

CALGON CARBON Corp
Form DEF 14A
March 23, 2017

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934
(Amendment No. _____)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Calgon Carbon Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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(3) Filing Party:

(4) Date Filed:

CALGON CARBON CORPORATION 3000 GSK DRIVE MOON TOWNSHIP, PA 15108

Dear Fellow Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Calgon Carbon Corporation (the "Company") at 1:00 p.m., Eastern Time, on Thursday, May 4, 2017 at the principal executive office of the Company, located at 3000 GSK Drive, Moon Township, Pennsylvania 15108.

Information about the business to be considered and voted upon at the meeting and the nominees for election as Directors is set forth in the notice of the meeting and the Proxy Statement, which are attached. This year you are asked to: (i) elect three Directors, (ii) vote on an advisory basis on executive compensation (which vote shall be non-binding), (iii) vote on whether the advisory vote on executive compensation should be held every one, two or three years (which vote shall be non-binding), (iv) ratify the appointment of the independent registered public accounting firm for 2017, and (v) approve the Second Amended and Restated Calgon Carbon Corporation 2008 Equity Incentive Plan.

It is important that your shares be represented at the meeting. Even if you plan to attend the meeting in person, we hope that you will send a proxy voting on the matters to be considered, as instructed in the Notice of Internet Availability of Proxy Materials, as promptly as possible. You may also request a paper proxy card to submit your vote by mail, if you prefer.

Very truly yours,

Randall S. Dearth
*Chairman of the Board, President and
Chief Executive Officer*

March 23, 2017

CALGON CARBON CORPORATION

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of Calgon Carbon Corporation (the "Company") will be held at the principal executive office of the Company, located at 3000 GSK Drive, Moon Township, Pennsylvania 15108, on Thursday, May 4, 2017 at 1:00 p.m., Eastern Time, for the following purposes:

- (1) To elect three Directors (Proposal 1);
- (2) To vote on an advisory basis on executive compensation (which vote shall be non-binding) (Proposal 2);
- (3) To vote on whether the advisory vote on executive compensation should be held every one, two or three years (which vote shall be non-binding) (Proposal 3);
- (4) To ratify the appointment of the independent registered public accounting firm of the Company for 2017 (Proposal 4);
- (5) To approve the Second Amended and Restated Calgon Carbon Corporation 2008 Equity Incentive Plan (Proposal 5); and
- (6) To transact such other business as may properly come before the meeting.

Please refer to the accompanying Proxy Statement for a description of the matters to be considered and voted upon at the meeting.

Holders of record of the Company's common stock, par value \$0.01 per share, as of the close of business on March 10, 2017 are entitled to notice of, and to vote at, the meeting and/or postponements or adjournments thereof.

Important Notice Regarding the Availability of Proxy Materials for the 2017 Annual Stockholders' Meeting. The Company is mailing to many of its stockholders a Notice of Internet Availability of Proxy Materials, rather than mailing a full paper set of the materials. This process will reduce the Company's costs to print and distribute its proxy materials. The Notice of Internet Availability of Proxy Materials contains instructions on how to access the Company's proxy materials on the Internet, as well as instructions on obtaining a paper copy. All stockholders who do not receive such a Notice of Internet Availability of Proxy Materials, including stockholders who have previously requested to receive a paper copy of the materials, will receive a full set of paper proxy materials by U.S. mail.

Voting by the Internet or telephone is fast and convenient, and each vote is immediately confirmed and tabulated. If a stockholder receives a paper copy of the proxy materials, the stockholder may also vote by completing, signing, dating and returning the accompanying proxy card in the enclosed return envelope furnished for that purpose. By using the Internet or telephone the stockholders can help the Company reduce postage and proxy tabulation costs.

Chad Whalen
Senior Vice President, General Counsel and Secretary

March 23, 2017

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CALGON CARBON CORPORATION

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CALGON CARBON CORPORATION

PROXY STATEMENT

Annual Meeting of Stockholders

May 4, 2017

**Important Notice Regarding the Availability of Proxy Materials for the Stockholders' Meeting
to be held on May 4, 2017**

The 2017 Proxy Statement and the Annual Report to Stockholders for the year ended December 31, 2016 are available for viewing and to vote by Internet at www.investorvote.com/CCC.

The accompanying proxy is solicited on behalf of the Board of Directors (the "Board") of Calgon Carbon Corporation (the "Company") for use at the Annual Meeting of Stockholders to be held at 1:00 p.m., Eastern Time, on Thursday, May 4, 2017 at the principal executive office of the Company, located at 3000 GSK Drive, Moon Township, Pennsylvania 15108, and any postponements or adjournments thereof. The accompanying Notice of Annual Meeting of Stockholders sets forth the purposes of the meeting.

The accompanying proxy may be revoked at any time before its exercise by giving written notice of revocation to the Secretary of the Company. The shares represented by proxies in the form solicited by the Board will be voted at the meeting. If a choice is specified on the proxy with respect to a matter to be voted upon, the shares represented by the proxy will be voted in accordance with that specification. If no choice is specified, the shares will be voted as stated below in this Proxy Statement. If, however, you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may be treated as "broker non-votes." Generally, broker non-votes occur when a broker is not permitted to vote on a particular matter without instructions from the beneficial owner and instructions have not been given. Brokers that have not received voting instructions from their clients cannot vote on their clients' behalf on "non-routine" proposals, such as the election of Directors and executive compensation matters, although they may vote their clients' shares on "routine" proposals, such as the ratification of the independent registered public accounting firm. In tabulating the voting result for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote on that proposal.

