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

April 12, 2024

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

Docket Number #: 2024-EC

SUBJECT: 2024 Executive Compensation Structure Submission of Southern California Edison Pursuant to Assembly Bill 1054

Dear Director Thomas Jacobs:

In response to the 2024 Executive Compensation Structure Submission Guidelines (2024 Guidelines)[1] adopted by the Office of Energy Infrastructure Safety (Energy Safety) on December 7, 2023, Southern California Edison Company (SCE) hereby submits its 2024 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 2024 Executive Compensation Structure Submission Guidelines, available at [2024 Executive Compensation Structure Submission Guidelines]

1.1 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 1.1.1, for each executive officer subject to the executive compensation filing requirements, the electrical corporation must 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 2024 filing year. See the definition of the proceeding terms in **Attachment 2**.

For the purpose 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 1.1.1
Incentive Compensation at the Target Level

Executive Title/ Function and Name (where applicable)	Target Quarterly STIP as a Percent of TIC	Target Annual STIP as a Percent of TIC	Target Total STIP as a Percent of TIC	Target LTIP as a Percent of TIC
President and Chief Executive Officer - Steven D. Powell	N/A	24.6%	24.6%	75.4%
SCE Executive or Senior Vice President	N/A	30.2%	30.2%	69.8%
SCE Executive or Senior Vice President	N/A	34.5%	34.5%	65.5%
SCE Executive or Senior Vice President	N/A	36.7%	36.7%	63.3%
SCE Executive or Senior Vice President	N/A	34.4%	34.4%	65.6%
SCE Executive or Senior Vice President	N/A	33.3%	33.3%	66.7%

Instructions: In Table 1.1.2, for each executive officer subject to the executive compensation filing requirements, the electrical corporation must 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 2024 filing year. See the definition of the proceeding terms in **Attachment 2**.

Table 1.1.2
Total Direct Compensation at the Target Level

Executive Title/ Function and Name (where applicable)	Target Base Salary as a Percent of TDC	Target Quarterly STIP as a Percent of TDC	Target Annual STIP as a Percent of TDC	Target LTIP as a Percent of TDC
President and Chief Executive Officer - Steven D. Powell	22.5%	N/A	19.1%	58.4%
SCE Executive or Senior Vice President	31.8%	N/A	20.6%	47.6%
SCE Executive or Senior Vice President	38.5%	N/A	21.2%	40.3%
SCE Executive or Senior Vice President	40.0%	N/A	22.0%	38.0%
SCE Executive or Senior Vice President	38.4%	N/A	21.2%	40.4%
SCE Executive or Senior Vice President	37.7%	N/A	20.7%	41.6%

1.2 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 1.2.1, the electrical corporation must 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, the electrical corporation must provide anexplanation 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).

The electrical corporation must include all positions within a tier in the table.

Table 1.2.1
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 for SCE
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 for SCE
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 for SCE

* 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 above in Table 1.2.1, 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 3-5 of the reply comments submitted by SCE on April 24, 2023 (Southern California Edison Company's Comments in Reply to Cal Advocates' Comments on the 2023 Executive Compensation Structure Submission) in Docket# 2023-EC ("SCE 4/24/23 Reply Comments) for additional information regarding the determination of "executive officers."

1. Definition of policy making:

The electrical corporation must 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 policymakers 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.

See pages 3-5 of the SCE 4/24/23 Reply Comments for additional information.

[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.")

1.3 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 officersis 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, the electrical corporation must repeat this information foreach mechanism (e.g., quarterly, and annually).

1.3.1 STIP Structure

Instructions: The electrical corporation must provide the requested 2024 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.

1. **STIP Payment Type.** Check one:

   Cash: ☒ Other: ☐

   If other, describe the other type of STIP payment:

2. **Use of Any Performance Triggers**

   Does the electrical corporation's 2024 STIP use any non-discretionary performance triggers (e.g., must achieve certain annual earnings per share before any STIP paymentsare 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 reduction or elimination of short-term incentive compensation ("STIP"), depending upon the assessment of the circumstances 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. See Annual Incentive Award Deductions for Safety Performance – Previous Five Years in Attachment A for additional examples.
The core earnings goal provides that the STIP payout may be zero if core earnings fall below the threshold level.

3. Use of Any Automatic, Non-Discretionary Deductions

Does the electrical corporation's 2024 STIP have any automatic non-discretionary deductions (e.g., failure to achieve WMP targets results in X% reduction, catastrophicwildfire results in zeroing out all safety metrics)? Check one:

Yes: ☒ No: ☐

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

Awards made to each of the executive officers of SCE under the 2024 STIP are subject to the Incentive Compensation Recoupment Policy, which for SCE mirrors the requirements of Rule 10D-1 of the Securities Exchange Act of 1934, as amended and Section 303A.14 of the New York Stock Exchange Listed Company Manual. This policy requires recoupment of certain forms of incentive-based compensation (which would include awards under the 2024 STIP) in the event of certain accounting restatements described in more detail in such policy. This policy went into effect on October 2, 2023.

4. Use of Any Specifically Defined Discretionary Deductions

Does the electrical corporation's 2024 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 thestructure:

See Section 1.3.1.2 above for an overview of our foundational deduct-only goals and core earnings threshold performance level. Additional information for the 2024 STIP is in 1.3.3.

In addition, awards made to each of the executive officers of SCE under the 2024 STIP are subject to misconduct recoupment provisions that allow the Compensation Committee to recoup such awards from officers who are terminated or suspended without pay for certain forms of misconduct. These provisions apply to awards made on or after January 1, 2024.

5. Use of a Performance Range – 2023

Were the 2023 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 2023 STIP metrics or differing rangesbased 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 1.3.1.2, 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 1.3.1.2, 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 the Compensation Committee's assessment of the circumstances. Since this is a deduct-only goal that has zero as its target, there is no performance range for scoring above zero.

Provide the 2023 STIP metric performance range(s):

Table 1.3.1
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 (e.g., straight line):

*The explanations provided above in Sections 1.3.1.2 and 1.3.1.5 regarding the scoring of foundational goals and the scoring of Below Minimum performance on the core earnings goal also applies to this Table 1.3.1.

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 1.3.1.7 below for more information about Compensation Committee discretion in determining STIP scoring and payouts.

6. Use of a Performance Range – 2024

Do the 2024 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 2024 STIP metrics or differing rangesbased on the category of metric)? Check one:

One range for all metrics: ☐ Multiple ranges: ☒

If multiple ranges are used, explain why:

The explanation provided above in Section 1.3.1.5 also applies to this Section 1.3.1.6.

Provide the 2024 STIP metric performance range(s):

Table 1.3.2
2024 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 above in Section 1.3.1.5 also applies to this Table 1.3.2

Did the performance range change for any metrics between 2023 and 2024? Check one:

Yes: ☐ No: ☒

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

7. Use of Performance Modifiers – 2023 Actual

Did the electrical corporation's 2023 STIP involve the use of any of the following types ofperformance modifiers?

Individual Performance Modifier – 2023, check one:

Yes: ☒ No: ☐

If "Yes," describe each performance modifiers:

The 2023 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 2023 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 2023 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 below in Table 1.3.3, the actual range for 2023 was 95% to 100% for SCE's executive officers.

