



Commissioned sales or field service employees

1. Purpose

The leave of absence standard adopted by Stryker provides guidance regarding how Stryker handles certain leaves for eligible employees. The leave of absence standard is designed to apply to all eligible active employees. Because of unique aspects related to sales compensation and performance for Stryker's commissioned sales or field service employees, this document provides supplemental guidance to the leave of absence standard that will ensure uniform administration of leaves of absence for Stryker commissioned sales or field service employees.

2. Scope

This standard applies to all U.S. Stryker, the company commissioned sales or commissioned field service employees.

3. References

- 3.1. Leave of absence standard CHR-OPS-Leaves-001

4. Eligibility

This supplemental leave guidance for commissioned Sales or field service employees applies to any direct sales or field service employee taking a leave of absence whose compensation is based wholly or partially on a commission arrangement. It excludes (1) any sales employee paid a 100% guarantee or salary immediately prior to their leave of absence period; (2) ASRs or sales associates; (3) sales managers; (4) regional managers; (5) branch managers or branch general managers; (5) sales directors; (6) area vice presidents; (7) other supervisors and/or managers of commissioned sales or field service representatives or (8) any other titles that are added after effective date of this amendment. If you have any questions regarding eligibility contact the myHR Leaves team.

5. Definitions

- 5.1. **Adjusted annual quota, if applicable to your division** The reduction of annual quota ("quota relief") to address a sales or field service representative's period of approved leave. In the event that a sales or field service representative takes an approved leave of absence and his/her assigned territory does not generate enough actual orders/sales during the leave period to achieve quota for that period, Stryker may adjust the sales or field service representative's annual quota during the leave of absence period, if quota relief is offered by the business unit in which the sales or field service representative works.
- 5.2. **Average monthly compensation** The average monthly income, excluding any recoverable draws, bonus or incentive income, spot awards, stock awards or grants, **excluded income whether paid monthly, quarterly or annually**, received by the sales or field service representative during the 12-month period immediately preceding the start of the leave period. Average monthly compensation is calculated by dividing the total income received by the sales or field service representative in salary and commissions,



Document number: CHR-OPS-Leaves 001.04
Name: Supplemental addendum on leaves of absence
for sales or service employees
Revision: Version 4.0, effective April 1, 2021

Commissioned sales or field service employees

excluding any excluded income, during the 12 months preceding the first day of leave divided by 12. If the sales or field service representative has been employed by the company for fewer than 12 months prior to the leave period, the average monthly compensation will be calculated using the total compensation earned during the employment period preceding the first day of leave, excluding any excluded income, divided by the total number of months of employment.

Parental leave must be taken in four week increments in order to receive leave of absence pay. Absences of less than four consecutive weeks will be paid via your regular compensation practices. Caregiver leave must be taken in one week increment in order to receive leave of absence pay.

- 5.3. **Leave period** The period of time that runs from the start of the leave of absence until the leave of absence concludes.
- 5.4. **Actual commissions during the leave period** Actual sales commissions generated within the sales or field service representative's assigned sales territory during the leave period pursuant to the terms of the applicable sales compensation plan, and that the sales or field service representative would have earned had he/she not taken a leave of absence.
- 5.5. **Monthly benefit** An employee's average monthly compensation, calculated and paid according to terms of Stryker's leaves of absence standards.
- 5.6. **Sales or field service representative** Any direct sales or field service employee whose compensation is based in whole or in part on a commission arrangement. Such employees may include sales or field service employees paid through commission draws, 100% commission, partial guarantees, and other kinds of commissioned pay arrangements.
- 5.7. **Leave of absence pay calculation** Pre-disability Earnings means the weekly benefit eligible wage or salary that you were receiving from your employer on the last day you were actively at work before you became disabled. It includes:
- 5.7.1. employee contributions made through a salary reduction agreement with your employer to an IRC Section 401(k), 403(b), 501(c)(3), 457 deferred compensation plan, or any other qualified or non-qualified employee retirement plan or deferred compensation arrangement; paid commissions averaged over the preceding 52-week period. If you have been employed at Stryker or in your current role for fewer than 52 weeks, then your pre-disability earnings will be averaged over the time in your current role. If you have taken any leave within the look back period, that pay is not included in this calculation.
- 5.7.2. **For direct sales employees**, you will receive the average base salary received for 52-week period plus average commissions received over the same period of time. This calculation will include any bonuses that are based on sales and are a part of your regular cadence of pay. If you have been employed at Stryker or in your current role for fewer than 52 weeks, your pre-disability earnings will be averaged over the time in your current role. For managers with commissions based on direct report commissions earned, manager commissions will continue to be calculated per the terms of the manager sales compensation plans and will not include average sales representative commissions calculated per this sales addendum.



Document number: CHR-OPS-Leaves 001.04
Name: Supplemental addendum on leaves of absence
for sales or service employees
Revision: Version 4.0, effective April 1, 2021

Commissioned sales or field service employees

5.8 All Sales Operations teams will administer any additional eligibility for quota relief and true up for each division. The myHR Leaves team will direct all employees back to the Sales Operations teams for evaluation for true up and quota relief.