It is expected that the Notice of Internet Availability of Proxy Materials will first be mailed to stockholders, and that this Proxy Statement and the accompanying form of proxy will first be available to stockholders, on or about March 23, 2017. The Company's Annual Report to Stockholders for 2016 will also be available on or about March 23, 2017, but does not form a part of the proxy soliciting material. The cost of soliciting proxies will be borne by the Company. Following the original mailing of the proxy soliciting material, regular employees of the Company may solicit proxies in person or by mail, telephone, and/or electronic means. The Company may hire a proxy solicitation firm or may request brokerage houses and other nominees or fiduciaries to forward copies of the proxy soliciting material and the 2016 Annual Report to Stockholders to beneficial owners of the stock held in their names, and the Company would reimburse them for reasonable out-of-pocket expenses incurred in doing so.

VOTING SECURITIES AND RECORD DATE

Holders of the Company's common stock, par value \$0.01 per share (the "Common Stock"), of record as of the close of business on March 10, 2017 are entitled to receive notice of and to vote at the meeting and any postponements or adjournments thereof. At the record date, the Company had outstanding 50,755,520 shares of Common Stock, the holders of which are entitled to one vote per share. The Company does not have cumulative voting.

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CORPORATE GOVERNANCE AND BOARD MATTERS

Board of Directors and Committees of the Board

As provided by the laws of the State of Delaware, the Company's state of incorporation, the business and affairs of the Company are overseen by the Company's Board of Directors (the "Board"). In accordance with Delaware law, the Board has established four standing committees to which it has delegated certain of its responsibilities: (i) the Compensation Committee, (ii) the Audit Committee, (iii) the Governance Committee, and (iv) the Investment Committee. A current copy of each committee's charter is available to stockholders at the Company's website at www.calgoncarbon.com.

Compensation Committee. The Compensation Committee currently consists of three directors: Messrs. Alexander (Chairperson) and Massimo, and Ms. Roberts. Our Board has affirmatively determined that each member of the Compensation Committee is "independent" under the listing standards of the New York Stock Exchange ("NYSE") regarding independence and qualifies as an "outside director" under Section 162(m) of the Internal Revenue Code, as amended. The duties and responsibilities of the Compensation Committee are set forth in its written charter. The Compensation Committee is responsible for determining and implementing the Company's general policies with respect to the compensation of its executive officers. The Compensation Committee determines the base salary payable to each executive officer, as well as the short-term cash incentive, if any, payable to each executive officer, and to certain key employees, pursuant to the Company's incentive compensation plans or otherwise. The Compensation Committee's other duties include evaluating the post-service arrangements with the executive officers; approving the report on executive compensation to be included in the Company's annual proxy statement; reviewing and discussing with management the Compensation Discussion and Analysis to be included in the Company's annual proxy statement; and the creation, amendment and termination of certain employee benefit plans. The Compensation Committee also administers the Company's Amended and Restated 2008 Equity Incentive Plan, has the authority to make long-term incentive awards thereunder to all eligible employees, and is responsible for evaluating whether the executives have met their applicable performance levels thereunder, to the extent applicable. Other matters related to the compensation of executive officers and key employees, such as the terms of employment contracts and certain employee benefits, are also reviewed by the Compensation Committee.

Subject to the restrictions set forth in its charter and applicable law, the Compensation Committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the Compensation Committee. In addition, the Compensation Committee may delegate to Company officers or a committee of employees any of its responsibilities with respect to non-equity based plans including, but not limited to, plans created pursuant to the Employee Retirement Income Security Act of 1974 and employment practices created consistent with the various state laws.

The Compensation Committee directly engages an outside compensation consultant, Pay Governance LLC ("Pay Governance"), to provide advice and recommendations on the amount and form of executive and director compensation. The compensation consultants from Pay Governance report directly to the Compensation Committee. The Compensation Committee has determined that Pay Governance is independent from the Company and its management. The Compensation Committee's decision to hire Pay Governance was not made or recommended by Company management.

Audit Committee. The Audit Committee currently consists of three directors: Messrs. Lyons (Chairperson), Paro and Templin. Our Board has affirmatively determined that each member of the Audit Committee is "independent" under the listing standards of the NYSE regarding independence and the heightened independence standards adopted by the SEC for audit committees. The Board has also determined that each member of the Audit Committee is financially literate. Additionally, Messrs. Lyons, Paro and Templin have each been designated by the Board as the "audit committee financial experts," as contemplated by the Sarbanes-Oxley Act of 2002 and the SEC regulations promulgated thereunder.