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

Table 1.3.3

Individual Performance Modifiers – 2023 Actual

Executive Title/ Function and Name (where applicable)	Increase/ Decrease	Percentage Change	Factors in/ Reason for Adjustment (1)
President and CEO – Steven D. Powell	Decrease	5 percentage points below target (i.e., 95% IPM)	See SCE Footnote to Table 1.3.3
SCE Executive or Senior Vice President	None	None (i.e., 100% IPM)	See SCE Footnote to Table 1.3.3
SCE Executive or Senior Vice President	None	None (i.e., 100% IPM)	See SCE Footnote to Table 1.3.3
SCE Executive or Senior Vice President	None	None (i.e., 100% IPM)	See SCE Footnote to Table 1.3.3
SCE Executive or Senior Vice President	None	None (i.e., 100% IPM)	See SCE Footnote to Table 1.3.3
SCE Executive or Senior Vice President	None	None (i.e., 100% IPM)	See SCE Footnote to Table 1.3.3

(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 1.3.3</u>: The Compensation Committee typically sets the CEO's IPM at 100% because the Committee believes it is important to align the CEO's annual incentive award payout with the company multiplier and focus the CEO's attention on leading SCE to achieve and exceed SCE's goal targets. However, for 2023, the Committee decided to apply a 5-percentage-point deduction to Mr. Powell's IPM for the employee fatality that occurred in January 2023. This IPM deduction was in addition to the foundational deduction to the 2023 company multiplier for this employee fatality. As a result, even though the Committee viewed Mr. Powell's 2023 performance as strong overall, he received a 95% IPM for 2023. The Committee's actions reinforce the importance of the "no employee fatalities" foundational goal.

The Committee engaged in a holistic assessment of the 2023 performance of each of the other executive officers. The Committee determined that the performance of each executive officer was strong overall. The Committee also applied a five-percentage-point IPM deduction for those who were executive officers at the time of the January 2023 employee fatality, with the final result being a 100% IPM for each executive officer other than Mr. Powell.

Did the electrical corporation's 2023 STIP involve the use of any of the following types of performance modifiers?

Company Performance Modifier – 2023, check one:

Yes: ☒ No: ☐

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

As explained above in Section 1.3.1.7, the 2023 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 2023 goals. The company multiplier for 2023 applies to all non-represented employees, including executive officers. 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 determines the score achieved for each success measure that was approved for the STIP at the beginning of the goal year. The Committee also considers other important activities and developments during the goal year and whether goals were achieved while living the Company's values. 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 2023, the Committee approved the sum of the scores of the individual success measures as the company multiplier (which incorporated an eight-point foundational reduction for an employee fatality and two serious public injuries) and decided not to exercise its discretion to increase or decrease the company multiplier.

1.3.2 2023 STIP Metrics – Minimum, Target, Maximum and Actual

Instructions: Complete Table 1.3.4 for the 2023 STIP metrics, adding rows as necessary. See **Attachment 3** for a discussion of categories and sub-categories.

Table 1.3.4

2023 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	-8
			Subtotal:	**Deduct Only**					**-8**
Other Safety	Employee Safety	Employee Edison Electric Institute (EEI) SIF Rate	Lagging Outcome	5%	0.090	0.075	0.060	0.089	0
		Employee DART Injury Rate	Lagging Outcome	3%	1.15	1.00	0.85	1.48	0
		Observations of employees in high-hazard occupations that include either opportunities for improvement or recognition	Leading	2%	100%	200%	300%	353%	4
			Subtotal:	**10%**					**4**

[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 1.3.1.2 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	Wildfire Mitigation; Public Safety; Emergency Response	CPUC Reportable Ignitions in High Fire Risk Areas (HFRA)	Leading/ Lagging Outcome[6]	6%	47	39	31	19	12
		Covered Conductor	Leading	6%	1,100	1,200	1,300	1,202[7]	6
		Overhead Inspections and Remediations in HFRA	Leading	6%	60%	70%	80%	79%	11
		Vegetation Line Clearing	Leading	6%	79%	84%	89%	86%	8
		PSPS: Improve Customer Notifications Before De-energization	Leading	6%	96%	98%	100%	97%	2
		PSPS: Improve Customer Notifications After De-energization	Leading					86%	
			Subtotal:	**30%**					**39**
Security		Mature Enterprise-wide Phishing Program Click Rate	Leading	3%	3.5%	2.5%	1.5%	1.6%	6
		Mature Enterprise-wide Phishing Program Reporting Rate	Leading	2%	31%	36%	41%	37%	2
			Subtotal:	**5%**					**8**

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

[7] Subsequent validation of additional work orders confirmed the actual number of circuit miles deployed at 1,220 miles.

OEIS Category	OEIS Safety Sub-Category	SCE Metric	Metric Type	Weight	Min	Target	Max	Actual Performance	Weighted Contribution
Other Operational; Other Safety	Performance	Sustain quality performance in key programs	Lagging Outcome	5%	87%	91%	95%	93%	8
		Execute grid, technology, electrification and other improvements to deliver safe, reliable, clean, and affordable energy for customers[8]	Activity-based[9]	5%	N/A	N/A	N/A	N/A	4
			Subtotal:	**10%**					**12**
Customer Service		SAIDI, Repair	Lagging Outcome	4%	110	98	86	94	5
		Billing & Payment and Outage Net Score	Lagging Outcome	4%	5	14	23	7	1
			Subtotal:	**8%**					**6**
Environmental, Social, Governance (ESG)		Transportation Electrification (TE) and Building Electrification (BE) • TE Light Duty Installs	Lagging Outcome	4%	1,600	2,000	2,400	1,377	2
		• TE Medium/Heavy			495	620	745	645	

[8] 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.

[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
		Duty (MDHD) Conversions							
		• BE Installs			3,850	5,500	7,150	4,367	
			Subtotal:	**4%**					**2**
Diversity, Equity, and Inclusion (DEI)		Implement DEI action plans	Lagging Outcome	2%	90%	95%	100%	88%	0
		Diverse Business Enterprise (DBE) spend	Lagging Outcome	2%	32%	35%	38%	38%	4
			Subtotal:	**4%**					**4**
Financial		Achieve SCE core earnings target[10]	Lagging Outcome	25%	$1,887 million	$2,097 million	$2,307 million	$2,135 million	30
			Subtotal:	**25%**					**30**
Other Operational		Implement planned improvement projects	Lagging Outcome	4%	85%	100%	115%	109%	6
			Subtotal:	**4%**					**6**
TOTAL				**100%**					**103**

[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. The Compensation Committee established the financial stability goal in February 2023, with the levels for Threshold, minimum, target, and maximum set at $1,712, $1,926, $2,140, and $2,354 million, respectively. The Compensation Committee made certain assumptions when establishing the 2023 financial stability goal with respect to SCE's cost recovery from the Catastrophic Event Memorandum Account application that SCE filed in 2022 to recover emergency costs that SCE incurred primarily to restore damage caused by certain 2020 wildfires (the "2022 CEMA"). As discussed in SCE's March 13, 2023 Executive Compensation Structure Submission to Energy Safety, the Compensation Committee also established in February 2023 an adjustment framework it would apply if a final decision for the 2022 CEMA was not issued in 2023. Since a final decision was not issued in 2023, the Compensation Committee decreased the threshold, minimum, target, and maximum financial stability score levels to be $1,678, $1,887, $2,097, and $2,307 million, respectively, in accordance with the adjustment framework it established in February 2023.

1.3.3 2024 STIP Metrics – Minimum, Target, and Maximum

Instructions: The electrical corporation must complete Table 1.3.5 for the 2024 STIP. The electrical corporation must provide details of the STIP metrics and minimum, target and maximum performance values for the filing year. The electrical corporation must categorize wildfire safety metrics separately (with no other metrics) and must include a weighting. The electrical corporation may add additional rows as needed.

