual core EPS measured against target levels
Cash	0%	
Other	0%	
Weighting Total:	**100%**	

Section 4d: 2023 LTIP Measures, Definitions and Calculations

Instructions: Provide detailed definitions and calculations for the 2023 LTIP metrics. For each metric, provide a detailed definition of the metric, any adjustments or exclusions, the basis for the definition and the actual calculation such that if Energy Safety requested the source data/ inputs, it would be able to derive the reported results. Also provide the weight given to the metric and the minimum, target and maximum values for the metric.

Table 4d.1
2023 LTIP Measures

Measure/ Metric	Detailed Definition	Any Adjustment/ Exclusions	Calculation Methodology	Weight	Min.	Target	Max.
Total Shareholder Return (Performance Shares)	EIX's TSR over a three-calendar-year performance period compared to the other companies that are in the UTY at the beginning of the performance period and continue to be publicly traded through the performance period	Adjustments may be made in response to certain mergers or other significant corporate transactions during the performance period involving a company in the UTY	TSR is calculated using the difference between (i) the average closing stock price for the stock for the 20 trading days ending with the last NYSE trading day preceding the first day of the performance period and (ii) the average closing stock price for the stock for the 20 trading days ending with the last trading day of the performance period, and assumes all dividends are reinvested on the ex-dividend date. The discrete percentile ranking methodology is used to determine EIX's percentile ranking.	25%	25^{th} Percentile	50^{th} Percentile	$\geq 75^{th}$ Percentile
Earnings Per Share	EIX's three-year average annual core earnings per	The Compensation Committee will adjust	The Compensation Committee establishes the	25%	80%	EIX Core EPS	≥120%

Measure/ Metric	Detailed Definition	Any Adjustment/ Exclusions	Calculation Methodology	Weight	Min.	Target	Max.
(Performance Shares)	share measured against pre-established target levels	the 2023 EPS Target to the extent (if any) necessary to mitigate (i) the impact of impact of any differential between the assumptions upon which the 2023 EPS Target is based with respect to cost recovery from SCE's Catastrophic Event Memorandum Account application(s) to recover certain emergency costs that SCE incurred to restore damage caused by 2020 wildfires (collectively, "CEMAs for 2020 Emergency Wildfire Restoration") and the actual result for EIX's core earnings if final decisions for the CEMAs for 2020 Emergency Wildfire Restoration are not received in 2023, and	core EPS target for the year in February of year during the performance period. The performance multiplier for a year is based on EIX's actual EPS performance for that year as a percentage of the EPS target for that year. The final payout multiplier for the 3-year period is the average of the performance multipliers for each year within the 3-year period.			Target[25]	

[25] EIX's publicly issued core earnings per share guidance range for 2023 is $4.55 to $4.85, based on a weighted average shares assumption of 382.2 million shares. The EIX Core EPS Target for 2023 is within that range, but the specific target is material nonpublic information.

Measure/ Metric	Detailed Definition	Any Adjustment/ Exclusions	Calculation Methodology	Weight	Min.	Target	Max.
		(ii) the impact of any differential between the final decisions SCE received in 2022 with respect to SCE's 2022 off-cycle and 2023-2025 on-cycle Cost of Capital applications (the 2023 EPS Target is based on these final decisions) and the actual result for EIX's core earnings if either or both of these final decisions are overturned in response to applications for rehearing.					
Change in EIX Stock Price (Stock Options)	A stock option may be exercised to purchase one share of EIX Common Stock at an exercise price equal to the closing price of a share of EIX Common Stock on the grant date	None	Value at exercise = market price at exercise minus price at grant	25%	Stock price at grant	N/A	N/A
Change in EIX Stock Price (Restricted Stock Units)	The value of EIX restricted stock units at payout is based on the price of EIX Common Stock. If the stock price on the date of payout is above the stock price on the grant date, then the payout value will be	N/A		25%	N/A	N/A	N/A

Measure/ Metric	Detailed Definition	Any Adjustment/ Exclusions	Calculation Methodology	Wei ght	Min.	Target	Max.
	more than the grant value. If the stock price on the date of payout is less than the stock price on the grant date, that will result in a lower value. Reinvested dividend equivalents also impact the payout value.						

Section 4e: Historical LTIP Data

Instructions: Provide historical performance data (five years) for 2023 LTIP metrics. If data is lacking, or should be considered in a certain context, explain in the Notes/Context field provided why there is no data for a given year(s) and the relevant context. Add rows as necessary.

Table 4e.1
LTIP Metric Historical Actual Performance

Metric/Measure	2018	2019	2020	2021	2022
TSR	5th percentile among UTY	75th percentile among UTY	21st percentile among UTY	37th percentile among UTY	26th percentile among UTY
EPS	103% of target	104% of target	102% of target	106% of target	100% of target
Change in EIX Stock Price	11% decrease in stock price	34% increase in stock price	16% decrease in stock price	9% increase in stock price	6% decrease in stock price

Notes/Context:

The performance data shown for TSR Performance Shares is EIX's TSR for the year relative to the UTY comparison group of companies for performance shares granted in that year, as calculated in accordance with the terms and conditions for TSR Performance Shares.

The performance data shown for EPS Performance Shares is EIX's EPS for the year compared to target for that year, as calculated in accordance with the terms and conditions for EPS Performance Shares.

The performance data shown for Stock Options and Restricted Stock Units is the change in stock price from the beginning of the year to the end of that same year.

Section 4f: 2022 LTIP Adjustments

Instructions: Provide a detailed explanation of any increases and decreases in 2022 LTIP compensation due to failing to meet safety or other targets. Separately describe any adjustments to LTIP compensation levels made by the Compensation Committee or executive management and the amount and reason for the reduction. Detail any adjustments made to increase compensation beyond the levels warranted by the corporation's actual performance (in any metric classification) and the reasons for the adjustments.

i) Actual performance lower than target due to failure to meet safety target(s):

N/A

ii) Actual performance lower than target due to failure to meet other target(s):

TSR performance shares granted in 2020 reached the end of their three-year performance period at the end of 2022. EIX's relative TSR performance was below minimum for the three-year period, so the payout was $0.

iii) Any additional deductions made by the Compensation Committee or executive management:

N/A

iv) Any upward adjustments:

N/A

Section 4g: LTIP Prior Year Actuals

Instructions: For any prior year LTIP programs that vested in 2022, provide details of projected and actual payouts/performance.

Table 4g.1
LTIP Program Vesting in 2022

LTIP Program Name	Performance Measure	Projected % of TIC at Time of Grant	Actual % of TIC at Vesting Date
2019 RSUs	Stock price	14.30%	19.63%
2020 Performance Shares	Earnings Per Share	8%	9.39%
2020 Performance Shares	Total Shareholder Return	8%	0%
2018 Stock Options	Stock price	7.7%	0%
2019 Stock Options	Stock price	8.2%	0%
2020 Stock Options	Stock price	8.3%	0%
2021 Stock Options	Stock price	9.5%	0%

Notes: The data in this table reflects TIC values for 2018 (for 2018 Stock Options), 2019 (for 2019 RSUs and 2019 Stock Options), 2020 (for 2020 Performance Shares and 2020 Stock Options), and 2021 (for 2021 Stock Options), respectively. The same TIC value for a year is used for both the Projected % of TIC at Time of Grant column and the Actual % of TIC at Vesting Date column. The Actual % of TIC at Vesting Date reflects actual value realized at payout, if any, for the respective LTIP program: payout value for 2019 RSUs; payout value for 2020 Performance Shares; and payout value for any exercised 2018, 2019, 2020, or 2021 Stock Options (none were exercised in 2022).

Public Utilities Code Section 8389(e)(6)(A): Sections 5-7

Electrical corporations with new or amended contracts for executive officers must comply with the requirements of Public Utilities Code section 8389(e)(6)(A). The exact statutory language for this section can be found in Attachment 4 of these Guidelines.

For issuance of a Safety Certification, Energy Safety shall approve the compensation structure of an electrical corporation if it determines the structure meets the principles set forth in paragraphs (4) and (6)(A).

Applicability of Public Utilities Code Section 8389(e)(6)(A)

As previously noted, all electrical corporation executive compensation structure submissions must be consistent with the definitions provided in **Attachment 2** to these Guidelines. Energy Safety has defined “new contact” and “amended contract” for the purposes of these Guidelines in **Attachment 2**.