6. Roles and Responsibilities

- 6.1. **Sales Operations representative:** Responsible for providing commissions totals and stopping pay when a sales employee is on leave of absence. Also responsible for calculating quota relief and true up for those divisions that provide that benefit for their direct sales employees who have been on a leave of absence.
- 6.2. **Leave Specialists:** Administers the Leave of Absence policy and process. They will calculate leave of absence pay for direct sales employees for the duration of their leave of absence. They will advise the sales operations team member of the amount of pay being generated due to leave of absence when to stop commissions and when to resume the commissions for the impacted employee.

7. Policy

- 7.1. Leave eligibility determination
 - 7.1.1. **Leave eligibility determination** All determinations regarding leave availability and eligibility, including coordination with other forms of leave, shall be made in accordance with the Leaves of Absence standard, CHR-BEN-001.
 - 7.1.2. **Forms** The Leaves team shall provide employees with all forms required to request and verify a leave of absence.

8. Compensation

- 8.1. **Compensation payment during leave period** During the approved leave period, a sales or field service representative shall be paid using his/her average twelve monthly compensation, which represents the monthly benefit based on their pay period.
- 8.2. **Compensation** If eligible, short term disability benefits may be available under Stryker's applicable short-term disability plan or through state disability insurance programs. Under circumstances where state disability benefits do not equal 100% of the employee's average monthly compensation and where state law permits, the employee may be eligible to integrate/supplement such state disability payments with Stryker's short-term disability benefits. At no point may employee's integrated benefits exceed 100% of his/her average monthly compensation. For purposes of this standard, the definition of average monthly compensation is governed by the Stryker short-term disability plan document in effect at the time of the disability leave.
- 8.3. **Additional compensation for actual commissions during the leave period** Upon an employee's return from leave, Stryker's applicable Sales Operations team will determine if the sales or field service representative is eligible for payment of additional actual commissions during the leave period. If the actual commissions generated in the sales or field service representative's territory during the leave period exceeds the sales or field service representative's total monthly disability payments, the sales or field service representative will be eligible to receive the difference between the actual commissions



Document number: CHR-OPS-Leaves 001.04
Name: Supplemental addendum on leaves of absence
for sales or service employees
Revision: Version 4.0, effective April 1, 2021

Commissioned sales or field service employees

generated and the total monthly payments he/she received during the leave period from all sources, including but not limited to, statutory pay, military pay, and disability benefits.

To qualify for additional compensation during the leave period, the sales or field service representative must be absent for at least four consecutive weeks. If the leave of absence falls across two months (for example, 2 weeks in May and 2 weeks in June), the sales or field service representative will be eligible to receive a prorated additional compensation payment for each month impacted by the leave.

Any additional compensation shall be calculated and paid as soon as practicable following the sales or field service representative's return from his/her leave of absence. The sales or field service representative will not be eligible to receive any additional compensation if he/she does not return to work following the leave of absence or if payments made to the sales or field service representative during the leave, including but not limited to any payments which represent monthly disability payments, meet or exceed any actual commissions during the leave period calculation.

9. Quota Relief

Quota relief Quotas and quota standards are set by the applicable division or business unit. For the period that the sales or field service representative is on approved leave, he/she may be eligible to receive quota relief, where offered by the business unit in which the sales or field service representative works.

10. Sales bonuses, sales awards and sales contests

- 10.1. Eligibility to participate in any sales bonus program, award program, or sales contest occurring in whole or in part while the sales or field service representative is on a leave of absence is at the sole discretion of Stryker's divisional policies. All other applicable bonus plan documents, contest or award rules remain in effect, as established by the division.

11. Sales territory coverage during leave

- 11.1. The supervising sales management team, regional sales manager and/or sales manager, in conjunction with Human Resources and other area sales leadership, will assess and determine sales territory coverage during a sales or field service representative's disability leave of absence. The sales or field service representative is not responsible for ensuring that his/her sales territory is covered during the leave period. During this interim period, sales leadership may allocate to the covering personnel commissions for sales attributable to his/her work, provide duplicate commissions, or other suitable incentive compensation for the covering personnel, as appropriate. To the extent that there is advance notice of disability leave, the sales or field service representative may be expected to provide transition training or orientation to the identified coverage personnel prior to the commencement of his/her leave of absence.



Document number: CHR-OPS-Leaves 001.04
Name: Supplemental addendum on leaves of absence
for sales or service employees
Revision: Version 4.0, effective April 1, 2021

Commissioned sales or field service employees

Document change history

Version no.	Revision level	Reason and description of revision	Issue date	Effective date
1.0	Initial release of policy	Not applicable		June 1, 2018
2.0	Annual review	Not applicable		January 1, 2020
3.0	Quota relief	Updated to reflect change		June 1, 2020
4.0	Annual review	Not applicable		April 1, 2021
5.0	Update for True up and Quota relief	Not applicable		July 1, 2021