Table 1.3.5
2024 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**			

[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 1.3.1.2 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	Employee Safety	Employee Edison Electric Institute (EEI) SIF Rate	Lagging Outcome	5%	0.091	0.076	0.061
		High Energy Control Assessments (HECA) on high-hazard tasks	Leading	3%	6,500	9,000	11,500
		Observations of employees in high-hazard occupations that include either opportunities for improvement or recognition	Leading	2%	8,000	9,400	10,800
			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%	45	37	29
		Covered Conductor	Leading	6%	950	1,050	1,150
		Overhead Inspections and Remediations in HFRA	Leading	6%	60%	70%	80%
		Vegetation Line Clearing	Leading	6%	80%	85%	90%
		PSPS: Customer Notifications	Leading	6%	96%	98%	100%
			Subtotal:	**30%**			

[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%
Security		Phishing Simulation exercise Click Rate	Leading	3%	6%	5%	4%
		Phishing Simulation exercise Reporting Rate	Leading	2%	32%	37%	42%
			Subtotal:	**5%**			
Performance Range					0%	100%	200%
Other Operational; Other Safety	Performance	Quality conformance index	Lagging Outcome	5%	87%	91%	95%
		Execute grid, technology, electrification and other 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%	105	95	85
		Billing and Payment and Outage Net Score	Lagging Outcome	6%	-2	10	22
			Subtotal:	**10%**			
Performance Range					0%	100%	200%
Environmental, Social, Governance (ESG)		Transportation Electrification (TE) charging port installations	Lagging Outcome	2%	700	1,200	2,700
			Subtotal:	**2%**			
Performance Range					0%	100%	200%
		Execute targeted DEI initiatives	Activity-based	2%	N/A	N/A	N/A

[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. 2024 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%	34%	37%	40%
			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 2024 planned improvement actions	Activity-based	4%	N/A	N/A	N/A
			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 2024 reflects a range for SCE's 2024 core earnings from approximately $2,174 million to approximately $2,278 million. SCE's 2024 core earnings goal for STIP is within that range, but the specific target is material nonpublic information.

1.3.4 2024 STIP Metric Definition and Calculation

Instructions: The electrical corporation must provide definitions, whether the metric is leading, lagging or outcome, and calculations for the 2024 STIP metrics. For each metric, theelectrical corporation must provide a definition of the metric, any adjustments or exclusions, the basis for the definition and the actual calculation such that if Energy Safety requested thesource data/inputs, the electrical corporation would be able to derive the reported results.

The electrical corporation must provide an explanation of any adjustments or exclusions.

Table 1.3.6
2024 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.
High Energy Control Assessments (HECA) on high-hazard tasks	Count of the number of High Energy Control Assessments performed on high-hazard tasks. This is a leading metric.	Total number of High Energy Control Assessments (HECA) performed on high-hazard tasks.	Only HECAs of field operations employees in high-hazard organizations and/or departments are included. HECAs performed on contractors, those with anonymous Observee(s), those with no high-energy hazard identified, and those with only “other” high-energy hazards identified are excluded.
Observations of employees in high-hazard occupations that include either	Count of the number of observations of employees in high-hazard occupations that include either	Total number of observations of employees in high-hazard occupations that include either an opportunity for improvement, defined as	Only includes job titles in high-hazard OUs and/or departments. Excludes contractors and observations of anonymous employees.

opportunities for improvement or recognition	opportunities for improvement or recognition. This is a leading metric.	identification of an improvement opportunity made by an observer during an observation, or recognition.	
CPUC reportable ignitions in HFRA	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 inspection scope in SCE's HFRA and remediate associated findings. This is a leading metric.	Inspection: Complete all 2024 ground and aerial overhead inspections of the riskiest structures as outlined in the 2023-2025 Wildfire Mitigation Plan. Remediation: The percentage of all Priority 2 findings due in 2024 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	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 assigned due date as a result of externally driven factors are 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.

		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.	
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, those impacted by rapid weather changes, and instances where SCE's notification vendor successfully sent notifications where successful receipt by the customer could not be verified are excluded.
	Percentage of PSPS impacted customers who received notifications once de-energization is	Sum the number of PSPS impacted customers who: i) receive notifications once de-energized, ii) receive prepare for	Customers with inaccurate or missing contact information and instances where SCE's notification vendor

	initiated. This is a leading metric.	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.	successfully sent notifications where successful receipt by the customer could not be verified are excluded.
Phishing Simulation exercise 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 3 simulated email phish in each quarter. Then take the average of this percentage for the four quarters in the year. Level 3 simulations, as defined by SCE, but informed by industry benchmark (attributes include: 0-1 grammatical errors, suspicious domain/links, high business relevance, impersonation, personal) are harder than Level 2 simulations (attributes include: 1-2 grammatical errors, suspicious domain/links, some business relevance, personal) and Level 1 simulations (attributes include: 3+ grammatical errors, suspicious domain/links, no business relevance, generic).	N/A
Phishing Simulation exercise 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 3 simulated email phish in each quarter. Then take the average of this	N/A

		percentage for the four quarters in the year. Level 3 simulations same as defined above in Phishing Simulation exercise Click Rate section.	
Quality conformance index	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 the 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 other	Achieve CPUC and FERC jurisdictional capital improvement plan execution, which is a measure	Capital deployment amount reflects 2024 authorized levels as specified in the uncontested settlement	N/A

improvements to deliver safe, reliable, clean, and affordable energy for customers	of work performed, consistent with appropriate regulatory direction. This is an activity-based metric.	for Track 4 of the 2021 GRC proceeding. Includes delivery of utility owned storage commitments.	
Core Earnings	See section 1.3.1.4 and the footnotes for the core earnings goal in Table 1.3.5.	Core earnings are defined as SCE's earnings less non-core items for SCE. Non-core items 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.	The Committee may adjust the Core Earnings goal levels to the extent (if any) it determines appropriate to mitigate the impact of any differential from a rescission or other modification to the triggering of the Cost of Capital Mechanism for 2024.
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.
Execute targeted DEI initiatives	Grow diverse pipeline through companywide	Development program focus is on coursework completion and testing	N/A

	development programs and strengthen Business Resource Group impact via execution of business plans. This is an activity-based metric.	and aligning participation representation with diversity of the communities SCE serves. Business Resource Groups' focus is on developing business plans and achievement of KPIs.	
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 2024 certificate with the certifying agencies accepted by SCE: Supplier Clearinghouse, SBA 8A, and Dept. of General Services (DGS) CA, 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. Wildfire self-insured retention spend and administrative and incentive payments for Customer Programs and Services are also excluded.
Clean Energy Transition:	TE charging port installations. This is	Number of charging port installations. Scope	N/A

Transportation Electrification (TE) charging port installations	a lagging/outcome-based metric.	includes ports from Charge Ready Light Duty, Charge Ready schools, Charge Ready Transport, and Commercial electric vehicle (Rule 29, Rule 15, Rule 16) programs.	
Billing and Payment and Outage Net Score	Customer Satisfaction index metric which measures 2 unique experiences: (1) The Billing and 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, 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	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 and SMS survey results.

	customers impacted by the outage are surveyed. This is a lagging/outcome-based metric.		
Operational Excellence: Implement 2024 planned improvement actions	Measures completion of key Operational Excellence efforts with meaningful impacts in 2024. This is an activity-based metric.	2024 planned improvement actions focus on reducing live agent calls and billing exceptions, Distribution bundling capabilities, and defining and implementing Integrated Grid Planning and Execution approach.	N/A

1.3.5 STIP Changes

Instructions: The electrical corporation must describe any changes between 2023 and 2024 in terms of STIP eligibility, structure, modifiers, metrics (including changes to minimum/threshold, target, and maximum performance values), weightings and definitions.The electrical corporation must 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, progress on current goals, performance gaps, budgetary issues, 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 2023 to 2024, includes the following changes in goals metrics:

- New leading indicator for employee safety focused on High Energy Control Assessments (HECA) has replaced Days away, Restrictions and Transfers (DART), which will continue to be a priority focus for the company. The change reflects SCE's priority and focus on making progress toward eliminating serious injuries and fatalities. Focus of HECAs on mitigations for high energy work that can be benchmarked across SCE regions and other IOUs. Modified Operational Excellence goal focused on the advancement of 2024 planned operational improvement efforts, and
- Modified DEI goal focused on development programs and Business Resource Groups.

The goal development process described above also resulted in certain changes to target weights and metrics (compare Table 1.3.4 with Table 1.3.5 above), and to definitions used for success measures (compare Table 1.3.6 above with Table 3d.1 of SCE's March 13, 2023 Executive Compensation Structure Submission to Energy Safety).

1.3.6 Historical STIP Data

Instructions: the electrical corporation must provide five years of historical performance data for 2024 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. The electrical corporation must provide historical STIP data for any newly added metric in the current performance period. The electrical corporation may add rows as necessary.