Subsection Requirements for Public Utilities Code Section 8389(e)(6)(A)

Electrical corporations’ executive compensation structures must meet the principles of Public Utilities Code section 8389(e)(6)(A):

- Public Utilities Code section 8389(e)(6)(A)(i)(I) requires electrical corporations with new or amended contracts for executive officers be based on the principle of "strict limits on guaranteed cash compensation, with the primary portion of the executive officers’ compensation based on achievement of objective performance metrics.”
  - For the purposes of compliance with Public Utilities Code section 8389(e)(6)(A)(i)(I), the electrical corporations must demonstrate that **greater than 50 percent** of each executive officer’s total direct compensation, at the target performance level, is based on the achievement of objective performance metrics.
- Public Utilities Code section 8389(e)(6)(A)(iii) requires electrical corporations’ new or amended contracts for executive officers be based on the principle of including a “long-term structure that provides a significant portion of compensation, which may take the form of grants of the electrical corporation’s stock, based on the electrical

corporation's long-term performance and value." Additionally, this "compensation shall be held or deferred for a period of at least three years."

  - For purposes of compliance with Public Utilities Code section 8389(e)(6)(A)(iii), the electrical corporations must demonstrate that each executive officer's total direct long-term compensation at the target performance level a significant portion of that executive officer's total direct compensation. See the definition of Long-Term Incentive Program in Attachment 2 to determine whether compensation is "delayed three or more years."

- Public Utilities Code section 8389(e)(6)(A)(iv) requires electrical corporations' new or amended contracts for executive officers be based on the principle of "minimization or elimination of indirect or ancillary compensation that is not aligned with shareholder and taxpayer interest in the electrical corporation."
  - For the purposes of compliance with Public Utilities Code section 8389(e)(6)(A)(iii) the electrical corporations must demonstrate that total indirect and ancillary compensation that is not aligned with shareholder and taxpayer interest in the electrical corporation is minimized**.**

To aid Energy Safety in assessing compliance with Public Utilities Code section 8389(e)(6)(A), electrical corporations must complete Sections 5-7 below for any new or amended contracts for executive officers as defined in Public Utilities Code section 451.5(c).

Section 5: Fixed versus Incentive Compensation

Rationale: Public Utilities Code section 8389(e)(6)(A)(i)(I) requires for the issuance of a Safety Certification, that "the electrical corporation has established a compensation structure for any new or amended contracts for executive officers" that meets several principles, including "strict limits on guaranteed cash compensation, with the primary portion of the executive officers' compensation based on achievement of objective performance metrics." To evaluate an electrical corporation's compliance with this requirement, Energy Safety needs to know: (a) who are the electrical corporation's executive officers and (b) what compensation structure exists.

Definition: "Executive officer" is defined in Public Utilities Code section 451.5(c) and "means any person who performs policy making functions and is employed by the public utility subject to the approval of the board of directors, and includes the president, secretary, treasurer, and any vice president in charge of a principal business unit, division, or function of the public utility." Energy Safety considers divisions or units responsible for electrical operations, gas operations or wildfire-related functions principal business units, divisions or functions of the public utility. For the purposes of compliance with section 8389(e)(6)(A), executive officers are presumed to have a compensation contract under California law.

Instructions: In Table 5.1, for each executive officer with a new or amended contract, provide the executive title and function, the executive name (if the executive is classified as an Officer of the Company per the Company's website), the target percentage of Base Salary, Short-Term Incentives (STIP), Long-Term Incentives (LTIP), and Indirect and Ancillary Compensation as a proportion of Total Compensation (TC) for the appropriate 2023 filing year. See the definition of the proceeding terms in **Attachment 2**.

For purposes of calculating the percentage of TC, use the grant value of the compensation as determined for accounting purposes. Grant value is the value that is disclosed in proxy statement summary compensation tables for executive officers who are proxy officers. Percentages must be specified for each executive officer and not a range for various position levels.

SCE OBJECTION TO SECTIONS 5, 6, AND 7: SCE objects to Sections 5, 6, and 7 of Attachment 1: Required Information Template of these 2023 Executive Compensation Structure Submission Guidelines ("2023 Guidelines") on a number of grounds.

First, Sections 5-7 do not follow the statutory text of AB 1054. Pub. Util. Code 8389(e)(6)(A) specifies certain requirements that apply if the "electrical corporation has **established a compensation structure for** any new or amended **contracts** for executive officers, as defined in Pub. Util. Code 451.5." [Emphasis added.] As SCE has previously explained, SCE understood through discussions in mid-2019, when the language for Pub. Util. Code 8389(e)(6)(A) was being developed, that "established a compensation structure for… contracts" was intended to be interpreted as meaning that an electrical corporation has specified a compensation structure for which it has made a contractual commitment to the executive officer, such as through a term employment agreement that specifies the executive officer's compensation for the agreed-upon term. Pub. Util. Code 8389(e)(6)(A) was not intended to apply in situations where, as is the case with SCE, the electrical corporation advises its executive officers, and they agree, that the electrical corporation may modify their compensation at any time in the corporation's discretion.

However, the 2023 Guidelines try to make Pub. Util. Code 8389(e)(6)(A)'s requirements apply to all executive officers. The Sections in the 2023 Guidelines that are intended to assess compliance with Pub. Util. Code 8389(e)(6)(A) provide that the requirements apply "for each executive officer with a new or amended contract."[26] This phrasing switches the order of the relevant prepositional phrases in Pub. Util. Code 8389(e)(6)(A) and uses a different preposition, and those changes result in a different meaning not supported by the statutory text. The statute was not drafted to apply to a compensation structure "for each executive officer **with** a new or amended contract." [Emphasis added.] Rather, Pub. Util. Code 8389(e)(6)(A) applies when an electrical corporation "has established" "a compensation structure" "for any new or amended contracts." The use of "for" as the preposition, followed by "new or amended contracts," means that the contracts (and not the executive officer) are the object or purpose of the compensation structure brought into existence. This statutory phrasing requires intentionality—there must be a specific compensation structure and there must be a contractual commitment to it in order for Pub. Util. Code 8389(e)(6)(A) to apply.

[26] This quotation is from Section 5 of the Required Information Template of the 2023 Guidelines (p. A-40), but Sections 6 and 7 include similar phrasing (see p. A-42 and A-46).

The 2023 Guidelines do not account for the above statutory intent and text and instead state that "[f]or the purposes of compliance with section 8389(e)(6)(A), executive officers are presumed to have a compensation contract under California law."[27] That presumption is insufficient to trigger the application of Pub. Util. Code 8389(e)(6)(A) where, as is the case with SCE, the presumed contract includes an agreement between the electrical corporation and the executive officer that the corporation may modify the executive officer's compensation at any time in the corporation's discretion. Since SCE does not make a contractual commitment to continue a compensation structure in effect at a particular moment in time for an executive officer, SCE did not establish that compensation structure for a contract.

Therefore, the requirements of Pub. Util. Code 8389(e)(6)(A) do not apply to SCE's executive officers and neither should the requirements of Sections 5-7.

In addition, the requirements of Sections 5-7 are overly broad, vague and burdensome.

Subject to and without waiver of the foregoing objections, SCE has completed Sections 5-7.

[27] 2023 Guidelines, p. A-40.

Table 5.1
Fixed versus Incentive Compensation at the Target Level[28]

Executive Title/ Function and Name (where applicable)	**Target Base Salary as a Percent of TC**	**Target STIP as a Percent of TC**	**Target LTIP as a Percent of TC**	**Indirect and Ancillary Compensation as a Percent of TC**[29]
President and Chief Executive Officer - Steven D. Powell	22.5%	19.1%	58.4%	~0.0%
SCE Executive or Senior Vice President	35.7%	21.4%	42.8%	0.1%
SCE Executive or Senior Vice President	40.0%	22.0%	38.0%	0.0%
SCE Executive or Senior Vice President	40.0%	22.0%	38.0%	0.0%
SCE Executive or Senior Vice President	43.5%	19.6%	37.0%	0.0%
SCE Executive or Senior Vice President	37.7%	20.7%	41.6%	0.0%

[28] SCE is providing information in this table for each SCE executive officer irrespective of whether SCE entered into "new or amended contracts" with the executive officer.
[29] According to the instructions for Table 5.1, the data for this table is for the "2023 filing year." For the 2023 Indirect and Ancillary Compensation data and the calculation of 2023 TC for this table, we are using the 2023 estimates in Section 6 for Indirect and Ancillary Compensation (i.e., the estimates for Table 6.1; Table 6.2 does not address 2023 data). Any signing bonus paid or payable to an executive officer is not considered base salary, STIP, LTIP, or Indirect and Ancillary Compensation, and is therefore not included in the calculations in Sections 5-7.

