

# QUARTERLY SALES COMMISSION CALCULATIONS

*Summit Digital Solutions, Inc.*

*Effective Date: January 1, 2024*

*Document Version: 2.4*

## 1. PURPOSE AND SCOPE

1. This document establishes the official sales commission calculation methodology for Summit Digital Solutions, Inc. ("Company") and applies to all sales personnel classified as Commission-Eligible Employees.

2. These calculations shall be applied quarterly for the following periods:

- Q1: January 1 - March 31
- Q2: April 1 - June 30
- Q3: July 1 - September 30
- Q4: October 1 - December 31

## 2. DEFINITIONS

1. "Qualified Revenue" means revenue recognized from new client contracts, contract renewals, and approved contract expansions for digital transformation services, excluding pass-through costs and hardware purchases.

2. "Commission-Eligible Employee" means any employee holding a sales position classified as Inside Sales Representative, Enterprise Account Executive, or Strategic Account Director.

3. "Commission Period" means the calendar quarter during which the Qualified Revenue is recognized by the Company.

## 3. COMMISSION RATES AND TIERS

1. Base Commission Rates:

- Inside Sales Representatives: 4% of Qualified Revenue
- Enterprise Account Executives: 6% of Qualified Revenue
- Strategic Account Directors: 8% of Qualified Revenue

## 2. Accelerator Tiers (Applied Quarterly):

Tier 1: 100-110% of Quarterly Target

- Additional 0.5% on all Qualified Revenue

Tier 2: 111-125% of Quarterly Target

- Additional 1.0% on all Qualified Revenue

Tier 3: >125% of Quarterly Target

- Additional 2.0% on all Qualified Revenue

## 4. CALCULATION METHODOLOGY

### 1. Base Commission Calculation:

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Base Commission = Qualified Revenue   Base Commission Rate

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### 2. Accelerator Calculation:

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Accelerator Amount = Qualified Revenue   Applicable Accelerator Rate

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### 3. Total Commission:

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Total Commission = Base Commission + Accelerator Amount

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## 5. SPECIAL CONSIDERATIONS

### 1. Multi-Year Contracts

- Commission calculated on first-year contract value only
- Renewal years commissioned at 50% of standard rate
- Prepaid multi-year contracts commissioned on annual recognized revenue

### 2. Professional Services Revenue

- Commissioned at 50% of standard rate
- Must be attached to core digital transformation offering

### 3. Peak Performance Platform Licenses

- Additional 2% commission on all platform license revenue
- Includes both perpetual and subscription licenses

## **6. PAYMENT TERMS**

1. Commission payments shall be made within 45 days following the end of each Commission Period.

2. Commission payments are subject to:

- Final revenue recognition
- Customer payment received
- Contract execution completion
- Compliance with Company policies

## **7. ADJUSTMENTS AND CLAWBACKS**

1. The Company reserves the right to adjust commission payments for:

- Customer credits or refunds
- Contract terminations
- Revenue recognition adjustments
- Calculation errors

2. Clawback Period: 12 months from commission payment date

## **8. GOVERNANCE AND OVERSIGHT**

1. Commission calculations shall be reviewed and approved by:

- Sales Operations Director
- Chief Revenue Officer
- Finance Controller

2. Disputes shall be resolved through:

Written submission to Sales Operations

Review by Commission Review Board

Final determination by Chief Revenue Officer

## **9. MODIFICATIONS**

1. The Company reserves the right to modify these calculations with 30 days written notice to Commission-Eligible Employees.

2. Material changes require approval from:

- Chief Revenue Officer
- Chief Financial Officer
- Human Resources Director

## **10. LEGAL COMPLIANCE**

1. These calculations comply with:

- State wage and hour laws
- Federal labor regulations
- Company employment agreements

2. This document shall be governed by Delaware law.

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APPROVED AND ADOPTED:

**By:**

Dr. Alexandra Reeves

Chief Executive Officer

Summit Digital Solutions, Inc.

Date: January 1, 2024

**By:**

Sarah Blackwell

Chief Operating Officer

Summit Digital Solutions, Inc.

Date: January 1, 2024