Table 1.3.7
STIP Metric Historical Actual Performance

Metric/Measure	2019	2020	2021	2022	2023
Employee EEI SIF Rate	0.05	0.12	0.06	0.09	0.09
High Energy Control Assessments (HECA) on high-hazard tasks[17]	N/A	N/A	N/A	N/A	N/A
Observations of employees in high-hazard occupations that include either opportunities for improvement or recognition[17]	N/A	N/A	N/A	912	4,133
CPUC reportable ignitions in HFRA	41	51[18]	48	41[19]	19
Covered Conductor	372	965	1,454	1,399	1,220[20]
Overhead Inspections and Remediations in HFRA[17]	N/A	72%	74%	80%	79%
Vegetation Line Clearing[17]	N/A	82%	79%	88%	86%
PSPS: Improve Customer Notifications Before De-energization[21]	N/A	N/A	N/A	N/A	97%

[17] "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.

[18] Prior submission showed 50 ignitions, however that has since been revised to 51.

[19] Prior submission showed 40 ignitions, however that has since been revised to 41.

[20] As Table 1.3.4 above reflects, the 2023 STIP payout was based on 1,202 installed Covered Conductor circuit miles. Subsequent validation of additional work orders confirmed the actual number of circuit miles deployed at 1,220 miles.

[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.

Metric/Measure	2019	2020	2021	2022	2023
PSPS: Improve Customer Notifications After De-energization[21]	N/A	N/A	N/A	N/A	86%
Mature Enterprise-wide Phishing Program: Click Rate[21]	N/A	N/A	N/A	N/A	N/A
Mature Enterprise-wide Phishing Program: Reporting Rate[21]	N/A	N/A	N/A	N/A	N/A
Sustain quality performance in key programs[21]	N/A	N/A	N/A	N/A	93%
CPUC and FERC Capital Execution	$4,815	$5,536	$5,370	$5,678	$5,411
System Average Interruption Duration Index (SAIDI), Repair	89	88[22]	102	100	94
Execute targeted DEI initiatives[21]	N/A	N/A	N/A	N/A	N/A
Diverse Business Enterprise Spend	40.1%	37.7%	38.1%	35.4%	38.3%
TE Charging port installations[21]	N/A	N/A	N/A	N/A	N/A
Achieve Billing & Payment and Outage Net Score[21]	N/A	N/A	N/A	N/A	7
Implement 2024 planned improvement actions[21]	N/A	N/A	N/A	N/A	N/A

Notes/Context:

[22] Prior submission showed 87 minutes, however that has since been revised to 88.

1.3.7 2023 STIP Adjustments

Instructions: The electrical corporation must provide a explanation of any increases and decreases in STIP compensation in 2023 due to failure to meet safety or other targets. The electrical corporation must separately describe any adjustments to STIP compensation levels made by the Compensation Committee or executive management and the amount and reason for the reduction. The electrical corporation must detail any adjustments made to increase compensation beyond the levels warranted by the actual performance (in any metricclassification) and the reasons for the adjustments.

1. **Actual performance lower than target due to failure to meet safety target(s):**

Below-target scores were given for Employee EEI SIF rate (0 points, compared to a target of 5), employee DART rate (0 points, compared to a target of 3), and PSPS customer notifications (2 points, compared to a target of 6), for an aggregate reduction on those three success measures of 12 points below target due to below-target performance.

2. **Actual performance lower than target due to failure to meet other target(s):**

Performance associated with Execution of grid, technology, electrification and other improvements; transportation and building electrification; implementation of DEI action plans, and billing and payment and outage net score index goal metrics were lower than target. Weighted contributions are outlined in Table 1.3.4.

3. **Any deductions due to failure to meet "foundational goals":**

Eight-point foundational deduction to company modifier: five points for an employee fatality and three points for two serious public injuries due to contact with power lines. In addition, see the footnote to Table 1.3.3 above for information on the additional deductions to the individual performance modifiers of executive officers for the employee fatality.

4. **Any deductions due to failure to meet earnings targets or thresholds:**

No deductions

5. **Any additional deductions, or upward adjustments, to individual metrics or overall performance payout made by executive management, the Compensation Committee, or full Board of Directors:**

See the footnote to Table 1.3.3 above for information on deductions to executive officers' individual performance modifiers for an employee fatality.

1.3.8 2024 STIP Metric Ties to Other Metrics

Rationale: Understand how an electrical corporation's Executive Compensation Structure metrics relate to its WMP, SPMs and SOMs. The CPUC requires PG&E, SCE, Southern CaliforniaGas Company (SoCalGas) and SDG&E (collectively the investor-owned utilities or IOUs) to annually report on 32 safety performance metrics (SPMs) to measure achieved safety improvements.[1] Additionally, the CPUC adopted 32 Safety and Operational Metrics (SOMs) forPG&E[2] to be used in accordance with the approved PG&E's post-bankruptcy reorganization plan.[3]

Instructions: For each metric included in the 2024 STIP, all electrical corporations must indicate whether the metric is tied to its WMP (and the associated initiative number) and whether the metric is similar in nature to SPM metrics (and the associated SPM number). PG&E must also indicate whether the metric is similar in nature to SOM metrics (and the associated SOM number). For metrics similar in nature to a SOM, PG&E must explain anydifferences between its calculation of that metric and the required SOM method of calculation of that metric. Other electrical corporations may also indicate whether each metric included in the 2024 STIP is similar in nature to SOM metrics and to explain any differences between their calculation of that metric and SOM method of calculation of themetric.

1 CPUC Decision 19-04-020 (published April 25, 2019): https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M288/K389/288389255.PDF.

2 CPUC Decision 21-11-009 in eight separate files (published November 9, 2011): https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=421107805.

3 CPUC Decision 20-05-053 (published May 28, 2020): https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpucwebsite/content/news_room/newsupdates/2020/d2005053-for-i1909016.pdf.

Table 1.3.8
2024 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
Electrical Corporation Actual Data							
SIF Rate	No	N/A	Yes	15	N/A	N/A	None
High Energy Control Assessments	No	N/A	No	N/A	N/A	N/A	N/A
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.
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 Initiatives	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

1.4 Long-Term Incentive Program (LTIP) Public Utilities Code section 8389€(4)

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 officersis 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, the electrical corporation must repeat this information foreach mechanism (e.g., three-year, four-year).

1.4.1 LTIP Structure

Instructions: The electrical corporation must provide name, title/function, grant date and estimated award percentage of TIC for each executive officer listed in Table 1.1.1 that receives or is expected to receive direct compensation under a LTIP for the applicable years. For the purpose of calculating the grant value as a percentage of TIC, the electrical corporation must 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 calculatingEarned Value as a percentage of TIC, the electrical corporation must use the value at the date of vesting. The electrical corporation must specify the percentages for each executive officer and not a range for various position levels. The electrical corporation must provide a table foreach executive officer. The electrical corporation may make copies of Table 1.4.1 as necessary.

Table 1.4.1
2023 and 2024 LTIP Grants

Executive Title/ Function and Name: **President and Chief Executive Officer – Steven D. Powell**		
	2023 Performance Year	2024 Performance Year
LTI Type	Grant Date Fair Value as a % of TIC	Target Value as a % of TIC
Stock Grant	0%	0%
Stock Option	18.8%	18.8%
Restricted Stock Unit (RSU)	18.8%	18.8%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	37.7%	37.7%
Cash Performance Payment	0%	0%
Other	0%	0%

Executive Title/ Function and Name: **SCE Executive or Senior Vice President**		
	2023 Performance Year	2024 Performance Year
LTI Type	Grant Date Fair Value as a % of TIC	Target Value as a % of TIC
Stock Grant	0%	0%
Stock Option	16.7%	17.4%
Restricted Stock Unit (RSU)	16.7%	17.4%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	33.3%	34.9%
Cash Performance Payment	0%	0%
Other	0%	0%

Executive Title/ Function and Name: **SCE Executive or Senior Vice President**		
	2023 Performance Year	2024 Performance Year
LTI Type	Grant Date Fair Value as a % of TIC	Target Value as a % of TIC
Stock Grant	0%	0%
Stock Option	15.8%	16.4%
Restricted Stock Unit (RSU)	15.8%	16.4%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	31.7%	32.8%
Cash Performance Payment	0%	0%
Other	0%	0%