Section 6: Indirect or Ancillary Compensation

Rationale: Public Utilities Code section 8389(e)(6)(A)(iv) requires for the issuance of Safety Certification, that "the electrical corporation has established a compensation structure for any new or amended contracts for executive officers" that meets several principles, including "minimization or elimination of indirect or ancillary compensation that is not aligned with shareholder and taxpayer interest in the electrical corporation." To ensure that the compensation structure for new or amended contracts for executive officers is based on this principle of minimization of indirect or ancillary compensation, Energy Safety must understand what indirect or ancillary compensation are given to executive officers with new or amended contracts.

Section 6a: Indirect and Ancillary Compensation (not including Supplemental Executive Retirement Plans (SERPs))

Instructions: List all indirect and ancillary compensation (excluding SERP) provided to executive officers with new or amended contracts. See **Attachment 2** for the definition of and a list of typical indirect or ancillary compensation. If the electrical corporation provides indirect or ancillary compensation, provide the current estimated proportion of TC for each executive officer. For purposes of calculating the percentage of TC, use the grant value of the compensation as determined for accounting purposes. Grant value is the value that is disclosed in proxy statement summary compensation tables for executive officers who are proxy officers. Percentages must be specified for each executive officer and not a range for various position levels. Add rows as necessary. Add explanatory notes as appropriate.

Table 6.1
Indirect or Ancillary Compensation ~~Example~~ (Excluding SERP)[30,31]

Title	2023 Indirect or Ancillary Compensation Element	Eligibility Requirements	Frequency (One-Time, Annual, Other)	Current Estimated Proportion of 2023 TC
President and Chief Executive Officer	Security Services	Exception basis	Periodically evaluated depending on security concerns	~0%
SCE Executive or Senior Vice President	Security Services	Exception basis	Periodically evaluated depending on security concerns	0.1%
SCE Executive or Senior Vice President	N/A	N/A	N/A	N/A
SCE Executive or Senior Vice President	N/A	N/A	N/A	N/A
SCE Executive or Senior Vice President	N/A	N/A	N/A	N/A
SCE Executive or Senior Vice President	N/A	N/A	N/A	N/A

Section 6b: Supplemental Executive Retirement Plans (SERPs)

Instructions: Provide details of the SERP for all executive officers as defined in Public Utilities Code Section 451.5(c) and Attachment 2.

i) Availability of Supplemental Retirement Plans

Does the electrical corporation have supplemental retirement plans for non-Executive Officers? Check one:

Yes: ☒ No: ☐

If Yes, describe the eligibility requirements for the plan(s):

---

[30] SCE is listing each executive officer in this table irrespective of whether SCE entered into "new or amended contracts" with the executive officer.

[31] SCE is providing for clarification some minor adjustments in redline to the table headers.

All executives, including executive officers, participate in the Executive Retirement Plan.

ii) Structure of Supplemental Retirement Plans

If supplemental retirement plans are available, describe:

- The eligibility requirements for participation in the plan(s).
- The award basis for plan(s) (e.g., years of service, company stock performance over the period of service, etc.).
- The type of payment made (e.g., cash, stock, combination of cash and stock).
- The award schedule for the plan(s).

The Executive Retirement Plan is an unfunded benefit plan permitted by the Employee Retirement Income Security Act ("ERISA") and designed to allow Executive Officers and other executives to receive benefits that would be paid under the SCE Retirement Plan—the company's qualified defined benefit plan, which provides a cash balance benefit to employees hired before 2018—or the Edison 401(k) Savings Plan ("401(k) Plan") but for limitations under ERISA and the Internal Revenue Code, and certain additional benefits.

Eligibility, Vesting and Payment Form

Company executives, including the Executive Officers, are eligible to participate in the Executive Retirement Plan. Benefits vest after five years of service, upon death or disability, or upon a qualifying severance. Executive Retirement Plan benefits are paid in cash.

Final Average Pay Benefit Formula Prior to 2018

Executives who participated in the Executive Retirement Plan prior to January 1, 2018 accrued an age 65 benefit calculated using the following final average pay formula:

- (1.75% x Total Compensation for each year up to 30 years) + (1% x Total Compensation for each year over 30 years).

Total Compensation is the Executive Officer's base salary and STIP award earned in the 36 consecutive months when the total of these payments was the highest.

The actual benefit payable is reduced and offset by (i) all amounts payable under the SCE Retirement Plan, the company's qualified defined benefit pension plan, (ii) up to 40% of the executive's primary Social Security benefits and (iii) the value of 401(k) Plan accounts derived from company profit sharing contributions, if any.

Executive Retirement Account Formula for New Executives After 2017

The Compensation Committee changed the Executive Retirement Plan benefit effective January 1, 2018. An individual who first participates in the plan on or after January 1, 2018 will not receive a final average pay benefit. Instead, the individual's Executive Retirement Plan benefit will be based on the total credits in that executive's Executive Retirement Account ("ERA").

Executives first participating in the Executive Retirement Plan on or after January 1, 2018 receive the following ERA credits: (i) ERA Salary Credits equal to 12% of the differential between the executive's actual salary for a year and the executive's earnings taken into account for purposes of determining deferrals under the 401(k) Plan for that year (unless the executive was employed as a non-executive by the Company prior to 2018 and is receiving cash balance credits under the SCE Retirement Plan, in which case the ERA Salary Credits are calculated in the same manner as described in Benefit Formula for Other Executives below); (ii) 12% of the executive's STIP payout ("ERA Bonus Credits"); and (iii) interest on the ERA balance ("ERA Interest Credits").

Benefit Formula for Other Executives

Individuals who participated in the Executive Retirement Plan prior to 2018 and were executives on January 1, 2018, will receive a benefit that is the lesser of: (i) the lump sum value of the final average pay benefit determined as described above in Final Average Pay Benefit Formula Prior to 2018 (determined taking into account service before and after January 1, 2018); or (ii) the sum of (x) the lump sum value of the final average pay benefit determined as described above in Final Average Pay Benefit Formula Prior to 2018 but substituting 1% for 1.75% and 0.5% for 1% in the final average pay benefit formula as to years of service accrued after 2017 and (y) the total credits in the participant's Executive Retirement Account. The aggregate benefit under the Executive Retirement Plan (i.e., totaling the final average pay benefit, if applicable, and the ERA benefit) is expected to be reduced for most executives and will be unchanged for the rest.

Executives who participated in the Executive Retirement Plan prior to 2018 received the following ERA credits for 2022:

- 2022 Trued-Up Salary Credits equal to: 12% of the executive's actual salary for 2022; minus an assumed match of 6% of the executive's earnings taken into account for purposes of determining deferrals under the 401(k) Plan for 2022; minus the executive's cash balance pay credits for 2022 under the SCE Retirement Plan. If this calculation resulted in a negative number ("Bonus Adjustment"), the executive received no 2022 Trued-Up Salary Credits and the Bonus Adjustment was applied to the executive's 2022 Trued-Up Bonus Credits.

- 2022 Trued-Up Bonus Credits equal to: 12% of the executive's actual STIP payout for 2022; as adjusted downward by applying any Bonus Adjustment.

- ERA Interest Credits.

Payment of Plan Benefits

Benefits are generally payable as follows. Participants have sub-accounts for annual accruals for which they may elect payment in the form of a single lump-sum, annual installments, a normal life annuity with a 50% spousal survivor benefit following the participant's death, or a contingent annuity. Participants may elect to have their designated form of payment triggered by their separation from service; however, payment will not occur before a participant reaches age 55 other than in the case of death. Payments triggered by separation from service begin upon a specified time following the applicable triggering event.

