

2021 Incentive Plans- LTIP Deep Dive

January 14, 2021



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2021 Incentive Plans Action Items

2021 Incentive Plans

		Owner	Status
Jan 5 th	Informal CC Meeting with CEO (key decisions for Jan 15 th filing)	CC	Complete
	<i>Deep Dive on 2021 LTIP Targets with Patti and Metric Owners</i>	<i>Various</i>	<i>In Process</i>
<i>Jan 14th</i>	<i>Deep Dive on 2021 LTIP Targets with CC and Metric Owners</i>	<i>CC</i>	<i>In Process</i>
Jan 15 th	<i>File Executive Incentive Letter with WSD</i>	Legal	
Jan 21 st	Deep Dive on 2021 STIP Targets with CC and Metric Owners	CC	
Feb 1 st	Pre-Read Materials due to CC	HR	
Feb 9 th	<i>CC Finalizes the 2021 Incentive Plan Design</i>	CC	

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POR OII Consideration for 2020 Incentive

Scores

"There shall be a presumption that a material portion of executive incentive compensation shall be withheld if the Utility is the ignition source of a catastrophic wildfire, subject to any decision by the Board that such withholding would be inappropriate based on the conduct of the Utility. Any such determination by the Board shall be subject to Commission review and modification."

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2021 LTIP



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2021 LTIP Measures and Proposed Weightings

2021 LTIP Performance Shares Measures

Measures*	Weights
Customer	35%
Customer Satisfaction Score (CSS)	17.5%
Public Safety Power Shutoff (PSPS) Notification Accuracy	17.5%
Public Safety	35%
System Hardening Effectiveness (Risk Miles)	17.5%
Enhanced Vegetation Management Effectiveness (Risk Miles)	17.5%
Financial	30%
Greater Affordability for Customers	15%
Relative Total Shareholder Return (TSR)	15%

*Measures in red are new in 2021

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2021 LTIP Target Overview

2021 LTIP Measures	2021 Targets			2020 Targets (if metric is carried over)
	Threshold (0.50)	Target (1.0)	Maximum (2.0)	Target (1.0)
Customer				
Customer Satisfaction Score (CSS)	74.30%	76.60%	78.90%	72.30%
Public Safety Power Shutoff (PSPS) Notification Accuracy	98.0%	99.0%	99.9%	99.0%
Public Safety				
System Hardening Effectiveness (Risk Miles)	1,026	1,127	1,178	
Enhanced Vegetation Management Effectiveness (Risk Miles)	5,400	5,670	6,210	
Financial				
Greater Affordability for Customers (\$M)	92	17	(58)	
Relative Total Shareholder Return (TSR)	25th Percentile	50th Percentile	90th Percentile	50th Percentile

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LTIP: Customer Satisfaction Score (CSS)

Definition

Customer satisfaction as measured by a quarterly survey conducted by a third party retained by PG&E. The score is based on customer responses to a single overall question: "How would you rate the products and/or services offered by PG&E?" Customers rate responses on a scale of 1 to 5, with 1 being "extremely dissatisfied" and 5 being "extremely satisfied." Responses from weighted segments are used to calculate the overall score. The score is based on responses from 400,000 PG&E residential customers and 400,000 business customers.

- Inactive customers
- PG&E employees
- Customers on the "do not contact" list

Drivers of Target Performance		
2021 Milestones / Activities	Date	Owner
Until it is safe and practical for PG&E to contact them, opportunities within customer journeys and/or internal processes:		
• CSS Respondent Segmentation	Q2 '21	Megan Ardell
• VOC Platform (currently unfunded)	TBC	
• Know Your Customer Impact Campaign	2021	

Historical & Projected Performance



YoY Performance Trend							
	2017	2018	2019	2020	2021	2022	2023
Performance	75.6%	77.5%	72.6%	72.0%	73.8%	75.7%	77.6%
Quartile	N/A						
2023 Performance Goals							
Status	2023 Threshold	% Improv. over '20	Quartile				
0.5	75.3%	2.0%	N/A				
1.0	76.8%	2.5%	N/A				
1.5	78.2%	3.0%	N/A				

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LTIP: PSPS Notification Accuracy

Definition

The percentage of PG&E Customers affected by PSPS who receive notifications in advance of a PSPS outage.

PSPS events affect electric service, for purposes of this metric only those customers holding electric accounts with PG&E are included.