Executive Title/ Function and Name: **SCE Executive or Senior Vice President**		
	2023 Performance Year	2024 Performance Year
LTI Type	Grant Date Fair Value as a % of TIC	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**		
	2023 Performance Year	**2024 Performance Year**
LTI Type	Grant Date Fair Value as a % of TIC	Target Value as a % of TIC
Stock Grant	0%	0%
Stock Option	23.3%	16.4%
Restricted Stock Unit (RSU)	23.3%	16.4%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	46.6%	32.8%
Cash Performance Payment	0%	0%
Other	0%	0%

Executive Title/ Function and Name: **SCE Executive or Senior Vice President**		
	2023 Performance Year	**2024 Performance Year**
LTI Type	Grant Date Fair Value as a % of TIC	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

1. **Is any LTIP compensation not at risk?**

   Yes: ☐ No: ☒

Describe/Explain whether answering either Yes or No:

All of SCE's LTIP compensation (stock options, RSUs, and PSUs) is at-risk because it is subject to time-based vesting conditions (i.e., the vesting of the award is subject to the executive providing services through the applicable vesting date).

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.

2. **Were the 2023 LTIP payouts determined based on a performance range (i.e., below minimum/threshold, minimum/threshold, target, maximum)?** Check one:

   Yes: ☒ No ☐

3. **Did the electrical corporation use one range for all 2023 LTIP metrics or differing ranges based on the category of metric)?** Check one:

   One range for all metrics: ☐ Multiple ranges: ☒

4. **Provide the 2023 LTIP metric range(s):**

Table 1.4.2
2023 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, 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.

5. **Provide the 2024 LTIP metric performance range(s):**

Table 1.4.3
2024 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):

As described above for Tables 1.4.2 and 1.4.3, performance shares and options have minimum performance thresholds, and performance below those minimum thresholds results in zero payout.

6. **Use of Any Performance Triggers**

Does the electrical corporation's 2024 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 1.4.2 and 1.4.3, performance shares and options have minimum performance thresholds, and performance below those minimum thresholds results in zero payout.

7. **Use of Any Automatic, Non-Discretionary Deductions**

Does the electrical corporation’s 2024 LTIP have any automatic, non-discretionary deductions (e.g., failure to achieve WMP targets results in X% reduction, catastrophicwildfire results in zeroing out all safety metrics)? Check one:

Yes: ☒ No: ☐

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

The performance shares granted to each of the executive officers of SCE are subject to the Incentive Compensation Recoupment Policy, which for SCE mirrors the requirements of Rule 10D-1 of the Securities Exchange Act of 1934, as amended and Section 303A.14 of the New York Stock Exchange Listed Company Manual. This policy requires recoupment of certain forms of incentive-based compensation (which would include the performance shares) in the event of certain accounting restatements described in more detail in such policy. This policy went into effect on October 2, 2023.

8. Use of Any Specifically Defined Discretionary Deductions

Does the electrical corporation’s 2024 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:

The LTI awards granted to each of the executive officers of SCE are subject to misconduct recoupment provisions that allow the Compensation Committee to recoup such awards from officers who are terminated or suspended without pay for certain forms of misconduct. These provisions apply to awards granted on or after January 1, 2024.

1.4.2 LTIP General Eligibility

Instructions: The electrical corporation must provide a description of the executive officers eligible for the electrical corporation's LTIP, including the target percentage of base salary byposition and the target for each individual in the filing. The electrical corporation must describe any changes in LTIP eligibility from the prior period. The electrical corporation may add additional rows as needed.

Table 1.4.4
LTIP Eligibility

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

1.4.3 LTIP Measures, Weighting and Award Basis

Instructions: For each LTIP type, the electrical corporation must indicate weighting and basis of award. If the basis of an award differs amongst position or person, the electrical corporation must copy Table 1.4.5 and Table 1.4.6 as necessary and indicate who the tableapplies to in space provided at the top of the table. The electrical corporation may add additional tables if LTIP varies for certain officer classifications.

Table 1.4.5

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 1.4.2 – 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%**	

Table 1.4.6
2024 LTIP Measures, Weighting, and Award Basis

Executive Title/ Function and Name: All Executive Officers		
LTI Type	**2024 Weight**	**2024 Performance Year LTIP Award Basis**
Stock Grant	0%	
Stock Option	25%	Stock Options (weighted at 25%): see the description under Table 1.4.3 – 2024 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%**	

1.4.4 2024 LTIP Measures, Definitions and Calculations

Instructions: The electrical corporation must provide definitions and calculations for the 2024 LTIP metrics. For each metric, the electrical corporation must provide a 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, the electrical corporation would be able to derive the reported results. The electrical corporation must also provide the weight given to the metric and the minimum, target, and maximum values for the metric.

Table 1.4.7
2024 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	25%	25th Percentile	50th Percentile	≥75th Percentile

Measure/ Metric	Detailed Definition	Any Adjustment/ Exclusions	Calculation Methodology	Weight	Min.	Target	Max.
			used to determine EIX's percentile ranking.				
Earnings Per Share (Performance Shares)	EIX's three-year average annual core earnings per share measured against pre-established target levels	For certain SCE executive officers, the Compensation Committee will adjust the 2024 EPS Target to the extent (if any) necessary to mitigate the impact of any differential from a rescission or other significant modification to the triggering of the Cost of Capital Mechanism for 2024. No such adjustment will be made for an individual who is both (1) an officer of SCE between January 1, 2024 and December 31, 2024 (or, if earlier, the issuance of the final decision rescinding or significantly	The Compensation Committee establishes the core EPS target for the year in February of each 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.	25%	80%	EIX Core EPS Target[23]	≥120%

[23] EIX's publicly issued core earnings per share guidance range for 2024 is $4.75 to $5.05, based on a weighted average shares assumption of 384.7 million shares. The EIX Core EPS Target for 2024 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.
		modifying the triggering of the CCM for 2024) and (ii) a named executive officer for purposes of the proxy filed by Edison International in 2025.					
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 more than the grant value. If the stock price on the date of payout is less than the stock	N/A		25%	N/A	N/A	N/A

Measure/ Metric	Detailed Definition	Any Adjustment/ Exclusions	Calculation Methodology	Weight	Min.	Target	Max.
	price on the grant date, that will result in a lower value. Reinvested dividend equivalents also impact the payout value.						

1.4.5 Historical LTIP Data

Instructions: The electrical corporation must provide historical performance data (five years) for 2024 LTIP metrics. If data is lacking, or should be considered in a certain context, the electrical corporation must explain in the Notes/Context field provided why there is no data for a given year(s) and the relevant context. The electrical corporation may add rows as necessary.

Table 1.4.8
LTIP Metric Historical Actual Performance

Metric/Measure	2019	2020	2021	2022	2023
TSR	75th percentile among UTY	21st percentile among UTY	37th percentile among UTY	26th percentile among UTY	95th percentile among UTY
EPS	104% of target	102% of target	106% of target	100% of target	103% of target[24]
Change in EIX Stock Price	34% increase in stock price	16% decrease in stock price	9% increase in stock price	6% decrease in stock price	11% increase 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 on the last row 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.

[24] In February 2023, the Compensation Committee established a target core EPS of $4.71 for 2023. The Committee made certain assumptions about the 2022 CEMA when establishing the 2023 target core EPS (see the last footnote to Table 1.3.4 for the definition of the 2022 CEMA). The Committee also established in February 2023 an adjustment framework it would apply if a final decision for the 2022 CEMA was not issued in 2023. Since a final decision was not issued in 2023, the Committee decreased the target core EPS for 2023 by $0.11 (to $4.60) in accordance with the adjustment framework it established in February 2023.

1.4.6 2023 LTIP Adjustments

Instructions: The electrical corporation must provide an explanation of any increases and decreases in 2023 LTIP compensation due to failing to meet safety or other targets. The electrical corporation must separately describe any adjustments to LTIP compensation levels made by the Compensation Committee or executive management and the amount and reason for the reduction. The electrical corporation must 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.