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The Audit Committee assists the Board in overseeing the Company's financial reporting processes. The duties and responsibilities of the Audit Committee are set forth in its written charter. The Audit Committee's duties and responsibilities include making annual recommendations to the Board regarding the selection (subject to stockholder ratification) of our independent registered public accounting firm; approving the audit and non-audit fees and services of our independent registered public accounting firm; determining the independence of the independent registered public accounting firm; reviewing annually the report of the independent registered public accounting firm; reviewing annually the scope of the independent registered public accounting firm's audit; meeting periodically with the independent registered public accounting firm and management; reviewing the Company's systems of internal accounting and financial controls and disclosure controls and procedures, and determining whether they are functioning adequately and reliably; assessing the performance and scope of internal audit services; reviewing and discussing with management the audited annual and quarterly financial statements of the Company and the Company's SEC filings; reviewing and discussing with management the form and content of the notes to the financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's Annual Report on Form 10-K; receiving and reviewing reports from management regarding compliance with corporate policies dealing with business conduct; reviewing business expense reporting of the officers of the Company; reviewing the Company's contingency plans in the event of a failure of its information technology systems; investigating and reporting to the Board as to any alleged breach of law or of the Company's internal policies which is brought to its attention; reviewing the audit reports of the Company's benefit plans; preparing the Audit Committee's report for inclusion in the Company's annual proxy statement; and establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls and auditing and the confidentiality thereof. In addition, the Audit Committee is responsible for oversight of the Company's financial reporting risk, including fraud. Each year, the Audit Committee evaluates the performance of the independent registered public accounting firm and recommends to the Board the retention or, if appropriate, replacement of the independent registered public accounting firm. The Audit Committee also carries out other assignments given to it from time to time by the Board.

Governance Committee. The Governance Committee currently consists of three directors: Messrs. Newlin (Chairperson), Alexander and Paro. Our Board has affirmatively determined that each member of the Governance Committee is "independent" under the listing standards of the NYSE regarding independence. The duties and responsibilities of the Governance Committee are set forth in its written charter. The Governance Committee is responsible for reviewing and making recommendations to the Board regarding governance matters, the development and implementation of corporate governance principles, the identification of individuals qualified to become board members, and the review of the Company's directors and officers insurance policies. Among the duties of the Governance Committee is to review the size and composition of the Board and its committees and to make recommendations with respect to nominations for election or appointment of Directors and the fees, including cash and equity, to be paid to Directors. The Governance Committee also administers the Company's Amended and Restated 2008 Equity Incentive Plan as it applies to awards to non-employee Directors, and has the authority to make long-term incentive awards thereunder to non-employee Directors. The Governance Committee periodically reviews the Company's policies on Director tenure. Currently, the Company does not have term limits or a mandatory retirement policy for Directors; instead, the Governance Committee has determined that all Directors should be periodically reviewed on a case-by-case basis.

The Governance Committee endeavors to construct a diverse Board with a wide range of qualifications and experiences. The Company's Corporate Governance Guidelines specifies that the assessment of new Board members will include consideration of background, skill needs, diversity, personal characteristics, business experience and the ability to act effectively on behalf of all of the Company's stockholders. In making its recommendations with respect to potential director nominees, the Governance Committee also considers, among other things, the following qualifications which are also set forth in our Corporate Governance Guidelines the nominee's business or professional experience, their integrity and judgment,

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their records of public service, their ability to devote sufficient time to the affairs of the Company, the diversity of backgrounds and experience they will bring to the Board, and the needs of the Company. The Governance Committee believes that all nominees should be individuals of substantial accomplishment with demonstrated leadership capabilities. The Governance Committee undertakes an annual self-evaluation that, among other things, assesses the director selection process, the criteria for Board membership and Board skill sets. The results of the self-evaluation are distributed to the members of the Governance Committee for review, discussion and appropriate follow-up. Likewise, the Board undertakes an annual self-evaluation that, among other things, assesses the appropriateness of the composition of the Board (taking into account experience, qualifications, temperament and diversity, among others). The results of the Board self-evaluation are distributed to the members of the Governance Committee and to the full Board for review, discussion and appropriate follow-up.

The Governance Committee will principally solicit suggestions from current Directors to identify potential candidates for Director, using the criteria described above. The Governance Committee may also employ the assistance of a search firm. The Governance Committee will consider nominees recommended by stockholders and it will evaluate stockholder nominees on the same basis as all other nominees. Section 1.08 of our by-laws describes the process by which stockholders may submit director nominations. The Governance Committee will consider stockholder-recommended nominees with the same weight as others.

Investment Committee. The Investment Committee currently consists of four directors: Ms. Roberts (Chairperson) and Messrs. Lyons, Massimo and Templin. As specified in more detail in its charter, the Investment Committee's primary duties and responsibilities are to provide oversight on the Company's financial performance, and by doing so, it is responsible for evaluating financial activities and capital projects, recommending dividends, capital structure and policies, and monitoring the Company's Enterprise Risk Management Committee and liability insurance. The Investment Committee is tasked with discussing policies with respect to risk assessment and risk management, including appropriate guidelines and policies to govern the process.

Procedures for Submitting Stockholder Nominees for the Board of Directors

The procedures for a stockholder to nominate a director include the following:

The stockholder must have given timely written notice, in proper form, to the Secretary of the Company including, without limitation, the stockholder's name and address. To be timely, the notice must have been received no earlier than 120 days prior to and no later than 60 days prior to the anniversary of the preceding year's proxy statement for the annual meeting held in the previous year.

The notice must set forth the name and address of the stockholder making the nomination (or of the beneficial owner on whose behalf the nomination is being made) and the class and number of shares of the Company beneficially owned by such person.

The notice must set forth in reasonable detail information concerning the nominee and must include all information relating to a nominee that would be required to be disclosed in a proxy statement or other filings.

The notice must include a representation that the stockholder making the nomination intends to appear in person or by proxy at the meeting to present the nomination.

The notice must include the consent of the nominee to serve as a director of the Company if elected.

