

# **ANNUAL BONUS STRUCTURE - DEVELOPMENT TEAMS**

*Summit Digital Solutions, Inc.*

*Effective Date: January 1, 2024*

## **1. PURPOSE AND SCOPE**

1. This Annual Bonus Structure ("Bonus Structure") document establishes the framework and criteria for performance-based compensation for Development Teams at Summit Digital Solutions, Inc. ("Company").
2. This structure applies to all full-time employees classified as Development Team members, including Software Engineers, DevOps Engineers, Solutions Architects, and Technical Team Leads within the Company's Product Development and Client Solutions divisions.

## **2. DEFINITIONS**

1. "Performance Year" means the fiscal year running from January 1 through December 31.
2. "Base Salary" means the employee's annual base compensation, excluding any additional benefits or compensation.
3. "Target Bonus" means the standard bonus percentage assigned to each role level.
4. "KPIs" means Key Performance Indicators as defined in Section 4.

## **3. BONUS ELIGIBILITY**

1. Employee must be actively employed by the Company on the bonus payment date.
2. Employee must have completed a minimum of six (6) months of continuous employment during the Performance Year.
3. Employee must maintain satisfactory performance ratings throughout the Performance Year.
4. Employees on approved leave will have their bonus pro-rated based on active employment duration.

## **4. BONUS STRUCTURE AND CALCULATIONS**

### 1. Target Bonus Percentages by Level:

- Principal Engineer: 25% of Base Salary
- Senior Engineer: 20% of Base Salary
- Engineer II: 15% of Base Salary
- Engineer I: 10% of Base Salary

### 2. Bonus Component Weightings:

- Individual Performance: 40%
- Team Performance: 30%
- Company Performance: 30%

### 3. Performance Multipliers:

- Exceeds Expectations: 1.2x
- Meets Expectations: 1.0x
- Partially Meets Expectations: 0.7x
- Below Expectations: 0x

## **5. PERFORMANCE METRICS**

### 1. Individual Performance KPIs:

- Code quality metrics
- Project delivery milestones
- Technical documentation
- Innovation contributions
- Client satisfaction scores

### 2. Team Performance KPIs:

- Sprint velocity
- Release quality
- System uptime
- Technical debt reduction
- Cross-team collaboration

### 3. Company Performance KPIs:

- Annual revenue targets
- Client retention
- Platform stability
- Innovation metrics
- Market share growth

## **6. BONUS ADMINISTRATION**

### **1. Performance Assessment:**

- Formal performance reviews conducted bi-annually
- Continuous feedback through project retrospectives
- Peer reviews and 360-degree feedback
- Client feedback incorporation

### **2. Bonus Calculation Timeline:**

- Performance Year ends December 31
- Reviews completed by January 31
- Bonus calculations finalized by February 15
- Payments processed by March 15

### **3. Pro-ration Rules:**

- New hires: Pro-rated from start date
- Promotions: Weighted average based on time in each role
- Leave of absence: Pro-rated for active employment period

## **7. DISCRETIONARY ADJUSTMENTS**

### **1. The Company reserves the right to modify bonus payments based on:**

- Market conditions
- Company financial performance
- Strategic priorities
- Individual circumstances

### **2. Any modifications require approval from:**

- Department Head
- Human Resources
- Chief Technology Officer
- Chief Financial Officer

## **8. GENERAL PROVISIONS**

1. This Bonus Structure does not constitute a guarantee of employment or bonus payment.
2. The Company reserves the right to modify or terminate this program at any time.
3. All bonus payments are subject to applicable tax withholdings and deductions.
4. This document supersedes all previous bonus structure documents for Development Teams.

## **9. CONFIDENTIALITY**

1. This document contains confidential information and shall not be shared outside the Company without written authorization.

## **10. APPROVAL AND EXECUTION**

APPROVED AND ADOPTED this 15th day of December, 2023.

SUMMIT DIGITAL SOLUTIONS, INC.

**By: \_**

Michael Chang

Chief Technology Officer

**By: \_**

Sarah Blackwell

Chief Operating Officer

**By: \_**

Director, Human Resources