



December 12, 2024

DRAFT FOR REVIEW | *CONFIDENTIAL*

Santa's Workshop

Mr. Claus Market Compensation Review

Mandate

- Compensation Governance Partners (“**CGP**”) has been retained by Santa’s Workshop to assist with a review of the compensation for its President and CEO, Santa Claus (herein referred to as “**Santa**” or “**Mr. Claus**”)
- As part of this process, CGP conducted strategic interviews with key stakeholders at Santa’s Workshop for a better understanding of the organization as well as Santa’s Workshop’s pay philosophy, strategy, operational changes, organizational structure, suitable comparators, sources of talent, and challenges with the current compensation program. Stakeholders interviewed include:
 - Mr. Claus
 - Mrs. Claus
 - The Chief Human Resources Officer, **Elf on the Shelf**
- This report contains a **market compensation review** of Santa’s role against the approved comparator group



Market Compensation Review

- The table below summarizes the results of the market review of Santa’s compensation, using the approved comparator group
 - For comparison purposes, all forms of compensation have been converted to “**Claus Currency**”, which is in units of milk and cookie calories (“**MCCs**”)

Mr. Claus Comparator Group (N=10)	Actual Annual Compensation	Claus Currency Equivalence (M)
Easter Bunny	583.9M carrots	17,517
Tooth Fairy	109.5M baby teeth	47,085
Frosty the Snowman	1 new magic hat	75,000
Rudolph the Red Nosed Reindeer	Inclusion in 10,000 reindeer games	19,302
The Abominable Snowman	(Not Disclosed)	*
Buddy the Elf	1095 servings of elf spaghetti	3
Jack Frost	(Not Disclosed)	*
The Headless Horseman	450M mini candy bars	27,000
Leprechaun	10 pots of gold	200,000
Cupid	2 new magic bows (with 50 arrows each)	34,800

Mr. Claus	336M Cookies and 5M Glasses of Milk	26,430
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* Not applicable or insufficient data to display

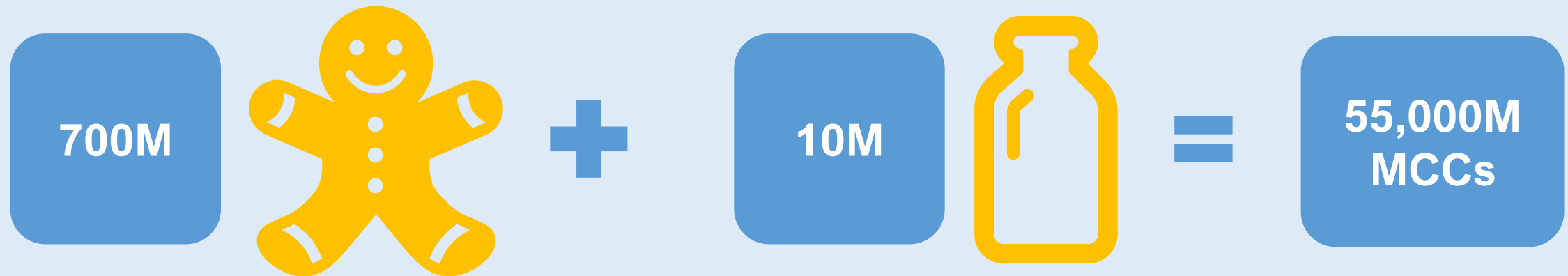
P75	54,064
P50 (Median)	30,900
P25	18,856
Mr. Claus Market Positioning	P41
Variance from Target Positioning (P75)	-51%

See [Appendix A](#) for all Claus Currency conversion factors














Recommendations

- Based on the results of the market compensation review and feedback from the strategic interviews, we recommend that Mr. Claus' compensation for this year be increased to **55,000 MCCs**, which is aligned with P75 of the market and the compensation philosophy at Santa's Workshop
 - This corresponds to **700M Cookies** and **10M Glasses of Milk**, in alignment with the current ratio between Cookies and Glasses of Milk



Appendix

Appendix A – Conversion Rates to Claus Currency

- The following conversion factors were used in calculating total compensation as Claus Currency:
 -  1 carrot is equal to **30** MCCs
 -  1 baby tooth is equal to **430** MCCs
 -  1 new magic hat is equal to **75 Billion** MCCs
 -  1 reindeer game is equal to **1,930,204** MCCs
 -  1 serving of elf spaghetti is equal to **3,000** MCCs
 -  1 mini candy bar is equal to **60** MCCs
 -  1 pot of gold is equal to **20 Billion** MCCs
 -  1 magic bow is equal to **5 Billion** MCCs
 -  1 magic arrow is equal to **248 Million** MCCs
 -  1 cookie is equal to **78** MCCs
 -  1 glass of milk is equal to **42** MCCs



CGP is an **independent advisor** on **compensation and governance matters**. We support **Boards and Management** by seeking to understand their challenges and then drawing from a diverse set of experiences, ideas and opinions to **offer tailored solutions**; all while keeping **best practices** top of mind.

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