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Director Resignation Policy

Our Corporate Governance Guidelines include a requirement that in an uncontested election of Directors, any director who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election will, within five days following the certification of the stockholder vote, tender his or her written resignation to the Chairman of the Board for consideration by the Governance Committee. The Governance Committee is then required to make a recommendation to the Board as to whether it should accept such resignation. Thereafter, the Board is required to decide whether to accept such resignation and disclose its decision-making process in a Current Report on Form 8-K filed with the SEC. In contested elections, the required vote for director elections would be a plurality of votes cast.

Board and Committee Meetings

During 2016, the Compensation Committee held four regular meetings and executed one written consent in lieu of a meeting, the Governance Committee held three regular meetings and one special meeting, the Audit Committee held five regular meetings and one special telephonic meeting and the Investment Committee held five regular meetings and executed one written consent in lieu of a meeting. The Board held five regular meetings, one special meeting, three special telephonic meetings and executed three written consents in lieu of meetings during 2016. All of the Company's directors attended at least 75% of the aggregate of (1) the total number of meetings of the Board held during the period for which he or she has been a Director and (2) the total number of meetings held by all committees of the Board on which he or she served during the periods that he or she served as a Director.

The Corporate Governance Guidelines of the Company state that all Directors are expected to attend each Annual Meeting of Stockholders, as well as Board and applicable committee meetings, except in unavoidable circumstances. All nine Directors who were members of the Board at the time attended the 2016 Annual Meeting of Stockholders.

Board's Leadership Structure and Role in Risk Management

Mr. Dearth serves as both Chairman of the Board and Chief Executive Officer. Mr. Rupert has been appointed by the Board as an independent Lead Director. Mr. Rupert's career experience as a chief executive officer of a publicly traded company and his history on the Board gives him important insight into the complexity of the Company's operations. The Board believes that Mr. Rupert serves as a strong advocate for the Company's stockholders. The Company's Corporate Governance Guidelines specify that the Lead Director shall preside over the executive sessions of the independent directors. By practice, the Lead Director, among other things, also serves as the liaison between the independent directors and the Chairman of the Board. The Lead Director reviews the agendas before each Board meeting and provides input thereon to the Chairman. The Lead Director periodically reviews and proposes revisions to the Board's procedures and advises committee chairs in fulfilling their designated roles including avoiding conflict between committees concerning their roles. The Lead Director communicates with the Chairman and Chief Executive Officer on a regular basis. The Lead Director is also responsible for communicating the Board's annual evaluation of the Chief Executive Officer.

The Company has established a Risk Management Committee, which consists of members of middle and upper management and is responsible for identifying risks to the Company, developing a plan to address those risks and overseeing the implementation of such plan and the mediation of additional risks as they arise. The Risk Management Committee annually educates, and solicits feedback from, the Company's employees about the types of risk that they may encounter in connection with their day-to-day activities, as well as those risks that may be pertinent to the evaluation of non-routine initiatives.

In 2016, the Risk Management Committee assessed potential fraud risks and cyber security risks in addition to enterprise risks. The Investment Committee had oversight responsibility for the Risk Management Committee which includes an annual assurance that there is an Enterprise Risk Management

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Plan and risk assessment, periodic review of the progress against the Enterprise Risk Management Plan and assurance that the Board is aware of the risk assessment results and conclusions about risk tolerance and mitigation. Each year, the full Board receives a report on the progress of the Enterprise Risk Management Plan.

Election of Directors (Proposal 1)

The Board, acting pursuant to the by-laws of the Company, has determined that the number of Directors constituting the full Board shall be nine immediately following the Annual Meeting. The Board is to be divided into three classes of equal size. One such class is elected every year at the Annual Meeting for a term of three years.

The Board has, upon recommendation of the Governance Committee, nominated Randall S. Dearth, John J. Paro and Timothy G. Rupert for re-election as Directors for a term to expire in the Class of 2020, and each of them has agreed to serve if elected. Messrs. Dearth, Paro and Rupert will hold office until the 2020 Annual Meeting of Stockholders, or until the Director's prior death, disability, resignation or removal. Proxies are solicited in favor of these nominees and will be voted for them unless otherwise specified.

If any nominee becomes unable or unwilling to serve as a Director, it is intended that the proxies will be voted for the election of such other person, if any, as shall be designated by the Board.

Information concerning the nominees for Director and the other Directors who will continue in office after the meeting is set forth below. The Board has affirmatively determined that each of the Directors included below, other than Mr. Dearth, are "independent" under the listing standards of the NYSE regarding independence and our Company's Corporate Governance Guidelines.

Class of 2020 Director Nominees

Randall S. Dearth, age 53, has been a Director of the Company since November 2007. Mr. Dearth has been the Chairman of the Board since May 2014. Mr. Dearth has been President and Chief Executive Officer of the Company since August 1, 2012 and, as such, he oversees all of the property, business, operations and affairs of the Company. From 2004 through July 2012, Mr. Dearth was President and Chief Executive Officer of LANXESS Corporation, a specialty chemicals company. Prior thereto, he was President and Chief Executive Officer of Bayer Chemicals Corp., a chemicals manufacturer. Mr. Dearth has been a director of Stepan Company, a global chemical solutions company, since April 2012.