The final average pay benefit formula includes benefit reductions for termination prior to age 55, or early retirement after attaining age 55 but prior to age 61, similar to the formula for the SCE Retirement Plan. If an Executive Officer terminates prior to age 55 but with a total of 68 years of age and service, the benefit formula includes a special early retirement benefit reduction based on the SCE Retirement Plan formula for early retirement. An unreduced early retirement benefit is available for retirement at age 61 through age 64.

iii) Supplemental Retirement Plan Benefits

Instructions: Provide SERP values for all executive officers described in the electrical corporation's executive compensation submission. If an executive officer is not eligible for the SERP, please indicate.

Table 6.2
SERP ~~Example~~[32,33]

Title	Number of Years Credited Service	~~Present Value of Accumulated Benefit – 2022 as a % of TDC~~2022 SERP Service Cost as % of 2022 TDC	~~Cash Balance Account Lump Sum Value – 2022 as a % of TDC~~2022 Cash Balance Service Cost as % of 2022 TDC[34]
President and Chief Executive Officer	23	8%	1%
SCE Executive or Senior Vice President	[redacted]	[redacted]	[redacted]
SCE Executive or Senior Vice President	[redacted]	[redacted]	[redacted]
SCE Executive or Senior Vice President	[redacted]	[redacted]	[redacted]
SCE Executive or Senior Vice President	[redacted]	[redacted]	[redacted]
SCE Executive or Senior Vice President	[redacted]	[redacted]	[redacted]

[32] SCE is providing information in this table for each SCE executive officer irrespective of whether SCE entered into "new or amended contracts" with the executive officer.

[33] The 2023 Guidelines labeled Table 6.2 as "SERP Example" and showed column headings for calculations with a numerator based on the present value of accumulated SERP or cash balance benefit over an entire career and a denominator for 2022 TDC. That example does not make any sense in terms of reflecting the compensation structure for 2022. Having a numerator based on the accumulated benefit over a career compared to a single year of TDC would create a false impression

of excess compensation for long-serving executive officers. In addition, the present value of accumulated benefits ("PVAB") is recalculated every year to reflect new interest rate and other actuarial assumptions. The recalculation actually revalues previously accumulated benefits due to changes in actuarial inputs. As a result, PVAB is an extremely volatile measure. For example, one of SCE's executive officers experienced a 35% *decrease* for the SERP when comparing the PVAB at the end of 2022 to the beginning of 2022. Not only is the PVAB extremely volatile, but it also may not reflect the actual amounts that ultimately will be paid to the executive officer, since the assumptions used by our SERP for benefit accruals and payments may differ from the constantly changing actuarial assumptions for the PVAB. The Securities and Exchange Commission ("SEC") understands that PVAB and Change in Pension Value (which is the year-over-year change in PVAB) are problematic measures for showing compensation for a year. That is why Change in Pension Value is excluded from the calculation of Total Compensation used to identify a company's named executive officers for the proxy statement. SEC Release No. 33-8732A, p. 119 (dated August 29, 2006); 17 C.F.R. §229.402(a)(3), Instruction 1. Change in Pension Value is also excluded from the calculation of total Compensation Actually Paid for a year in the new Pay Versus Performance proxy statement disclosures. 17 C.F.R. §229.402(v)(2)(iii).

In response to the instruction for Section 6b.iii in the 2023 Guidelines to "provide SERP values for all executive officers," we are following the approach the SEC requires for the new Pay Versus Performance proxy statement disclosure—we are using service cost to show the SERP value for each executive officer for 2022. *Id*. Service cost is defined in FASB ASC Topic 715 as the actuarial present value of benefits attributed by the pension plan's benefit formula to services rendered by the executive officer during the period. As the SEC explained in the final Pay Versus Performance release, service cost is a better measure than PVAB or Change in Pension Value to reflect one year of pension compensation: service cost is less volatile, the calculation methodology is more comparable among different companies; and service cost is a GAAP measure used for company financial statements, just like grant values for equity (the 2023 Guidelines require that grant values be used for equity values in our submission). SEC Release No. 34-95607, pp. 38-47. Accordingly, the percentages in Table 6.2 above reflect 2022 service costs for SCE's executive officers as a percentage of their 2022 TDC; modifications to column headings are redlined.

[34] Employees (including executives) hired or re-hired in 2018 or later years do not participate in the SCE Retirement Plan and do not receive a cash balance benefit. Employees (including executives) hired before 2018 who have not separated from service participate in the SCE Retirement Plan and have a cash balance account balance. Attachment 2 of the 2023 Guidelines states that "Benefits unique to executives are indirect or ancillary compensation." Since cash balance benefits are not unique to executives (and instead apply to all employees hired before 2018), cash balance benefits and service cost are not taken into account in this submission for any calculations of Indirect or Ancillary Compensation or Total Compensation. Also, our cash balance benefit is not a SERP benefit; it's a benefit under the qualified SCE Retirement Plan that is a broad-based pension plan for employees hired before 2018.

Section 7: Long-Term Incentive Program (LTIP)

Rationale: Public Utilities Code section 8389(e)(6)(A)(iii) requires as an element of issuance of a Safety Certification, that "the electrical corporation has established a compensation structure for any new or amended contracts for executive officers" that meets several principles, including "a long-term structure that provides a significant portion of compensation, which may take the form of grants of the electrical corporation's stock, based on the electrical corporation's long-term performance and value. This compensation shall be held or deferred for a period of at least three years."

To ensure that the executive compensation structure for electrical corporation executive officers is structured to provide a significant proportion of the compensation based on the electrical corporations long-term performance and value, held or deferred for a period of at least three years, as well as to promote safety as a priority and ensure public safety and utility financial stability, Energy Safety must have an in-depth understanding of the long-term compensation components of an executive compensation structure.

Instructions: The LTIP includes all performance-based compensation awarded on a performance term of three or more years. If the electrical corporation uses more than one long-term incentive mechanism, repeat this information for each mechanism (e.g., Three-year, Four-Year).

Section 7a: LTIP Structure

Instructions: Provide name, title/function, grant date, vesting schedule and estimated award percentage of TC for each executive officer with any new or amended contract that receives or is expected to receive direct compensation under a LTIP for the applicable years. For purposes of calculating the grant value as a percentage of TC, use the grant value of the compensation as determined for accounting purposes. Grant value is the value that is disclosed in proxy statement summary compensation tables for executive officers who are proxy officers. For purposes of calculating Earned Value as a percentage of TC, use the value at the date of vesting. Percentages must be specified for each executive officer and not a range for various position levels. Provide a table for each executive officer. Make copies of Table 7a.1 as necessary.

Table 7a.1
2022 and 2023 LTIP Grants[35,36]

---

[35] SCE is providing information for Table 7a.1 for each SCE executive officer irrespective of whether SCE entered into "new or amended contracts" with the executive officer.

[36] For the 2023 TC calculation for this table and Table 5.1, we are using the 2023 estimates in Section 6 for Indirect and Ancillary Compensation (i.e., the estimates for Table 6.1; Table 6.2 does not address 2023 data). For the 2022 TC calculation for this table, we are including the 2022 SERP service cost for the executive officer, but are doing so subject to and without waiver of the objections explained in this footnote. The 2023 Guidelines correctly exclude broad-based cash balance benefits from Indirect and Ancillary Compensation—Attachment 2 states that "Benefits unique to executives are indirect or ancillary compensation," which we interpret to mean that a broad-based benefit like our cash balance benefit (provided to employees hired before 2018) is excluded from Indirect and Ancillary Compensation. The 2023 Guidelines should also exclude SERP benefits from Indirect and Ancillary Compensation. As the SEC has recognized, SERPs should be treated in the same manner as regular pension benefits, and not in the same manner as the perquisites that are included in the 2023 Guidelines' definition of Indirect or Ancillary Compensation. For purposes of disclosing compensation in proxy statements, the SEC has a separate category for "Change in Pension Value and Nonqualified Deferred Compensation Earnings" that includes both "tax-qualified defined benefit plans and supplemental executive retirement plans." 17 C.F.R. §229.402(c)(2)(viii), Instruction 1. In contrast, perquisites are included in the "All Other Compensation" category. 17 C.F.R. §229.402(c)(2)(ix)(A). This separate categorization is meaningful for proxy statements because the compensation in the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" category is the *only* compensation that is *excluded* from the Total Compensation calculation that is used to identify the company's named executive officers for the proxy. 17 C.F.R. §229.402(a)(3), Instruction 1. Perquisites are *included* in that Total Compensation calculation. *Ibid*. The SEC also treats SERPs and in the same manner as regular pension benefits for the new Pay Versus Performance disclosure. 17 C.F.R. §229.402(v)(2)(iii). SERPs and other pension benefits are forms of compensation that are tied to each other and are very different from other forms of compensation, including the perquisites that are included in the 2023 Guidelines' definition of Indirect or Ancillary Compensation.