1. **Actual performance lower than target due to failure to meet safety target(s):**

N/A

2. **Actual performance lower than target due to failure to meet other target(s):**

N/A

3. **Any additional deductions, or upward adjustments, made by the executive management, the Compensation Committee, or full Board of Directors and the reason for each adjustment:**

N/A

1.4.7 LTIP Prior Year Actuals

Instructions: For any prior year LTIP programs that vested in 2023, provide details ofprojected and actual payouts/performance.

Table 1.4.9
LTIP Program Vesting in 2023

LTIP Program Name	Performance Measure	Projected % of TIC at Time of Grant	Actual % of TIC at Vesting Date
2020 RSUs	Stock price	17.43%	18.97%
2021 Performance Shares	Earnings Per Share	9.03%	13.90%
2021 Performance Shares	Total Shareholder Return	9.03%	23.04%
2019 Stock Options	Stock price	8.22%	0%
2020 Stock Options	Stock price	8.28%	0%
2021 Stock Options	Stock price	9.51%	0%
2022 Stock Options	Stock price	5.76%	0%

Notes: The data in this table reflects TIC values for 2019 (for 2019 Stock Options), 2020 (for 2020 RSUs and 2020 Stock Options), 2021 (for 2021 Performance Shares and 2021 Stock Options), and 2022 (for 2022 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 2020 RSUs; payout value for 2021 Performance Shares; and payout value for any exercised 2019, 2020, 2021, or 2022 Stock Options (none were exercised in 2023).

Public Utilities Code Section 8389(e)(6)(A):1.5-1.7

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.

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

As previously noted, all electrical corporation executive compensation structure submissionsmust be consistent with the definitions provided in **Attachment 2** of the 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 "strictlimits 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 greaterthan 50 percent of each executive officer's total direct compensation, at thetarget 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 maytake 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 totaldirect 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 "minimizationor 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 andtaxpayer 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 1.5-1.7 below for any new or amended contracts for executive officers as defined in Public Utilities Code section 451.5(c).

1.5 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 evaluatean 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 ofthe 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 1.5.1, for each executive officer with a new or amended contract, the electrical corporation must 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 2024 filing year. See the definition of the proceeding terms in **Attachment 2**.

Exclude all pension plans, whether qualified or non-qualified from Table 1.5.1. The total indirect and ancillary service costs reported in Table 1.5.1 must reconcile with the corresponding values in Table 1.6.1.

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 positionlevels.

SCE OBJECTION TO SECTIONS 1.5, 1.6, AND 1.7: Subject to and without waiver of the objections set forth immediately below and in prior years' submissions, SCE has completed Sections 1.5-1.7 of this Attachment 1: Required Information Template of these 2024 Executive Compensation Structure Submission Guidelines ("2024 Guidelines").

SCE objects to Sections 1.5, 1.6, and 1.7 of the 2024 Guidelines on three grounds: (i) these sections are inconsistent with the text of Pub. Util. Code 8389(e)(6)(A); (ii) Pub. Util. Code 8389(e)(6)(A), properly interpreted, does not apply to SCE; and (iii) these sections are overly broad, vague and cumbersome.

Objection #1: Sections 1.5, 1.6, and 1.7 of the 2024 Guidelines are intended to assess compliance with Pub. Util. Code § 8389(e)(6)(A) and should therefore be consistent with the statute. These sections are inconsistent with the statute for two reasons.

Pub. Util. Code § 8389(e)(6)(A) identifies certain requirements that only apply to an electrical corporation if the following specific and narrow criterion is met: 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.] Sections 1.5, 1.6, and 1.7 of the 2024 Guidelines go beyond the statutory text and apply the statute's requirements "**for** each executive officer **with** a new or amended contract."[25] This phrasing switches the order of the relevant prepositional phrases in Pub. Util. Code § 8389(e)(6)(A) and uses a different preposition; those changes result in a different meaning not supported by the statutory text. Pub. Util. Code § 8389(e)(6)(A) applies when an electrical corporation "has established" "a compensation structure" "for any new or amended contracts."[26] Put differently, the statute's requirements apply where an electrical corporation adopts a compensation structure ***in order to fulfill*** its contractual obligations under an existing or new contract for its executive officers. Instead of this narrow scope of application, Sections 1.5, 1.6, and 1.7 of the 2024 Guidelines broadly impose the statute's requirements on compensation structures simply because they apply to executive officers of an electrical corporation who happen to have contracts with the electrical corporation. This was never the intent of Pub. Util. Code § 8389(e)(6)(A).

The definitions of "amended contract" and "new contract" used in Sections 1.5, 1.6, and 1.7 of the 2024 Guidelines are also inconsistent with Pub. Util. Code § 8389(e)(6)(A). Attachment 2 to the 2024 Guidelines provides that each of these terms refers to a "compensation contract".[27] Section 1.5 and the definition of "New Contract" in Attachment 2 state, in relevant part, that "executive officers **are presumed** to have a compensation contract under California law." [Emphasis added.] The 2024 Guidelines offer no justification for imposing such a presumption other than to note that the purpose of the presumption is "compliance with 8389(e)(6)(A)". However, Pub. Util. Code § 8389(e)(6)(A) makes no mention of such a presumption and nothing in this provision suggests that such a presumption is appropriate. Sections 1.5, 1.6, and 1.7 of the 2024 Guidelines bypass a key, threshold condition – whether or not an electrical corporation has even entered into a "compensation contract" with an executive officer – through the use of such presumption and thereby elicit far more

[25] This quotation is from Section 1.5 of the Required Information Template of the 2024 Guidelines (p. A-38), but Sections 1.6 and 1.7 include similar phrasing (see p. A-41 and A-45).

[26] The use of "for" as the preposition, followed by "new or amended contracts," means that the contracts are the object or purpose of the compensation structure brought into existence. This statutory phrasing requires intentionality—the compensation structure must be specifically established to satisfy a contractual commitment.

[27] Attachment 2 to the 2024 Guidelines includes a definition of "Amended Contract" (pg. A-54) and "New Contract" (pg. A-57).

information than intended by the statute.

<u>Objection #2:</u> Pub. Util. Code § 8389(e)(6)(A) does not require that SCE provide any information pursuant to Sections 1.5, 1.6, and 1.7 of the 2024 Guidelines. Before requiring that an electrical corporation provide all of the data requested under Sections 1.5, 1.6, and 1.7, the 2024 Guidelines should instead require that (i) an electrical corporation answer whether its executive officers have entered into compensation contracts; (ii) if the electrical corporation answers in the affirmative, then it should be required to answer whether it established a compensation structure for any new or amended contract with its executive officers and (iii) only after responding in the affirmative to the preceding two questions should an electric corporation be required to complete the disclosure in these sections. Such an approach would be more consistent with the text and spirit of the requirements of Pub. Util. Code § 8389(e)(6)(A).

As SCE has previously explained, and consistent with the text of Pub. Util. Code § 8389(e)(6)(A), SCE also 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 refer to 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 and its executive officers agree to the fact that the electrical corporation may modify their compensation at any time in the corporation's discretion.

The 2024 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."[28] As noted above, the adoption of such a presumption in these guidelines is improper. Even assuming the propriety of such a presumption, the 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 1.5-1.7.

<u>Objection #3:</u> In addition, the requirements of Sections 1.5 - 1.7 are overly broad and vague. SCE has engaged in a good faith effort to interpret these requirements, including by explicitly explaining its understanding and assumptions in various footnotes to the tables in these sections. The requirements of Section 1.5 – 1.7 are also burdensome. In particular, it is worth noting that certain information disclosed in Sections 1.5 and 1.7 has already been disclosed to a certain extent in prior sections of

[28] 2024 Guidelines, p. A-38 and A-57.

these guidelines.