Target Setting Methodology

The targets for 0.5, 1.0 and 1.5 are based on CPUC maturity levels 2, 3 and 4 respectively.

Change from 2020 The 2020 LTIP metric for PSPS Notification Accuracy included a stipulation that

customers must be notified at least 12 hours prior to de-energization. This requirement has been removed

to align with the CPUC maturity model.

Non-account holders

Customers who receive a cancellation message and

Drivers of Target Performance

2021 Milestones/Activities Date Owner

2021 Milestones/Activities Date Owner

PSPS Notifications Process Improvements 5/1/2021 PSPS PMO/Schaenberg

Historical & Projected Performance



YoY Performance Trend	2017	2018	2019	2020	2021	2022	2023	2024
Performance	n/a	n/a	89.8%	98.5%	99%	99%	99%	99%
Quartile				n/a				

2023 Performance Goals			
Status	2023 Threshold	% Improve. over '20	Quartile
0.5	98%	(1.5%)	N/A
1.0	99%	(0.5%)	N/A
1.5	99.5%	0.4%	N/A

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LTIP: Greater Affordability for Customers

Definition

Earnings from core operations excluding unrecoverable interest expense, under authorized Target Setback Allowance. A non-GAAP measure (in millions) for 2021 is the midpoint of the estimated variance of actual earnings (excluding non-core items and unrecoverable interest) to authorized earnings as provided in the Q3 earnings guidance (i.e. the midpoint of the "net below the line and spend above authorized" provided in the Q3 Earnings Presentation). Target for 2022 and beyond is achieving a zero variance of actual earnings associated with events or circumstances considered unusual and not part of ongoing core operations, i.e. earning the authorized amount.

Unrecoverable interest expense is defined as interest expense on non-core assets that are not included in the core operating assets. This metric is used to measure the company's ability to maintain a target level of interest expense on non-core assets.

Drivers of Target Performance		
2021 Milestones / Activities	Date	Owner
Updated 2021 Financial Performance Plan	TBD	David Thompson
Issuance of initial guidance/SEC filing	TBD	Investor Relations

Historical & Projected Performance



YoY Performance Trend	2017	2018	2019	2020	2021	2022	2023	2024
Performance								
Quartile	N/A							

2023 Performance Goals			
Status	2023 Threshold	% Improve. over '20	Quartile
0.5		TBD	N/A
1.0		TBD	N/A
1.5		TBD	N/A

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CC Question:

Explain the Greater Affordability for Customer Metric. What does it mean and how are the numbers determined?



Definition
 The internal rate of return of all cash flows to a shareholder during the performance period, including price gains and dividends, relative to the TSR of comparator group companies.

For 2021, PG&E Corporation's three-year stock performance will be measured as TSR relative to the Target Set of Comparator Companies by the Compensation Committee.

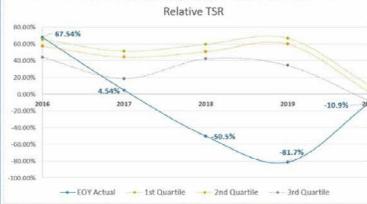
Threshold represents meeting at least the 25th percentile of the comparator group's TSR results.

Stretch represents meeting at least the 90th percentile of the comparator group's TSR results.

Exclusions
 None

Drivers of Target Performance		
2021 Milestones / Activities	Date	Owner

Historical & Projected Performance



YoY Performance Trend	2017	2018	2019	2020	2021	2022	2023	2024
Performance	67.54%	4.54%	(80.5%)	(81.7%)	n/a	n/a	n/a	n/a
Quartile	1 st	2 nd	2 nd	2 nd	n/a	n/a	n/a	n/a

2025 Performance Goals			
Status	2023 Threshold	% Improvement '20	Quartile
0.5	25 th Percentile	TBD	N/A
1.0	50 th Percentile	TBD	N/A
1.5	90 th Percentile	TBD	N/A

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CC Question:

Explain the Greater Affordability for Customer Metric. What does it mean and how are the numbers determined?