Executive Title/ Function and Name: President and Chief Executive Officer - Steven D. Powell						
LTIP Type	**2022 PY Grant Date (1)**	**2022 PY Vesting Schedule**	**2022 PY Grant Date Fair Value as a % of TC**	**2023 PY Anticipated Grant Date**	**2023 PY Vesting Schedule**	**2023 PY Target Value as a % of TC**
Stock Grant	N/A			N/A		
Stock Option	3/1/2022	Three-year ratable (33-1/3%/year)	12.8%	3/1/2023	Three-year ratable (33-1/3%/year)	14.6%
Restricted Stock Unit (RSU)	3/1/2022	Three-year Cliff	12.8%	3/1/2023	Three-year Cliff	14.6%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	3/1/2022	Three-year Cliff	25.5%	3/1/2023	Three-year Cliff	29.2%
Cash Performance Payment	N/A			N/A		
Other	N/A			N/A		

(1) Performance Year (PY)

If "Other" LTIP Type indicated, provide an explanation:

Executive Title/ Function and Name: SCE Executive or Senior Vice President						
LTIP Type	**2022 PY Grant Date (1)**	**2022 PY Vesting Schedule**	**2022 PY Grant Date Fair Value as a % of TC**	**2023 PY Anticipated Grant Date**	**2023 PY Vesting Schedule**	**2023 PY Target Value as a % of TC**
Stock Grant	N/A			N/A		
Stock Option	3/1/2022	Three-year ratable (33-1/3%/year)	10.0%	3/1/2023	Three-year ratable (33-1/3%/year)	10.7%
Restricted Stock Unit (RSU)	3/1/2022	Three-year Cliff	10.0%	3/1/2023	Three-year Cliff	10.7%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	3/1/2022	Three-year Cliff	20.0%	3/1/2023	Three-year Cliff	21.4%
Cash Performance Payment	N/A			N/A		
Other	N/A			N/A		

(1) Performance Year (PY)

If "Other" LTIP Type indicated, provide an explanation:

Executive Title/ Function and Name: SCE Executive or Senior Vice President						
LTIP Type	**2022 PY Grant Date (1)**	**2022 PY Vesting Schedule**	**2022 PY Grant Date Fair Value as a % of TC**	**2023 PY Anticipated Grant Date**	**2023 PY Vesting Schedule**	**2023 PY Target Value as a % of TC**
Stock Grant	N/A			N/A		
Stock Option	3/1/2022	Three-year ratable (33-1/3%/year)	8.5%	3/1/2023	Three-year ratable (33-1/3%/year)	9.5%
Restricted Stock Unit (RSU)	3/1/2022	Three-year Cliff	8.5%	3/1/2023	Three-year Cliff	9.5%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	3/1/2022	Three-year Cliff	17.0%	3/1/2023	Three-year Cliff	19.0%
Cash Performance Payment	N/A			N/A		
Other	N/A			N/A		

(1) Performance Year (PY)

If "Other" LTIP Type indicated, provide an explanation:

Executive Title/ Function and Name: SCE Executive or Senior Vice President						
LTIP Type	**2022 PY Grant Date (1)**	**2022 PY Vesting Schedule**	**2022 PY Grant Date Fair Value as a % of TC**	**2023 PY Anticipated Grant Date**	**2023 PY Vesting Schedule**	**2023 PY Target Value as a % of TC**
Stock Grant	N/A			N/A		
Stock Option	3/1/2022	Three-year ratable (33-1/3%/year)	8.8%	3/1/2023	Three-year ratable (33-1/3%/year)	9.5%
Restricted Stock Unit (RSU)	3/1/2022	Three-year Cliff	8.8%	3/1/2023	Three-year Cliff	9.5%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	3/1/2022	Three-year Cliff	17.5%	3/1/2023	Three-year Cliff	19.0%
Cash Performance Payment	N/A			N/A		
Other	N/A			N/A		

(1) Performance Year (PY)

If "Other" LTIP Type indicated, provide an explanation:

Executive Title/ Function and Name: SCE Executive or Senior Vice President						
LTIP Type	**2022 PY Grant Date (1)**	**2022 PY Vesting Schedule**	**2022 PY Grant Date Fair Value as a % of TC**	**2023 PY Anticipated Grant Date**	**2023 PY Vesting Schedule**	**2023 PY Target Value as a % of TC**
Stock Grant	N/A			N/A		
Stock Option	3/1/2022	Three-year ratable (33-1/3%/year)	9.1%	3/1/2023	Three-year ratable (33-1/3%/year)	9.2%
Restricted Stock Unit (RSU)	3/1/2022	Three-year Cliff	9.1%	3/1/2023	Three-year Cliff	9.2%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	3/1/2022	Three-year Cliff	18.3%	3/1/2023	Three-year Cliff	18.5%
Cash Performance Payment	N/A			N/A		
Other	N/A			N/A		

(1) Performance Year (PY)

If "Other" LTIP Type indicated, provide an explanation:

Executive Title/ Function and Name: SCE Executive or Senior Vice President						
LTIP Type	**2022 PY Grant Date (1)**	**2022 PY Vesting Schedule**	**2022 PY Grant Date Fair Value as a % of TC**	**2023 PY Anticipated Grant Date**	**2023 PY Vesting Schedule**	**2023 PY Target Value as a % of TC**
Stock Grant	N/A			N/A		
Stock Option	3/1/2022	Three-year ratable (33-1/3%/year)	10.1%	3/1/2023	Three-year ratable (33-1/3%/year)	10.4%
Restricted Stock Unit (RSU)	3/1/2022	Three-year Cliff	10.1%	3/1/2023	Three-year Cliff	10.4%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	3/1/2022	Three-year Cliff	20.3%	3/1/2023	Three-year Cliff	20.8%
Cash Performance Payment	N/A			N/A		
Other	N/A			N/A		

(1) Performance Year (PY)

If "Other" LTIP Type indicated, provide an explanation:

i) Is any LTIP compensation not at risk?

Yes: ☐ No: ☒

If Yes, describe and explain what LTIP compensation is not at risk: All of SCE's LTIP compensation (stock options, RSUs, and PSUs) is at-risk because it is subject to time-based vesting conditions.

In addition, all of SCE's LTIP compensation is equity-based and at risk because the value the grant recipient will ultimately receive will depend on EIX's stock performance. A company's stock can lose value, even all its value.

Finally, stock options and PSUs are subject to performance conditions that may result in zero payout or below-target payouts.

ii) Were the 2022 LTIP payouts determined based on a performance range (i.e., below minimum/threshold, minimum/threshold, target, maximum)? Check one:

Yes: ☒ No: ☐

iii) Did the electrical corporation use one range for all 2022 LTIP metrics or differing ranges based on the category of metric)? Check one:

One range for all metrics: ☐ Multiple ranges: ☒

iv) Provide the 2022 LTIP metric range(s):

Table 7a.2
2022 LTIP Performance Range(s)

	Below Minimum	Minimum	Target	Maximum
Electrical Corporation Actual Data				
Total Shareholder Return (TSR) Performance Shares*	0%	25%	100%	200%
Earnings Per Share (EPS) Performance Shares*	0%	25%	100%	200%
Stock Options*	0%	0%	N/A	N/A

Describe the interpolation method between categories (e.g., straight line):

*For TSR Performance Shares, if EIX achieves a TSR ranking between the 25th percentile (Minimum) and the 50th percentile (Target) or between the 50th percentile (Target) and the 75th percentile (Maximum), the number of shares paid is interpolated on a straight-line basis.

For EPS Performance Shares, if EIX's core EPS for a year as a percentage of target core EPS is between 80% (Minimum) and 100% (Target) or between 100% (Target) and 120% (Maximum), the EPS performance multiplier is interpolated on a straight-line basis, with discrete intervals at every 4th percentage point.