John J. Paro, age 60, has been a Director of the Company since August 2013. Mr. Paro is the Chairman, President and Chief Executive Officer of The HallStar Company, a position he has held since July 2009. The HallStar Company is a privately held, chemistry solutions provider serving customers in the industrial and personal care markets, headquartered in Chicago, IL. From May 2006 to July 2009, Mr. Paro was the President and Chief Executive Officer of The HallStar Company. Concurrent with his role at HallStar, Mr. Paro is a member of the Board of Directors of the American Chemistry Council. Mr. Paro brings to the Company's Board significant business experience in the chemistry industry. His directorship on the American Chemistry Council and role as an active chemical company CEO adds valuable diversity to the deliberations of the Company's Board.

Timothy G. Rupert, age 70, has been a Director of the Company since November 2005. He has served as independent Lead Director of the Company since May 2014. Mr. Rupert retired in July 2007 from his position as President and Chief Executive Officer and a director of RTI International Metals, Inc., a NYSE-listed global manufacturer of titanium and specialty metal products, which he had held since 1999. Prior thereto, Mr. Rupert served as Executive Vice President and Chief Financial Officer of RTI International Metals, Inc. and was Director of Corporate Finance and held other financial positions with United States Steel Corporation, a steel manufacturer. Mr. Rupert is currently a director of the

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Foundation for IUP, a non-profit corporation which manages endowment and real estate assets. Mr. Rupert has been appointed by the Board as an independent Lead Director. Mr. Rupert's career experience as a chief executive officer of a publicly traded company and his history on the Board gives him important insight into the complexity of the Company's operations. The Board believes that Mr. Rupert serves as a strong advocate for the Company's stockholders.

Class of 2019 Directors

J. Rich Alexander, age 61, has been a Director of the Company since August 2009. Mr. Alexander is Chairman of Allnex Corporation, a portfolio company of Advent International, a global private equity firm, where he has been an Operating Partner since February 2014. Allnex is a global specialty chemicals company that is a leader in the production of resins for paint and coatings and other industrial end uses. Prior to that, Mr. Alexander was an Executive Vice President of PPG Industries, Inc., a global diversified manufacturer. He retired from PPG Industries in March of 2013. Until his retirement, Mr. Alexander oversaw PPG Industries' architectural coatings, fiber glass and flat glass businesses and its corporate functions for marketing, purchasing and distribution. He was also a member of PPG Industries, Inc.'s executive and operating committees and Chairman of the Board of Pacific Fiber Glass Co. From August 2010 to September 2011, Mr. Alexander was Executive Vice President Performance Coatings and Glass for PPG Industries, Inc. Mr. Alexander served as Senior Vice President, Performance Coatings for PPG Industries, Inc. from April 2005 to August 2010. The Company believes that Mr. Alexander's qualifications to sit on the Board include his extensive global experience in the Asia Pacific region with a focus in China, his experience managing global multi-billion dollar business units (including major corporate transactions) and his current experience with a global private equity company. In addition, the Company values Mr. Alexander's experience as an executive officer and member of the executive committee of a manufacturing company in the chemical industry, which the Company believes is representative of the challenges and desires of its customer base.

Louis S. Massimo, age 59, has been a Director of the Company since May 2013. Mr. Massimo served as the Executive Vice President and Chief Operating Officer of Arch Chemicals, Inc., a global biocides company, where he was responsible for the company's businesses as well as its information technology and SAP functions, from May 2007 until September 2009. Prior to that, Mr. Massimo served as Arch Chemicals, Inc.'s Executive Vice President and Chief Financial Officer, from February 2003 to May 2007 and as Vice President and Chief Financial Officer from February 1999 to February 2003. Concurrent with his role as Chief Financial Officer, he managed Arch Chemicals, Inc.'s HTH Water Products business. From April 2015 through February 2016, Mr. Massimo was a director of LSB Industries, Inc., a manufacturer of chemical products for the agricultural, mining and industrial markets and commercial and residential climate control products listed on the New York Stock Exchange. The Company believes Mr. Massimo's extensive experience in senior executive positions and managerial roles across a variety of industries provides invaluable oversight to the Board.

Donald C. Templin, age 53, has been a Director of the Company since May 2013. Mr. Templin has been Executive Vice President of Marathon Petroleum Corporation, an oil refining and transportation fuels marketing company, since January 2016, and the President of MPLX LP, a diversified midstream energy master limited partnership, since January 2016. Mr. Templin has also served as a Director of MPLX LP since June 2012. Prior thereto, Mr. Templin was Executive Vice President, Supply, Transportation and Marketing of Marathon Petroleum Corporation from March 2015 to December 2015; Senior Vice President and Chief Financial Officer of Marathon Petroleum Corporation from June 2011 to March 2015; and the Executive Vice President of MPLX LP from March 2015 to December 2015. Prior thereto, he was the Vice President and Chief Financial Officer of MPLX LP from June 2012 to March 2015. Mr. Templin was the managing partner of the Audit Practice for PricewaterhouseCoopers LLP, a registered public accounting firm, in Georgia, Alabama and Tennessee from 2009 to 2011, and in various audit partner and leadership roles since 1996. While at PricewaterhouseCoopers LLP, Mr. Templin had more than 25 years of

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experience providing auditing and advisory services to a wide variety of public companies. Mr. Templin formerly served as the Managing Partner of PricewaterhouseCoopers LLP in Kazakhstan and also participated in the International Service Program in Price Waterhouse's World Office in London, England. The Company believes that Mr. Templin's qualifications to sit on the Board include his extensive global experience and his financial acumen gained through serving a variety of multinational and public companies.