Table 1.5.1
Fixed versus Incentive Compensation at the Target Level[29]

Executive Title/ Function and Name (where applicable)	Target Base Salary as a Percent of TC	Target Annual STIP as a Percent of TC	Target Quarterly STIP as a Percent of TC	Target LTIP as a Percent of TC	Indirect and Ancillary Compensationas a Percent of TC[30]
President and Chief Executive Officer - Steven D. Powell	22.5%	19.1%	N/A	58.4%	~0.0%
SCE Executive or Senior Vice President	31.7%	20.6%	N/A	47.6%	0.1%
SCE Executive or Senior Vice President	38.5%	21.2%	N/A	40.3%	0.0%
SCE Executive or Senior Vice President	40.0%	22.0%	N/A	38.0%	0.0%
SCE Executive or Senior Vice President	38.5%	21.2%	N/A	40.4%	0.0%
SCE Executive or Senior Vice President	37.7%	20.7%	N/A	41.6%	0.0%

[29] 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.

[30] According to the instructions for Table 1.5.1, the data for this table is for the "appropriate 2024 filing year." For the 2024 Indirect and Ancillary Compensation data and the calculation of 2024 TC for this table, we are using the 2024 estimates in Section 1.6 for Indirect and Ancillary Compensation (i.e., the estimates for Table 1.6.1; Table 1.6.2 does not address 2024 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 1.5-1.7.

List all types of indirect and ancillary compensation included in Table 1.5.1:

Security services.

1.6 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.

1.6.1 Indirect and Ancillary Compensation (not including Supplemental Executive Retirement Plans (SERPs))

Instructions: The electrical corporation must 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, the electrical corporation must provide the current estimated proportion of TC for each executive officer. The total indirect and ancillary service costs reported in Table 1.6.1 must reconcile with the corresponding values Table 1.5.1. For purposes of calculating the percentage of TC, use thegrant value of the compensation as determined for accounting purposes. Grant value is thevalue that is disclosed in proxy statement summary compensation tables for executive officers who are proxy officers. The electrical corporation must specify percentages for eachexecutive officer and not a range for various position levels. The electrical corporation must exclude all pension plans whether qualified or non-qualified in Table 1.6.1. The electrical corporation may add rows and explanatory notes as necessary.

Table 1.6.1
2024 Indirect or Ancillary Compensation ~~Example~~ (Excluding SERP)[31, 32]

Title	2024 Indirect or Ancillary Compensation Element	Eligibility Requirements	Frequency (One-Time, Annual, Other)	Current Estimated Proportion of 2024 TC
President and Chief Executive Officer	Security Services	Exception basis	Periodically evaluated depending on security concerns	~0.0%
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

[31] SCE is listing each executive officer in this table irrespective of whether SCE entered into "new or amended contracts" with the executive officer.
[32] SCE is providing for clarification some minor adjustments in redline to the table headers.

1.6.2 Supplemental Executive Retirement Plans (SERPs)

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

1. Availability of Supplemental Retirement Plans

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

Yes: ☒ No: ☐

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

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

2. 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 performanceover 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 2023:

- 2023 Trued-Up Salary Credits equal to: 12% of the executive's actual salary for 2023; 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 2023; minus the executive's cash balance pay credits for 2023 under the SCE Retirement Plan. If this calculation resulted in a negative number ("Bonus Adjustment"), the executive received no 2023 Trued-Up Salary Credits and the Bonus Adjustment was applied to the executive's 2023 Trued-Up Bonus Credits.
- 2023 Trued-Up Bonus Credits equal to: 12% of the executive's actual STIP payout for 2023; 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.

3. 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 forthe SERP, please indicate.

Table 1.6.2

SERP ~~Example~~ [33,34]

Title	Number of Years Credited Service as of January 1, 2024	~~Present Value of Accumulated Benefit – 2023 as a % of TDC~~2023 SERP Service Cost as a % of 2023 TDC	~~Cash Balance Account Lump Sum Value~~ 2023 Cash Balance Service Cost as a % of 2023 TDC[35]
President and Chief Executive Officer	24	7%	1%
SCE Executive or Senior Vice President	[redacted]		
SCE Executive or Senior Vice President			
SCE Executive or Senior Vice President			
SCE Executive or Senior Vice President			
SCE Executive or Senior Vice President			

[33] 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.

1.7 Long-Term Incentive Program (LTIP) Public Utilities Code Section 8389(e)(6)A

Rationale: Public Utilities Code section 8389(e)(6)(A)(iii) 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"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 ofat 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 utilityfinancial stability, Energy Safety must have an in-depth understanding of the long-term compensation components of an

[34] The 2024 Guidelines labeled Table 1.6.2 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 2023 TDC. That example provides no useful information regarding the compensation structure for 2023. 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. 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 1.6b.3 in the 2024 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 2023. *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 2024 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 1.6.2 above reflect 2023 service costs for SCE's executive officers as a percentage of their 2023 TDC; modifications to column headings are redlined.

[35] 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 2024 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 SCE Retirement Plan that is a broad-based tax qualified pension plan for employees hired before 2018.

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, the electrical corporation must repeat this information foreach mechanism (e.g., Three-year, Four-Year).

1.7.1 LTIP Structure

Instructions: The electrical corporation must provide the 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 aLTIP for the applicable years. For purposes of calculating the grant value as a percentage of TC, the electrical corporation must 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 the purposesof calculating Earned Value as a percentage of TC, the electrical corporation must use the value at the date of vesting. The electrical corporation must specify percentages for each executive officer and not a range for various position levels. The electrical corporation must provide a table for each executive officer. The electrical corporation may make copies of Table 1.7.1 as necessary.

Table 1.7.1
2023 and 2024 LTIP Grants[36,37]

Executive Title/Function and Name: President and Chief Executive Officer - Steven D. Powell						
LTIP Type	2023 PY Grant Date (1)	2023 PY Vesting Schedule	2023 PY Grant Date Fair Value as a % of TC	2024 PY Anticipated Grant Date	2024 PY Vesting Schedule	2024 PY Target Value as a % of TC
Stock Grant	N/A			N/A		
Stock Option	3/1/2023	Three-year ratable (33-1/3%/year)	14.6%	3/1/2024	Three-year ratable (33-1/3%/year)	14.6%
Restricted Stock Unit (RSU)	3/1/2023	Three-year Cliff	14.6%	3/1/2024	Three-year Cliff	14.6%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	3/1/2023	Three-year Cliff	29.2%	3/1/2024	Three-year Cliff	29.2%
Cash Performance Payment	N/A			N/A		
Other	N/A			N/A		

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

37For the 2024 TC calculation for this table and Table 1.5.1, we are using the 2024 estimates in Section 1.6 for Indirect and Ancillary Compensation (i.e., the estimates for Table 1.6.1; Table 1.6.2 does not address 2024 data). For the 2023 TC calculation for this table, we are including the 2023 SERP service cost for the executive officer, but are doing so subject to and without waiver of the objections explained in this footnote. The 2024 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 2024 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 2024 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 2024 Guidelines' definition of Indirect or Ancillary Compensation.