The exercise price for a stock option (which is equal to the closing price of a share of EIX Common Stock on the grant date) is the minimum level of performance. If EIX Common

Stock is trading at or below that exercise price, then the stock option cannot be exercised for any value at that time. If EIX Common Stock is trading above that exercise price, then the stock option (if vested) can be exercised with a payout based on the difference between the market price at exercise and the exercise price.

v) Provide the 2023 LTIP metric range(s):

Table 7a.3
2023 LTIP Performance Range(s)

	Below Minimum	Minimum	Target	Maximum
Total Shareholder Return (TSR) Performance Shares*	0%	25%	100%	200%
Earnings Per Share (EPS) Performance Shares*	0%	25%	100%	200%
Stock Options*	0%	0%	N/A	N/A

Describe the interpolation method between categories (e.g., straight line):

*For TSR Performance Shares, if EIX achieves a TSR ranking between the 25th percentile (Minimum) and the 50th percentile (Target) or between the 50th percentile (Target) and the 75th percentile (Maximum), the number of shares paid is interpolated on a straight-line basis.

For EPS Performance Shares, the 2023 EPS performance multiplier is interpolated on a straight-line basis if EIX's actual 2023 core EPS is either between eighty percent (80%) and one hundred percent (100%) of the EIX 2023 core EPS target, or between one hundred percent (100%) and one hundred twenty percent (120%) of the EIX 2023 core EPS target.

The exercise price for a stock option (which is equal to the closing price of a share of EIX Common Stock on the grant date) is the minimum level of performance. If EIX Common Stock is trading at or below that exercise price, then the stock option cannot be exercised for any value at that time. If EIX Common Stock is trading above that exercise price, then the stock option (if vested) can be exercised with a payout based on the difference between the market price at exercise and the exercise price.

vi) Use of Any Performance Triggers

Does the electrical corporation's 2023 LTIP use any performance triggers (e.g., must achieve annual earnings per share of at least XYZ before any LTIP payments are made)? Check one:

Yes: ☒ No: ☐

If "Yes," describe any performance triggers:

As described above for Tables 7a.2 and 7a.3, performance shares and options have minimum performance thresholds, and performance below those minimum thresholds results in zero payout.

vii) Use of Any Automatic, Non-Discretionary Deductions

Does the electrical corporation's 2023 LTIP have any automatic, non-discretionary deductions (e.g., failure to achieve WMP targets results in X% reduction, catastrophic wildfire results in zeroing out all safety metrics)? Check one:

Yes: ☐ No: ☒

If "Yes," describe all automatic, non-discretionary deductions:

N/A

Section 7c: LTIP Measures, Weighting and Vesting

Instructions: For each LTIP Type, indicate vesting period and type. If basis of award differs amongst position or person, copy Table 7c.1 and Table 7c.2 as necessary and indicate who the table applies to in space provided at the top of the table. Add additional tables if LTIP varies for certain officer classifications.

Table 7c.1
*2022 LTIP Measures Vesting**

Executive Title/ Function and Name: **All Executive Officers**	
LTIP Type	Vesting Period and Type
Stock Grant	N/A
Stock Option	Three-year ratable (33-1/3%/ year)
RSU	Three-year cliff vesting
PSU/ PRSU	Three-year cliff vesting
Cash	N/A
Other	N/A
Weighting Total:	See Table 4c.1

***** Stock ownership requirements for executive officers require significant equity holdings to be maintained and prohibit or limit sales of stock.

Table 7c.2
*2023 LTIP Measures Vesting**

Executive Title/ Function and Name: **All Executive Officers**	
LTI Type	Vesting Period and Type
Stock Grant	N/A
Stock Option	Three-year ratable (33-1/3%/year)
RSU	Three-year cliff vesting
PSU/ PRSU	Three-year cliff vesting
Cash	N/A
Other	N/A
Weighting Total:	See Table 4c.2

***** Stock ownership requirements for executive officers require significant equity holdings to be maintained and prohibit or limit sales of stock.

Section 8: ACR 9 Executive Compensation Proposal

As per D. 20-05-053, the Commission has obligated PG&E to comply with the requirements of the ACR Executive Compensation Proposal 9. PG&E must note in its submission how it is addressing the various additional requirements.

Other electrical corporations are encouraged, but not required, to review and consider adopting measures from the ACR Executive Compensation Proposal 9 in the spirit of transparency and furthering the purpose of AB 1054.

Section 8: ACR Executive Compensation Proposal Alignment

Instructions: PG&E must demonstrate how it complies with the additional requirements set forth in ACR 9. Other electrical corporations may indicate areas where its executive compensation structure is aligned with the elements of ACR 9. For each element of ACR 9, indicate whether the electrical corporation's executive compensation structure is consistent with ACR 9 and explain how.

SCE's Review of Assigned Commissioner Ruling Executive Compensation Proposal 9
The 2023 Guidelines encourage electrical corporations other than PG&E to review and consider adopting the executive compensation requirements that apply to PG&E pursuant to the final decision approving PG&E's reorganization plan (D.20-05-053), which obligated PG&E to comply with the requirements proposed in ACR Executive Compensation Proposal 9 ("ACR-9"). SCE has reviewed these executive compensation requirements for PG&E. As explained below, most of the ACR-9 requirements substantially track SCE's executive compensation program. To the extent that SCE's executive compensation program differs from the ACR-9 requirements for PG&E, the features of SCE's program reflect the judgment of SCE's independent Compensation Committee, with input from the Compensation Committee's independent compensation consultant. The Compensation Committee's exercise of judgment was made in the long-term interests of SCE and its stakeholders, promotes safety as a priority, and helps ensure public safety and utility financial stability.

1. Publicly disclosed compensation arrangements for executives.

As part of its annual report pursuant to General Order No. 77-M, SCE publicly discloses compensation for executives with base salaries of at least $250,000.

2. Written compensation agreements for executives.

As explained below in the “Base Salary and Employment Contracts” section of Attachment A, SCE does not have employment contracts because they benefit the executive more than the company or its stakeholders.

3. Guaranteed cash compensation as a percentage of total compensation that does not exceed industry norms.

SCE does not provide guaranteed cash compensation. As explained below in the “Role of Compensation Committee” section of Attachment A, SCE executives’ base salaries are reviewed each year and are generally within a competitive range of +/-15% around the market median for the position, which aligns with best practices according to Pay Governance, the independent compensation consultant for the Compensation Committee.

4. Holding or deferring the majority or super-majority of incentive compensation, in form of equity awards, for at least 3 years.

SCE’s long-term incentive program is aligned with this concept. Our restricted stock units are subject to a three-year cliff vesting requirement; performance shares are subject to a three-year performance based-vesting requirement; stock options vest in installments over a three-year period; and stock ownership requirements for officers require significant equity holdings to be maintained and prohibit or limit sales of stock.

5. Basing a significant component of long-term incentive compensation on safety performance, as measured by a relevant subset of by the Safety and Operational Metrics to be developed, as well as customer satisfaction, engagement, and welfare. The remaining portion may be based on financial performance or other considerations.

As discussed in “Long-Term Incentive Awards” above, the financial performance metrics the company uses for its long-term incentives focus executives on the long-term interests of the company and its stakeholders, including risk mitigation, safety improvements, and customer interests.

6. Annual review of awards by an independent consultant.

Pay Governance reviews the annual awards granted to Executive Officers.

7. Annual reporting of awards to the CPUC through a Tier 1 advice letter compliance filing.

As part of its annual report pursuant to General Order No. 77-M, SCE publicly discloses compensation for executives with base salaries of at least $250,000, including awards to those executives.

8. A presumption that a material portion of executive incentive compensation shall be withheld if the PG&E is the ignition source of a catastrophic wildfire, unless the Commission determines that it would be inappropriate based on the conduct of the utility.

The Compensation Committee has discretion to reduce or eliminate an annual incentive award in the event of a significant lapse in safety or compliance, including if SCE is the ignition source of a catastrophic wildfire. The Compensation Committee exercised this discretion to eliminate bonuses for 2018 for certain Executive Officers in light of the impact of wildfires on SCE's service area. SCE does not believe it would be prudent for the company to implement the presumption that is required for PG&E because (i) the Compensation Committee has proven that it will materially reduce Executive Officer compensation when advisable and (ii) implementing such a presumption would unnecessarily make positions at SCE less attractive for recruitment purposes, especially when compared to compensation packages from the companies and industries where we recruit (including utilities other than PG&E and Sempra's utilities).