Class of 2018 Directors

William J. Lyons, age 68, has been a Director of the Company since 2008. In March 2013, Mr. Lyons retired from CONSOL Energy Inc. (provider of coal and natural gas) and remained a consultant until December 2013. Until his retirement, he served as Chief Financial Officer of CONSOL Energy Inc. since December 2000 and Chief Financial Officer of CNX Gas Corporation (provider of natural gas) since April 2008. He added the title of Executive Vice President of CONSOL Energy Inc. in May 2005 and of CNX Gas Corporation in January 2009. He was also a director of CNX Gas Corporation from October 2005 to January 2009. In May 2013, Mr. Lyons became a director of Meritor, Inc., a truck industry supplier listed on the New York Stock Exchange. In 2013, Mr. Lyons served as the trustee of the 1974 United Mines Workers of America Pension Trust, which oversaw \$4.5 billion in assets. Mr. Lyons was also a member of the Board of Directors of Duquesne University from July 2005 through June 2014. He currently serves as an adjunct professor at Duquesne University School of Business. Mr. Lyons holds a Master of Science in Accounting and is a Certified Public Accountant and a Certified Management Accountant. The Company believes that Mr. Lyons' experience in the coal industry and his knowledge of natural gas resources and other commodities qualifies him to sit on the Board, given the importance of such primary raw materials to the Company's production. Mr. Lyons' financial acumen is also valuable to the Board.

William R. Newlin, age 76, has been a Director of the Company since November 2005. Mr. Newlin has been the Chairman of Newlin Investment Company LLC, a private equity and venture company, since April 2007 and serves as a board member to several private technology companies. Prior thereto, he was the Executive Vice President and Chief Administrative Officer of Dick's Sporting Goods, Inc., a retailer. Prior to joining Dick's Sporting Goods, Inc., Mr. Newlin was Chairman and Chief Executive Officer of Buchanan Ingersoll & Rooney PC, a national law firm. Since April 2016, Mr. Newlin has been the Chairman of Meritor, Inc., a truck industry supplier listed on the New York Stock Exchange. Until his retirement from the Board in October 2015, Mr. Newlin served as the Chairman of Kennametal Inc., a tooling, engineered components and advanced materials supplier listed on the New York Stock Exchange, where he had served as a director for thirty-three years. The Company believes Mr. Newlin's qualifications to sit on the Board include his extensive experiences in major corporate transactions, his deep executive leadership and management experience with public and private companies, his years of experience providing strategic advice to complex organizations as a counselor and member of numerous boards of directors and his business and corporate legal acumen.

Julie S. Roberts, age 62, has been a Director of the Company since July 2000. Ms. Roberts has been Founder and President of JSRoberts Consulting, LLC, which provides CFO services and financial consulting to public and private organizations on a project, part-time or temporary basis, since July 2009. She retired in February of 2010 from Marriott International, Inc., a hospitality company, where she served as Vice President Finance, Global Finance Transformation since March 2005. Prior thereto, she was Chief Financial Officer of Marriott ExecuStay, a division of Marriott. Ms. Roberts joined Marriott after many years at USAirways where she was Vice President and Assistant to the Chairman, Vice President Reservations and Vice President Strategic and Financial Planning. In addition to her role with the Company, Ms. Roberts sits on the Board of Trustees of a Family Trust (\$400M) in New York, New York. The Company believes that Ms. Roberts is qualified to sit on the Board in light of her many years of experience as a financial executive of two major publicly traded corporations, including several years as a CFO of a subsidiary of one of the companies. The Company also values Ms. Roberts' many years of

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experience as an audit committee member of two publicly traded companies and experience as audit committee chair, governance committee chair and investment committee chair.

Executive Officers

Information concerning our executive officers, who are not also Directors, is set forth below.

Robert M. Fortwangler, age 42, has been Senior Vice President and Chief Financial Officer of the Company since January 2016 with responsibility for all corporate financial and information technology functions of the Company. Mr. Fortwangler was the Company's Vice President of Finance from May 2013 to January 2016, Executive Director of Risk Management & Planning from March 2011 to May 2013, Director of Risk Management & Planning from April 2009 to March 2011, Assistant Treasurer from August 2006 to April 2009, Assistant Controller from June 2004 to August 2006, Manager of Planning, Product Costing & New Consumer Products from November 2002 to June 2004 and joined the Company's finance group in April 2001 as the Senior Project Accountant and served as such until November 2002.

Stevan R. Schott, age 54, has been Executive Vice President of the Advanced Materials, Manufacturing, and Equipment Division since January 2016. Mr. Schott was Senior Vice President and Chief Financial Officer of the Company from April 2011 to January 2016. Prior thereto, Mr. Schott was the Company's Vice President and Chief Financial Officer from July 2010 to April 2011 and the Company's Vice President, Finance, Americas and Asia from February 2008 until July 2010. From July 2007 until February 2008, Mr. Schott was Executive Director of Finance of the Company. Prior to joining the Company, Mr. Schott was employed by DQE, Inc., an energy services holding company, where he had various financial positions, including Vice President of Finance, Senior Vice President and Chief Financial Officer.