Executive Title/Function and Name: SCE Executive or Senior Vice President						
LTIP Type	2023 PY Grant Date (1)	2023 PY Vesting Schedule	2023 PY Grant Date Fair Value as a % of TC	2024 PY Anticipated Grant Date	2024 PY Vesting Schedule	2024 PY Target Value as a % of TC
Stock Grant	N/A			N/A		
Stock Option	3/1/2023	Three-year ratable (33-1/3%/year)	10.7%	3/1/2024	Three-year ratable (33-1/3%/year)	11.9%
Restricted Stock Unit (RSU)	3/1/2023	Three-year Cliff	10.7%	3/1/2024	Three-year Cliff	11.9%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	3/1/2023	Three-year Cliff	21.4%	3/1/2024	Three-year Cliff	23.8%
Cash Performance Payment	N/A			N/A		
Other	N/A			N/A		

Executive Title/Function and Name: **SCE Executive or Senior Vice President**						
LTIP Type	2023 PY Grant Date (1)	2023 PY Vesting Schedule	2023 PY Grant Date Fair Value as a % of TC	2024 PY Anticipated Grant Date	2024 PY Vesting Schedule	2024 PY Target Value as a % of TC
Stock Grant	N/A			N/A		
Stock Option	3/1/2023	Three-year ratable (33-1/3%/year)	9.5%	3/1/2024	Three-year ratable (33-1/3%/year)	10.1%
Restricted Stock Unit (RSU)	3/1/2023	Three-year Cliff	9.5%	3/1/2024	Three-year Cliff	10.1%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	3/1/2023	Three-year Cliff	19.0%	3/1/2024	Three-year Cliff	20.1%
Cash Performance Payment	N/A			N/A		
Other	N/A			N/A		

Executive Title/Function and Name: **SCE Executive or Senior Vice President**						
LTIP Type	2023 PY Grant Date (1)	2023 PY Vesting Schedule	2023 PY Grant Date Fair Value as a % of TC	2024 PY Anticipated Grant Date	2024 PY Vesting Schedule	2024 PY Target Value as a % of TC
Stock Grant	N/A			N/A		
Stock Option	3/1/2023	Three-year ratable (33-1/3%/year)	9.5%	3/1/2024	Three-year ratable (33-1/3%/year)	9.5%
Restricted Stock Unit (RSU)	3/1/2023	Three-year Cliff	9.5%	3/1/2024	Three-year Cliff	9.5%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	3/1/2023	Three-year Cliff	19.0%	3/1/2024	Three-year Cliff	19.0%
Cash Performance Payment	N/A			N/A		
Other	N/A			N/A		

Executive Title/Function and Name: **SCE Executive or Senior Vice President**						
LTIP Type	2023 PY Grant Date (1)	2023 PY Vesting Schedule	2023 PY Grant Date Fair Value as a % of TC	2024 PY Anticipated Grant Date	2024 PY Vesting Schedule	2024 PY Target Value as a % of TC
Stock Grant	N/A			N/A		
Stock Option	12/29/2023	Three-year ratable (33-1/3%/year)	20.7%	3/1/2024	Three-year ratable (33-1/3%/year)	10.1%
Restricted Stock Unit (RSU)	12/29/2023	Three-year Cliff	20.7%	3/1/2024	Three-year Cliff	10.1%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	12/29/2023	Three-year Cliff	41.5%	3/1/2024	Three-year Cliff	20.2%
Cash Performance Payment	N/A			N/A		
Other	N/A			N/A		

Executive Title/Function and Name: **SCE Executive or Senior Vice President**						
LTIP Type	2023 PY Grant Date (1)	2023 PY Vesting Schedule	2023 PY Grant Date Fair Value as a % of TC	2024 PY Anticipated Grant Date	2024 PY Vesting Schedule	2024 PY Target Value as a % of TC
Stock Grant	N/A			N/A		
Stock Option	3/1/2023	Three-year ratable (33-1/3%/year)	10.4%	3/1/2024	Three-year ratable (33-1/3%/year)	10.4%
Restricted Stock Unit (RSU)	3/1/2023	Three-year Cliff	10.4%	3/1/2024	Three-year Cliff	10.4%
Performance Share Unit (PSU)/ Performance Restricted Stock Unit (PRSU)	3/1/2023	Three-year Cliff	20.8%	3/1/2024	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:

1. **Is any LTIP compensation not at risk?**

   Yes: ☐ No: ☒

Describe/Explain for answering either Yes or No:

> All of SCE's LTIP compensation (stock options, RSUs, and PSUs) is at-risk because it is subject to time-based vesting conditions (i.e., the vesting of the award is subject to the executive providing services through the applicable vesting date).
>
> 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.

2. **Were the 2023 LTIP payouts determined based on a performance range (i.e., below minimum/threshold, minimum/threshold, target, maximum)?** Check one:

   Yes: ☒ No: ☐

3. **Did the electrical corporation use one range for all 2023 LTIP metrics or differingranges based on the category of metric)?** Check one:

   One range for all metrics: ☐ Multiple ranges: ☒

4. **Provide the 2023 LTIP metric range(s):**

Table 1.7.2
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.

5. Provide the 2024 LTIP metric range(s):

Table 1.7.3
2024 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 2024 EPS performance multiplier is interpolated on a straight-line basis if EIX's actual 2024 core EPS is either between eighty percent (80%) and one hundred percent (100%) of the EIX 2024 core EPS target, or between one hundred percent (100%) and one hundred twenty percent (120%) of the EIX 2024 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.

6. Use of Any Performance Triggers

Does the electrical corporation’s 2024 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 1.7.2 and 1.7.3, performance shares and options have minimum performance thresholds, and performance below those minimum thresholds results in zero payout.

7. Use of Any Automatic, Non-Discretionary Deductions

Does the electrical corporation’s 2024 LTIP have any automatic, non-discretionary deductions (e.g., failure to achieve WMP targets results in X% reduction, catastrophicwildfire results in zeroing out all safety metrics)? Check one:

Yes: ☒ No: ☐

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

The performance shares granted to each of the executive officers of SCE are subject to the Incentive Compensation Recoupment Policy, which for SCE mirrors the requirements of Rule 10D-1 of the Securities Exchange Act of 1934, as amended and Section 303A.14 of the New York Stock Exchange Listed Company Manual. This policy requires recoupment of certain forms of incentive-based compensation (which would include the performance shares) in the event of certain accounting restatements described in more detail in such policy. This policy went into effect on October 2, 2023.

1.7.2 LTIP Measures, Weighting and Vesting

Instructions: For each LTIP Type, the electrical corporation must indicate vesting period and type. If the basis of award differs amongst position or person, copy Table 1.7.4 and Table 1.7.5as necessary and indicate who the table applies to in space provided at the top of the table.
The electrical corporation must add additional tables if LTIP varies for certain officer classifications.

Table 1.7.4
*2023 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 1.4.1

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

Table 1.7.5
*2024 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 1.4.2

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

1.8 ACR 9 Executive Compensation Proposal

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

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

1.8.1 ACR Executive Compensation Proposal Alignment

Instructions: PG&E must demonstrate how it complies with the additional requirements setforth in ACR 9. PG&E must provide an explanation of how its compensation structure alignsor does not align with the element for each element of ACR 9.

Other electrical corporations may demonstrate how they comply with the additional requirements set forth in ACR 9. Other electrical corporations may provide an explanation ofhow their compensation structure aligns or does not align with the element for each elementof ACR 9.

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" in Attachment A below, 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 compliancefiling.**

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 shallbe 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 conductof 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 ofthe 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 requires recoupment of excess incentive compensation from SCE executive officers if the company restates its financial statements. In addition, 2024 STIP and LTIP awards to SCE executive officers are subject to misconduct recoupment provisions that allow the Compensation Committee to recoup such awards from officers who are terminated or suspended without pay for certain forms of misconduct.

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).

1.9 Attachment A: Supplemental Attachment to the 2024 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) 2024 Executive Compensation Structure Submission Guidelines (2024 Guidance), and (iii), as discussed in Section 1.8 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 2024 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, 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 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 capped at 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 in California 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 has previously advised 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, 2022 and 2023 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
2023	25-point deduction[38]	Employee fatality, two serious public injuries from power lines; below-target performance for employee SIF and DART and PSPS customer notifications
2022	12-point deduction[39]	DART and SIF rates worse than Unmet level; serious public injury from downed wire
2021	5-point deduction[40]	Below-target performance for Wildfire Resiliency, Safety and Resiliency Capabilities, and Contractor Management
2020	20-point deduction[41]	Environmental non-compliance incident; three contractor fatalities and one serious injury to a contractor
2019	14-point deduction[42]	Three contractor fatalities; transformer failure that seriously burned a member of the public; 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

[38] The 25-point deduction was comprised of: 8-point deduction to overall company modifier and 5-point deduction to individual performance modifier due to unmet foundational goals; and 12-point deduction due to below-target performance for employee SIF and DART and PSPS customer notifications.

[39] 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.

[40] 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.

[41] 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.

[42] 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.

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 PHLX Utility Sector Index (formerly known as 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. 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. That was 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.