9. Executive officer compensation policies will include provisions that allow for restrictions, limitations, and cancellations of severance payments in the event of any felony criminal conviction related to public health and safety or financial misconduct by the reorganized PG&E, for executive officers serving at the time of the underlying conduct that led to the conviction. Implementation of this policy should take into account PG&E's need to attract and retain highly qualified executive officers.

The company's executive severance plan allows the company to cancel severance benefits and require repayment of severance payments already made, in the event of malfeasance by an executive during employment that constitutes "Cause" as defined in the plan and that the company learns about after entering into a severance agreement with the executive. The company also has a clawback policy that allows recoupment of excess incentive compensation from SCE executive officers if the company restates its financial statements. SCE does not believe it would be prudent for the company to

implement the severance provisions from ACR-9 because (i) the Compensation Committee has implemented clawback provisions where it believes advisable and (ii) implementing these severance provisions would unnecessarily make positions at SCE less attractive for recruitment purposes, especially when compared to compensation packages from the companies and industries where we recruit (including utilities other than PG&E and Sempra's utilities)

Attachment A

Supplemental Attachment to the 2023 Executive Compensation Structure Submission of Southern California Edison Company (SCE)

Overview of SCE's Executive Compensation Structure

SCE's executive compensation structure promotes safety as a priority, helps ensure public safety and utility financial stability, and otherwise meets (i) the requirements set forth in Public Utilities Code (Pub. Util. Code) Sections 8389(e)(4) and 8389(e)(6), (ii) the Office of Energy Infrastructure Safety's (Energy Safety) 2023 Executive Compensation Structure Submission Guidelines (2023 Guidance), and (iii), as discussed in Section 8 above, the majority of elements in Assigned Commissioner Ruling, Proposal 9 for Pacific Gas and Electric Company.

The Compensation Committee determines three compensation elements each year that constitute Total Direct Compensation for our Executive Officers – base salary, annual incentive awards and long-term incentive awards. Base salary is a fixed rate of income for the year. Annual incentive awards are the variable portion of market-based cash compensation and are designed to focus attention on specific safety, operational, financial and strategic objectives that benefit our customers and other stakeholders. Long-term incentive compensation is largely tied to underlying stock performance, promotes a focus on the company's long-term goals and financial health, in alignment with our customers, investors and other stakeholders. To effectively recruit and retain qualified executives to run the utility, the company aligns with market practice for all three pay elements.

The structure of SCE's executive incentive compensation prioritizes and focuses on safety outcomes in a variety of ways, including:

- SCE's annual incentive award program provides that safety and compliance are foundational, and significant lapses can result in the Compensation Committee reducing or eliminating annual incentive compensation for the year. The Compensation Committee has exercised its authority in this area multiple times to reduce annual incentive awards for safety performance, including eliminating annual incentive awards for 2018 for certain Executive Officers in light of the impact of wildfires on SCE's service area. In the event "the electrical corporation causes a catastrophic wildfire that results in one or more fatalities," the Compensation

Committee can, as outlined in Pub. Util. Code §8389(e), deny all annual incentive compensation.

- Focusing on safety outcomes by placing a target weighting of 40% on Wildfire Safety or Other Safety goals and an additional 15% on Security or Other Operational/Other Safety goals (using Energy's Safety's categorization for goals) for 2023 annual incentive awards, and reducing annual incentive award payouts if specific safety and safety-related targets are not achieved.
- The value of the long-term incentive awards, with their multiple-year vesting periods, is primarily tied to long-term share price performance and incentivizes executives to adopt a longer-term view of corporate performance in the decisions they make today, such as emphasizing safety and safety culture. The company's share price is linked to SCE's long-term ability to satisfy the needs and expectations of our many stakeholders including customers, communities, regulators and investors. Significantly, over the past several years, the risks associated with wildfires have impacted the long-term incentive plan value for executives. The awards provide a strong incentive for executives to take actions that mitigate risk and improve the safety and resiliency of our communities in an enduring manner.

Compliance with Pub. Util. Code § 8389(e) and Energy Safety's Guidance

The following table provides an overview of how the three elements of SCE's Total Direct Compensation meet the requirements set forth in Pub. Util. Code §8389(e).

Element of Total Direct Compensation	Form	Alignment with Pub. Util. Code §8389(e)
Base Salary	Fixed Pay: Cash	• SCE does not have employment contracts or guarantees of cash compensation; base salaries comprise less than half of each Executive Officer's target Total Direct Compensation
Annual Incentive Awards	Variable Pay: Cash	• Annual incentive awards require achievement of target objectives related to specific initiatives (goal categories) that are assessed through various metrics (success metrics) that promote safety and/or utility financial stability • Safety and compliance are also foundational, and the Compensation Committee can reduce or eliminate awards if there are significant lapses in safety or compliance, regardless of the company's performance in the specific safety and compliance metrics established at the beginning of a goal year • No guaranteed minimum payout, maximum payout is 200% of target; significant "at risk" compensation • Nearly all of the success measures that are used to determine the payout are based on meeting performance metrics that are objectively measurable • Performance on annual goals and long-term incentives is reviewed by auditors annually and reviewed and scored by the independent Compensation Committee
Long-Term Incentive Awards	Variable Pay: Equity • 50% performance shares • 25% stock options • 25% restricted stock units	• Promote utility financial stability by enhancing executives' focus on the company's long-term goals • 100% of long-term incentive awards are equity-based and their payout values reflect objective performance metrics • All awards "at risk" with no guaranteed minimum payout • Restricted stock units are subject to a three-year cliff vesting requirement; performance shares are subject to a three-year performance based-vesting requirement; stock options vest in installments over a three-year period; in addition, stock ownership requirements for Executive Officers require significant equity holdings to be maintained and prohibit or limit sales of stock • Long-term and annual incentive awards comprise the majority of Executive Officers' compensation and the variable nature puts these components "at risk" subject to performance

Role of Compensation Committee

The Compensation Committee is responsible for reviewing and determining the total compensation paid to Executive Officers. The Committee is comprised of independent Board members who have significant experience and qualifications and bring a variety of perspectives to the Compensation Committee's deliberations. No officers or other employees serve on the Compensation Committee.

The Compensation Committee retains an independent compensation consultant, Pay Governance, to assist in evaluating Executive Officer compensation, including industry trends and best practices.

In alignment with best practices, the Compensation Committee generally targets a competitive range of +/-15% around the market median for each element of Total Direct Compensation offered under our program: base salaries, annual incentive awards and long-term incentives awards. Above-median compensation usually is not needed, but the +15% end of the range provides flexibility when it is needed for individual recruitment of specialized skills, retention purposes, or to reward exceptional performers. Below-median compensation usually is avoided because it can create retention and recruitment difficulties, but the -15% end of the range provides flexibility for newly promoted executives or other circumstances where below-median compensation is appropriate for a time. The Compensation Committee exercises its judgment in setting the compensation level for each Executive Officer.

Base Salary and Employment Contracts

SCE does not have employment contracts or guarantees of base pay. The company has evaluated employment contracts and concluded there are more downsides than benefits to providing contracts.

The Compensation Committee evaluates Executive Officers' base salaries every year according to their position and performance.

SCE's Executive Officers do not have employment contracts and do not have contractual rights to receive fixed base salaries. Employment contracts benefit the executive more than the company. Some of the downsides of employment contracts include:

- The company's ability to terminate at will for performance would be heavily impacted if there was a specified term of employment;
- The company's ability to change the terms of employment for an executive under contract is limited even if business or other conditions warrant a change;

- To the extent contract terms differ from later-adopted policies or programs, the company may need to renegotiate the contract, which could result in a contract of higher value to the executive than the company originally intended; and
- If a contract provision is subsequently prohibited by a change in the law, that may also require a contract renegotiation or otherwise result in a contract of higher value to the executive than intended.

Annual Incentive Awards

Annual incentive awards are structured to promote safety and help ensure public safety and the financial stability of the utility as outlined in Pub. Util. Code §8389 (e). The Safety and Operations Committee of the Board applies its relevant safety experience and formally participates in establishing safety and operational goals and success measures to be used for the annual incentive awards, including the weight afforded to various goal categories.

