



Compensation Plan for Non-Union Employees (HR 300)

Policy

For purposes of this policy, the focus is on compensation, also often referred to as Total Direct Compensation, which is comprised of:

- Base Pay
- Short-Term Incentive
- Long-term Incentive

The Compensation Plan for non-executive, non-union employees is a pay-for-performance system designed to tie employee compensation to individual, operating company and corporate performance. It is based on three main principles:

- Market Based -- it is market-driven and responsive to market changes,
- Performance Oriented -- incentive compensation will be linked directly to organizational and personal performance, and
- Flexible -- it is sufficiently flexible to reward top performers, commensurate with their contributions.

Base Pay

Base pay is intended to compensate employees relative to the market rate for the position based on the required level of competencies (the combination of skills, knowledge, experience and behaviors required for the role), and for how well those competencies are applied to the job. Individual performance, experience, personal skills, level of competencies, the external market price (where available) for an employee's position, and internal equity with other comparable PPL jobs may determine where base pay falls within the salary range for the position's salary.

The intent of our Base Salary Program is to:

- Target the 50th percentile of market as the competitive position for similar positions.
- Reward employees for the experience and skills they bring to PPL, at a level that allows us to compete in the marketplace for talent.
- Reward employees with promotion increase opportunities as they grow and use their skills, gain experience, change roles, and demonstrate commitment to PPL.
- Provide opportunities for base pay increases for which employees may be eligible such as merit, promotional/developmental, or adjustment (market or internal).
- Manage pay around the external market price, individual performance (which include results, values and behavior) and internal base salaries.

Procedure for Establishing/Re-evaluating Salaried Positions

Establishing a new position or re-evaluating a current position requires Business Line/Service Area group consensus. The newly created or updated job description should be forwarded to the HR Business Partner who supports that work group. HR Compensation will provide the external market price for the position and will establish the position (if new) or update the data when the Business Line/Service Area group acknowledges the benchmark is appropriate for the position.

Annual Review of Base Pay Salaries

Full-time and part-time employees who are on the active payroll as of October 1st of a given year will be included in the annual review of base pay salaries. Annual base pay adjustments, if any, are normally effective as of the first paycheck in March.



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Short Term Incentive (STI)

The short-term incentive is the portion of the employee's salary that is "pay at risk" – it is not a guarantee. The short-term incentive is directly linked to the results of the annual Corporate Goals and Operating Company Goals. The employee's actual award is dependent on these goal results and the employee's personal goal achievements and performance.

The intent of our Short-term Incentive program is to:

- Target incentive levels that are market-based and differentiated among the PPL employee groups that are eligible.
- Provide a strong link to achievement of individual and company goals.
- Allow for attainment of up to 200% of award target level based on company goal attainment and individual performance results.

Short-Term Incentive Program

In order to maintain market competitiveness and to maintain the flexibility needed to address changing business needs, the short-term incentive program is reviewed regularly and may be revised. It is not anticipated that major changes will be made to the salaried short-term incentive program every year; however, minor changes and enhancements will be made as necessary. Annual cash incentive program changes will be communicated by HR at the beginning of each year.

Administration of Short-term Incentive Program

Eligibility for the short-term incentive does not constitute a guarantee for a short-term incentive payment for any employee. A number of factors are taken into consideration including but not limited to the employee's execution of core job responsibilities, performance against their personal, operating company / support group, and corporate goals and objectives, and demonstration of PPL's values and constructive behaviors.

To be eligible for a short-term incentive payment, an employee should meet the following criteria:

- Full-time and part-time employees in roles with a short-term incentive target as of the STI award payment date who began employment on or before October 1st
- Active employees on certain approved leaves of absence
- Full-time and part-time employees who died, became disabled,
- Full-time and part-time retirement-eligible employees who were displaced.
- For the purposes of the STI plan, retired or retirement-eligible employees are employees who are at least 55 years old with 10 year of service, or employees who are at least 60 years old with 5 years of service.

A salaried employee who moves to union position without an STI target or contractor position prior to the cash incentive payment is not eligible and forfeits the award. A union employee without an STI target who moves to a position in the Managers Compensation Plan on or before October 1st of the plan year is eligible for a prorated incentive award. A union employee without an STI target who moves to a position in the Managers Compensation Plan after October 1st is not eligible.

