

ANNUAL COMPENSATION REVIEW PROCESS

Polar Dynamics Robotics, Inc.

Effective Date: January 1, 2024

Document Version: 2.0

Last Updated: December 15, 2023

1. PURPOSE AND SCOPE

1. This Annual Compensation Review Process ("Process") establishes the formal procedures and guidelines for conducting systematic compensation reviews for all employees of Polar Dynamics Robotics, Inc. (the "Company").

2. This Process applies to all full-time and part-time employees, excluding temporary contractors and consultants, across all Company divisions and departments.

2. DEFINITIONS

1. "Compensation" means the total remuneration package including base salary, equity compensation, bonuses, and other monetary benefits.

2. "Review Period" means the twelve-month period preceding the annual review cycle.

3. "Market Data" refers to compensation benchmarking data obtained from approved third-party compensation survey providers specializing in the robotics and industrial automation sector.

3. REVIEW CYCLE AND TIMING

1. The annual compensation review cycle shall commence on October 1st and conclude by December 15th of each calendar year.

2. Implementation of approved compensation changes shall take effect on January 1st of the following calendar year.

3. Off-cycle reviews may be conducted for exceptional circumstances with written approval from both the Department Head and Human Resources.

4. REVIEW PROCESS

1. Market Analysis

- a) Human Resources shall obtain current market compensation data for all relevant positions.
- b) Analysis must include specific data for the robotics and industrial automation sector.
- c) Geographic differentials shall be applied based on employee work location.

2. Performance Assessment

- a) Direct managers shall complete performance evaluations by October 15th.
- b) Technical competency assessments for engineering roles shall be reviewed by the Chief Robotics Officer.
- c) Performance ratings must be calibrated across departments.

3. Budget Planning

- a) The CFO shall establish the annual compensation adjustment budget by September 1st.
- b) Department-specific allocations shall be determined based on:
 - Department performance metrics
 - Strategic growth initiatives
 - Market competitiveness requirements
 - Employee retention risk analysis

5. COMPENSATION ADJUSTMENT CRITERIA

1. Primary Factors

- a) Individual performance rating
- b) Position relative to market median
- c) Internal equity considerations
- d) Critical skill premiums for cold-environment robotics expertise
- e) Patent contributions and intellectual property development

2. Additional Considerations

- a) Time in position
- b) Completion of advanced technical certifications
- c) Leadership of strategic initiatives
- d) Contribution to IceNav platform development
- e) Customer impact metrics

6. APPROVAL PROCESS

1. Approval Matrix

- Up to 10% increase: Department Head and HR approval
- 10-20% increase: Additional COO approval required
- Above 20% increase: CEO approval required
- Equity adjustments: Board Compensation Committee approval required

2. Documentation Requirements

- a) Completed compensation adjustment form
- b) Updated performance evaluation
- c) Market data supporting the adjustment
- d) Business case for increases above 10%

7. COMMUNICATION

1. Managers shall conduct individual compensation discussions between December 1-15.

2. Written compensation statements shall include:

- a) New compensation details
- b) Effective date
- c) Performance feedback summary
- d) Equity vesting schedule (if applicable)

8. CONFIDENTIALITY

1. All compensation information shall be treated as strictly confidential.

2. Unauthorized disclosure of compensation information may result in disciplinary action up to and including termination.

9. COMPLIANCE AND REVIEW

1. Human Resources shall conduct quarterly audits to ensure compliance with this Process.

2. This Process shall be reviewed annually by the Legal Department and updated as necessary to maintain compliance with applicable laws and regulations.

10. EXCEPTIONS

1. Any exceptions to this Process must be approved in writing by the CEO and documented by Human Resources.

APPROVAL AND ADOPTION

This Process has been reviewed and approved by the Board of Directors of Polar Dynamics Robotics, Inc.

APPROVED BY:

Dr. Elena Frost
Chief Executive Officer

Katherine Wells
Chief Financial Officer

Sarah Nordstrom
Chief Operating Officer

Date: December 15, 2023