James A. Coccagno, age 45, has been Executive Vice President of the Core Carbon and Services Division since January 2016. Mr. Coccagno was Senior Vice President Asia, Global Procurement and Strategic Initiatives of the Company from March 2015 to January 2016. Mr. Coccagno was Vice President Global Procurement and Strategic Initiatives from September 2012 to March 2015. Prior to joining the Company, Mr. Coccagno held several positions of increasing responsibility in Procurement, Logistics, Compliance, Corporate Communications, and Corporate Development at LANXESS Corporation, a specialty chemicals company, from July 2004 to September 2012. During his last assignment at LANXESS Corporation, Mr. Coccagno led the successful integration of three acquisitions in an eighteen month period. Mr. Coccagno started his career at Bayer Corporation, a global diversified conglomerate, working in Supply Chain Management, before moving into Sales, Marketing, and Procurement from September 1996 to June 2004.

Chad Whalen, age 42, has been Senior Vice President, General Counsel, and Secretary of the Company since December 2015. Preceding the Company, Mr. Whalen worked for RTI International Metals, Inc., a NYSE-listed global manufacturer of titanium and specialty metal products. While at RTI, Mr. Whalen held the position of General Counsel and Senior Vice President of Government Relations from April 2013 to July 2015, when they were acquired by Alcoa Inc. Prior thereto, he was General Counsel and Vice President from February 2007 to April 2013. From September 1999 to February 2007, Mr. Whalen was a corporate finance attorney in the Pittsburgh, Pennsylvania office of Buchanan Ingersoll and Rooney PC.

Steven D. Nolder, age 50, has been Vice President Human Resources and Logistics of the Company since January 2015. Mr. Nolder was the Company's Vice President Global Business Services from May 2013 to January 2015. Prior to joining the Company, Mr. Nolder was Vice President, Human Resources and Logistics for LANXESS Corporation.

Access to Directors

The stockholders of the Company and other interested parties may communicate directly in writing to the Board by sending such communication to the Board or a particular Director in care of Chad Whalen,

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Senior Vice President, General Counsel and Secretary, at the Company's principal office. At present, such communications (other than advertisements, solicitations or other matters unrelated to the Company) will be directly forwarded to the Board or such particular Director, as applicable. The stockholders of the Company may communicate in writing to the Chairman of the Board in the manner described above.

Related Party Transaction Policy

The Company has adopted a written policy with respect to related party transactions. In general, officers and directors must report all "related party transactions" to the General Counsel. A "related party transaction" is a transaction that would require disclosure under applicable SEC rules or the NYSE rules of director independence. The policy provides that any "related party transaction" must be pre-approved or ratified by the Board, the Governance Committee or the stockholders of the Company entitled to vote thereon. The policy and applicable SEC rules also require that any related party transaction be disclosed in the Company's applicable securities filings, including the Proxy Statement.

Transactions with Related Persons

From time to time, the Company has entered into, and may in the future enter into, transactions in the ordinary course of business that fall within the definition of related party transactions.

In 2016, the Company made sales in an aggregate amount of approximately \$2.8 million to Marathon Petroleum Corporation (where Mr. Templin serves as Executive Vice President) and its affiliates. In accordance with the Company's Corporate Governance Guidelines, the Board of Directors considered this relationship in its independence determination and concluded that the relationship was not material.

Corporate Governance Documents

A copy of the current charters of the committees of the Board, the Code of Business Conduct and Ethics (which applies to Directors, officers and employees of the Company), the Supplement to the Code of Business Conduct and Ethics (which applies to the chief executive officer, chief financial officer and controller of the Company), and the Corporate Governance Guidelines are available to stockholders at the Company's website (www.calgoncarbon.com), and are also available in print to any stockholder who requests a copy by contacting Chad Whalen, Senior Vice President, General Counsel and Secretary, at the Company's principal office. The Company intends to disclose any amendment to, or waiver from, a provision of the Company's Code of Business Conduct and Ethics or Supplement to the Code of Business Conduct and Ethics on the Company's website within four business days following the date of the amendment or waiver.

Compensation Committee Interlocks and Insider Participation

During 2016, our Compensation Committee consisted of Messrs. Alexander (Chairperson) and Massimo, and Ms. Roberts. None of the current members of the Committee has ever been an officer or employee of ours or any of our subsidiaries. None of our executive officers serve or have served as a member of the board of directors, compensation committee or other board committee performing equivalent functions of any entity that has one or more executive officers serving as one of our directors or on our Compensation Committee.

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EXECUTIVE AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

Summary

We offer a comprehensive executive compensation program that has been designed and is managed by the Compensation Committee of our Board of Directors, which is comprised of independent directors.

We aim to hold our named executive officers accountable for the financial and operational performance of the Company as well as the value of the Company's common stock and thus, a significant portion of our named executive officers' total compensation is at risk and tied to short-term and long-term performance of the Company.

Our compensation program includes the use of Company common stock, with related executive stock ownership guidelines, that serve to align the interests of our executives with the interests of our stockholders.

We benchmark our executives' total compensation against market peers to ensure fairness and to enable the Company to successfully attract and retain executives. The peer companies are reviewed by the Committee annually and are similar to the Company in terms of business characteristics and complexity and are appropriate in terms of revenue, assets, market capitalization and employee size.

Our incentive programs are designed to reward executives with compensation above market median when Company performance exceeds our expectations and to pay our executives below market median when Company performance is below our expectations.