Payment of the short-term incentive, if any, is normally received in the first paycheck in March. Employees generally must be employed on the payment date in order to receive.

Long Term Incentive (LTI)

The long-term incentive plan is a compensation element for key management roles. The intent of the incentive is to:

- Tie individual awards to growth of the company over time (spans multiple years).



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- Target key employee populations; not all employees are eligible for long-term incentive.
- Ensure target levels are market-based and differentiated among the eligible employee groups.
- Demonstrate a strong link to achievement of individual and company goals.

Administration of Long-term Incentive

Eligibility for long-term incentive does not constitute a guarantee to a long-term incentive award for any employee. A number of factors may be taken into consideration including but not limited to the employee's performance against their personal, business line / support group, and corporate goals/objectives.

To be eligible for a long-term incentive award, an employee should meet the following criteria:

- Be assigned to a job code with an LTI target.
- Be a full-time or part-time active employee as of the grant date.
- Active employees on certain approved leaves of absence
- As determined by the CLC.

Extra Hours Compensation

Non-exempt employees (i.e., positions that are not designated as exempt in accordance with applicable law) must be paid at least the federal minimum wage for each hour worked and overtime pay of not less than one and a half (1.5) times their hourly rate for any hours worked over 40 in a workweek. Non-exempt employees are not eligible for compensatory time off in lieu of overtime pay. Non-exempt employees must accurately and completely record all time worked, including work performed outside of scheduled hours. "Off-the-clock" work is expressly prohibited. While "time worked" does not include holidays, vacation, sickness or other time away from work, employees must accurately and completely record all such time in addition to hours worked. Falsification of a time record will result in disciplinary action up to and including discharge. Non-exempt employees are not permitted to work in excess of their regularly scheduled work hours without supervisory approval. If they do so, however, they must be paid for the time worked.

Exempt positions are excluded from minimum wage, overtime regulations, and other rights and protections afforded non-exempt workers by the FLSA. Employers pay a salary rather than an hourly wage for exempt positions. Exempt employees are generally expected to devote the number of hours necessary to complete their work and are not required to be paid extra for working more than 40 hours per week.

Additional Pay for Exempt Salaried Positions

While there is no legal FLSA requirement or provision to compensate salaried exempt employees for extra hours worked beyond 40 hours per week, as a competitive practice the Company has positioned itself to provide exempt positions in career levels P1-P5 and M1-M3 additional compensation in certain limited circumstances. Additional compensation for exempt salaried employees for hours in excess of their normal regular scheduled hours may be granted under certain limited circumstances, such as storm outages, emergencies, or extraordinary circumstances with Vice President, President, or potentially Corporate Leadership Council (depending on the circumstances) approval. Generally, hours that qualify for this additional compensation must be associated with an event that is approved by at minimum a Vice President.

Administration

Corporate Policies and Procedures are important to the Company's control environment and are subject to audit. The Company reserves the right to revise, modify, review, rescind or alter the terms



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and conditions of this policy with or without notice, within the constraints of the law. Any exceptions to the above requirements require written approval from the Executive Vice President and Chief Human Resources Officer

Violations of this procedure may constitute a violation of PPL's Standards of Integrity and will be handled in accordance with the Company's equivalent discipline policy. Nothing in this policy shall be construed as a contract of employment. At-will employment with the Company can be terminated at any time and for any reason or no reason, with or without notice.

Versions (to be completed by the HR Administrator (do not complete)).

Policy Owner:	Amanda Rutkowski
Approved by:	Amanda Rutkowski
Date Approved:	12/20/2024
Previous Document ID/ Title	GP 400 Managers Compensation Plan LG&E and KU Compensation Policy

D	01/01/2024	A	12/20/2024		

D=Developed

A=Amended

R=Reviewed

Company / Employee Population Applicability

	Company
<input checked="" type="checkbox"/>	PPL Services, Distributed Energy Resources, Strategic Dev
<input checked="" type="checkbox"/>	PPL Electric Utilities
<input checked="" type="checkbox"/>	LG&E and KU
<input checked="" type="checkbox"/>	Rhode Island Energy

	Type of Employee
<input type="checkbox"/>	Union
<input checked="" type="checkbox"/>	Non-Union
<input checked="" type="checkbox"/>	Temporary
<input checked="" type="checkbox"/>	Regular