LTIP Performance Shares

	Number Performance Shares Granted (Based on Target)	X	LTIP Scores*	X	Modifier	=	Number of Shares Vested
2018	65th Percentile		0.25 - 2.0		N/A		25% - 200%
2019	N/A		N/A		N/A		N/A
2020	65th Percentile		0.5 - 2.0		0.75 - 1.25		37.5% - 250%
2021	Median		0.5 - 2.0		N/A		50% - 200%

** If scores are below the low end of the range, would equal zero*

The proposed 2021 range of 50%-200% is in line with market

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LTIP- 2021 Structure

2021 Plan Design: Differentiated structure for AB 1054 and Non-AB 1054 Officers

Key Decision: Confirm that Non-AB 1054 structure

		Recommendation	
		Performance Shares ⁽¹⁾	Restricted Stock Units ⁽²⁾
AB 1054 Officers	All	100%	0%
Non-AB 1054 Employees (align to Market)	Bands 1-3	70%	30%
	Band 4-5	60%	40%
	Non-Officers	0%	100%

⁽¹⁾ 3 Year performance period, 100% vesting in early 2024.

⁽²⁾ 3 Year pro-rata vesting; 1/3 vesting on March 2022, March 2023 and March 2024.

Appendix



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Comparison of 2020 and 2021 LTIP

2020 LTIP Performance Shares Measures

Measures	Weights
Voice of the Customer:	50%
Customer Satisfaction Score (CSS)	25%
Public Safety Power Shutoff (PSPS) Notification Accuracy	25%
Public Safety:	50%
System Hardening (Miles)	25%
Substation Enablement	25%

Modifier	
Financial Stability - Relative Total Shareholder Return (TSR)	0.75 - 1.25

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External Requirements



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Source	Adopted Requirements re: Executive Compensation Following Emergence from Chapter 11 on July 1, 2020
AB 1054	<p>The executive compensation program shall:</p> <ol style="list-style-type: none">1. Be structured to promote safety as a priority and to ensure public safety and Utility financial stability.2. Have performance metrics, including incentive compensation based on leading performance metrics that are measurable and enforceable, and3. Be based on the following principles:<ol style="list-style-type: none">a) Direct and/or indirect cash compensation, with the primary portion of the executive officers' compensation based on achievement of objective performance metrics.b) No guaranteed monetary incentives in the compensation structure.c) A long term structure that provides a significant portion of compensation, which may take the form of PG&E Corporation stock, based on the Utility's long term performance and value, with such compensation held or deferred for a period of at least three years, andd) Minimization or elimination of indirect or ancillary compensation that is not aligned with shareholder and taxpayer interests in the Utility.
POR 011	<p>Guaranteed cash compensation as a percentage of total compensation shall not exceed industry norms.</p> <p>The executive compensation structure shall have a significant component (≥50%) of long-term incentive compensation on safety performance, as well as customer satisfaction, engagement, and value. The remaining portion may be based on financial performance or other compensation.</p> <p>The majority or super-majority of incentive compensation, in the form of equity awards must be held or deferred for at least three years.</p> <p>There shall be a presumption that a material portion of executive incentive compensation shall be withheld if the Utility is the ignition source of a catastrophic wildfire, subject to any decision by the Board that such withholding would be inappropriate based on the context of the Utility. Any such determination by the Board shall be subject to Commission review and modification.</p> <p>The Utility's executive compensation policies shall include provisions that allow for restrictions, limitations, and cancellations of incentive payments in the event of any felony or criminal conviction related to public health and safety or financial misconduct by the Utility, for executive officers serving at the time of the underlying conduct that led to the conviction. Implementation of such provisions should take into account the Utility's needs to attract and retain highly qualified executive officers.</p> <p>The Utility shall retain a nationally recognized independent consultant to help ensure that executive compensation plans meet the requirements of Assembly Bill 1054, and to provide annual reviews of executive compensation awards.</p> <p>Compensation arrangements for executives must be publicly disclosed. Additionally, the Utility shall provide annual reporting of awards to the Commission through a Tier 1 advice letter compliance filing.</p> <p>The Utility shall have written compensation agreements for executives. Consistent with the Utility's written submissions to the Commission in the proceeding that culminated in the Decision Approving the Compensation Plan of the Utility as PG&E Corporation (D. 20-05-053), the Board has determined that compliance with this requirement can be satisfied by the combination of the written shareholder-approved Long-Term Incentive Plan (LTIP), all the associated written agreements under the LTIP, and its public disclosure of the terms, features, and results of the Utility's compensation programs.</p>



Board Resolution
AB 1054 and POR

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