There are two components that determine the payout of SCE's annual incentive awards: a company multiplier and an individual performance modifier (IPM). The company multiplier is determined by assessing company performance against goals and applies to all employees who receive annual incentive awards, including Executive Officers. The IPM is a modifier for exempt employees, including Executive Officers, and reflects their individual performance.

Annual incentive awards are placed "at risk" and are paid out to the extent important goals and objectives are met or exceeded. In accordance with market practice, poor company performance results in reduced or no payouts, target performance results in target payouts, and exemplary performance is rewarded with above-target payouts. The minimum annual incentive award payout is $0. The maximum award is 200% of target, which Pay Governance advises is the most prevalent practice among our peers.

When circumstances warrant reductions in pay for executives – rather than for the entire employee population – IPMs or the company multiplier for certain executives may be further modified. This occurred for 2018, 2019, 2020, and 2022 annual incentives, when additional deductions were applied for Executive Officers and certain other executives in response to the company's safety performance. Certain Executive Officers received no annual incentive payment for 2018 in light of the impact of wildfires on our communities.

The process of determining the company multiplier starts at the beginning of each year when the incentive award goals are established. These goals focus executives' attention on the foundational importance of safety, compliance, and SCE's values, and the specific success measures, which are mostly focused on safety and financial stability. At the Compensation

Committee meeting in February following the end of the goal year, the Compensation Committee assesses all the success measures that were approved at the beginning of the goal year, as well as other important activities and developments during the year. The Compensation Committee can exercise discretion to adjust the company multiplier, including eliminating the annual incentive award entirely, should circumstances warrant.

Annual Incentive Award Deductions for Safety Performance – Previous Five Years

The table below summarizes SCE's annual incentive award deductions for safety performance over the last five years.

Plan Year	Total Deduction for Executive Officers Due to Unmet Safety, Wildfire Resiliency, and/or Foundational Goals	Summary of Unmet Safety, Wildfire Resiliency, and/or Foundational Goals
2022	12-point deduction[37]	DART and SIF rates worse than Unmet level; serious public injury from downed wire
2021	5-point deduction[38]	Below-target performance for Wildfire Resiliency, Safety and Resiliency Capabilities, and Contractor Management
2020	20-point deduction[39]	Environmental non-compliance incident; three contractor fatalities and one serious injury to a contractor
2019	14-point deduction[40]	Three contractor fatalities; transformer failure that seriously burned a member of the public; DART injury rate worse than target

[37] The 12-point deduction was comprised of: 2-point deduction to company modifier due to unmet foundational goals; Employee Safety portion of Safety and Resiliency goal category was scored 10 points below target due to DART and SIF rates.

[38] Wildfire Resiliency was scored 2 points below target due to reportable ignitions in High Fire Risk Areas and hazard tree assessment and mitigation being worse than target; Safety and Resiliency Capabilities were scored 1 point below target due to some field and work management tool development occurring behind schedule; Contractor Management was scored 2 points below target due to a delay in the revised end-to-end contractor management process.

[39] The 20-point deduction was comprised of: 10-point deduction for the entire employee population due to an environmental non-compliance incident; an additional 10-point deduction for Executive Officers (and certain other executives) due to three contractor fatalities and a third-party contractor serious injury.

[40] The 14-point deduction was comprised of: 10-point deduction to company modifier due to unmet foundational goals; Safety portion of Operational & Service Excellence goal category was scored 4 points below target due to DART injury rate.

Plan Year	Total Deduction for Executive Officers Due to Unmet Safety, Wildfire Resiliency, and/or Foundational Goals	Summary of Unmet Safety, Wildfire Resiliency, and/or Foundational Goals
2018	Annual incentive *completely eliminated* for SCE CEO and for SCE President;[41] 20-point deduction for other Executive Officers[42]	Impact of wildfires on communities within SCE's service territory; fatalities of (i) two contractors and (ii) a private tree trimmer who came in contact with a power line; DART injury rate worse than target

Long-Term Incentive Awards

Pub. Util. Code §8389(e) reflects the importance of promoting utility financial stability, which is needed to ensure efficient capital market access and cost of capital, and for affordable customer rates. The company's long-term incentive awards are tied to the interests of all stakeholders by emphasizing strong long-term financial stability and performance.

All of the company's long-term incentives (LTI) are awarded as equity instruments reflecting, or valued by reference to, EIX Common Stock. Performance shares comprise 50% of the long-term equity mix and are based on two equally-weighted outcome-based performance metrics: relative total shareholder return of EIX Common Stock over a three-year performance period compared to other companies in the Philadelphia Utility Index; and three-year average annual core earnings per share, measured against target levels.

Stock options comprise 25% of the LTI mix and use the change in EIX's stock price as their objective performance metric. The exercise price for stock options equals the closing EIX stock price on the date of grant. If the stock price stays flat or decreases compared to the exercise price, then the options will have zero value. If the stock price increases above the exercise price, then the executive officer will gain from that increase when exercising the stock option and the gain is directly dependent on the extent of that appreciation in value.

---

[41] In light of the impact of wildfires on communities within SCE's service area, the Compensation Committee decided, in consultation with management and with its full support and agreement, that no annual incentive award would be paid for 2018 to the SCE CEO or the SCE President. This action was not a reflection on the performance of SCE or these officers.

[42] The 20-point deduction was comprised of: 5-point deduction to Safety portion of Operational & Service Excellence goal category due to DART injury rate; 5-point deduction to overall company modifier due to unmet foundational goal; 10-point deduction to individual performance modifier due to unmet foundational goal.

The remaining 25% of LTI is awarded as restricted stock units. As is the case with stock options, the objective performance metric for restricted stock units is the change in EIX's stock price. If the stock price at payout is above the closing stock price on the grant date, then the payout value will be more than the grant value. If the stock price at payout is less than the closing stock price on the grant date, that will result in a lower value.

Restricted stock units and performance shares have three-year cliff-vesting. Stock options vest in approximately equal installments over a period of three years. The company also has an LTI holding requirement. Executive Officers must continue to hold shares obtained from LTI to the extent necessary to meet the stock ownership requirement of up to three-times base salary, depending on the Executive Officer's position.

Although LTI rewards executives based on the growth of the share price, this by no means implies that this element of executive compensation only benefits shareholders. Customers benefit from our use of LTI in a number of ways, including:

- While the ultimate value of a fully vested LTI award for the recipient is a function of the stock price, this price is largely based on the company's successful operations which drives financial health. Those metrics translate directly into SCE's ability to lower borrowing costs and reasonably obtain funds for capital projects and other programs to maintain and modernize SCE's power grid and support reliability of service to customers. LTI advances customer interests by aligning them with the strategic goals and initiatives of the company.
- SCE's use of LTI helps conserve cash resources. Unlike the fixed cost of base pay and any annual incentive which may be awarded, there is no immediate cash payment to employees for an LTI award due to the multi-year vesting schedule applicable to each form of LTI. Employees who voluntarily leave prior to the full vesting of the LTI award will forfeit all or a substantial portion of the unvested award.
- As a variable pay component of total compensation, LTI awards do not cause increases in an executive's annual/fixed pension and benefits costs that are a function of base pay.
- LTI promotes stability of a strong leadership team at SCE as LTI awards and payouts depend on multiple years of continuous employment, strong executive performance and strong SCE financial health.

In addition, although the company's LTI awards have a 100% weighting for financial and stock performance, the LTI awards also provide a strong incentive to safely manage operations to increase the value of those awards. Wildfires, for example, can result in significant decreases in both stock price and the value of LTI awards. For example, as of the end of 2018, after the Thomas and Woolsey fires, top officers had lost an average of 31% of the value of their stock option grants, 12% of the value of restricted stock units and 48% of the value of performance shares when measured against the original value of those grants awarded over a number of years. The performance share payout in early 2020 provides another example of the impact of safety performance on LTI. As a result of the impact of the wildfires on the share price, the value of the performance share payout was only 62.3% of the target, a significant reduction particularly when considered in conjunction with the impacts on the safety components of the annual incentives and the Compensation Committee's decision to eliminate annual incentives for SCE's two top executive officers at that time. This type of loss provides a strong incentive for risk mitigation and safety improvements and focuses executives' efforts on the long-term interests of the company and its stakeholders.