When determining the CEO's long-term incentive grant value each year, our Compensation Committee not only considers our philosophy of targeting pay at the market median, but also the Company's recent financial and stockholder performance, to reach a grant value we believe is appropriate.

We monitor compensation trends and developments and attempt to build them into our compensation program when we believe they are appropriate and in the best interest of the Company's constituents. For example:

The Compensation Committee has examined our compensation program for our executives and has determined that our practices and policies do not promote excessive risk taking and that various mitigating features are in place, such as capped incentive opportunities, use of capital return metrics, stock ownership guidelines, recoupment policy and administrative and governance processes, that serve to mitigate excess risk.

The Compensation Committee, with the aid of its independent compensation consultant, conducts an annual review of CEO realizable pay compared with the Company's performance noting that the Company's pay-for-performance positioning shows an acceptable level of correlation with relative performance outpacing pay.

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We maintain a policy that prohibits all employees and directors from hedging their interest in our stock.

We provide no tax gross-up of any nature on any of our compensation or benefit programs, including our change in control severance policy, for executives.

No material perquisites are provided to our executives.

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Our change in control severance policy for executives requires both a qualified change in control and termination of the executive to receive any cash severance or vesting acceleration benefits under the policy.

Over 98% of our stockholders who voted approved the compensation paid to our named executive officers at our 2016 Annual Meeting; and we have never received less than 90% favorable votes of the shares voted since we started annual say on pay votes in 2011. As a result, the Compensation Committee interpreted this level of favorable vote to mean that, by and large, the Company's stockholders are satisfied with our executive compensation arrangements and, therefore, we have made no significant changes to our compensation system this year.

Objectives of the Executive Compensation Program

The executive compensation program is designed to motivate executives and support the success of the Company which ultimately occurs through the actions of talented employees. The specific objectives of our compensation program are to:

Attract and Retain Executive Talent. Through a competitive total compensation program, the Company seeks to attract qualified and talented executives to serve in existing or newly created positions. The Company also seeks to retain our executives and promote positive engagement in the business and culture of the Company.

Align Compensation with Company and Individual Performance. Certain elements of our compensation program are designed to hold executives accountable for the financial and operational performance of the Company, as well as influencing the value of the Company's common stock. To facilitate these objectives, a significant portion of an executive's compensation is at risk because it is directly tied to the short- and long-term performance of the Company.

Foster an Ownership Mentality and Create Alignment with Stockholders. Our compensation program provides shares of the Company's common stock and common stock-based awards as significant elements of compensation. Taken together with our executive stock ownership guidelines, this practice creates an expectation that our executives will maintain a significant level of ownership to align their interests with those of our stockholders.

The Company has designed the compensation program based on a set of core principles which we believe support our overall objectives:

The compensation program will be fair and competitive, from an internal and external perspective, taking into account the role and distinct responsibilities of each executive.

A substantial portion of an executive's compensation will be at risk and linked to the achievement of both corporate and individual goals and changes in stockholder value.

Retirement benefits will provide financial stability following employment but will not be the focal point of why executives choose to work for the Company.

The use of perquisites and other executive benefits will be negligible and of minimal cost to the Company.

All compensation program elements taken as a whole will help focus executives to achieve the Company's financial and operational goals.

Within the context of these objectives and principles, the Company has developed its compensation program for the Chief Executive Officer and other executive officers.

Table of Contents*Overview of the Compensation Program and Decision-Making Process*

Our Board has assigned the oversight of our executive compensation program to our Compensation Committee, which is currently composed of three independent directors (as determined in accordance with the Rules of the New York Stock Exchange ("NYSE")). The Compensation Committee reviews and makes decisions regarding the compensation program for the Chief Executive Officer and makes decisions for the other executive officers after considering recommendations made by the Chief Executive Officer. The Compensation Committee also considers the impact of corporate tax and accounting treatment for the different types of compensation it approves. The decisions made by the Compensation Committee with respect to the named executive officers for 2016 are reflected in the tables and related footnotes and narratives that begin on page 27.

In order to support the objectives outlined above, the Company has developed a compensation program that supports our pay-for-performance philosophy and that provides executives with a mixture of cash payments (base salary and short-term incentives) and stock-based awards (long-term incentives). Our stock-based compensation program consists of three different types of awards, each selected to address different objectives. We also provide executives with a qualified defined contribution retirement plan similar to that provided to all other employees and severance benefits for certain types of termination (including "change in control" situations) from the Company. The Company currently does not provide material perquisites (e.g., automobile, financial counseling, etc.) to our executives. The Company believes that the compensation elements, taken as a whole, are necessary to attract and retain the best executive talent in its industry.

The Compensation Committee believes that in order to successfully compete for talent, a fixed-cash salary is necessary to provide a base level of income that is not tied to Company performance. When developing the executive compensation program, the Compensation Committee considers both short- and long-term strategic goals of the Company, which it believes fall within the control of executive management and leads to stockholder value creation. In order to align the interests of executives to the achievement of these goals, the Compensation Committee has developed performance-based incentive plans with payments contingent upon the achievement of these goals. Certain of the payments (short-term cash incentives) are designed to reward the achievement of annual goals, while equity grants (except for time-vesting restricted stock) are designed to reward the accomplishment of long-term goals directly associated with increasing stockholder value. The Committee reviews the short- and long-term stockholder return as well as the financial performance of the Company when determining the grant value of the CEO's long-term incentive award each year. The following table illustrates the allocation between actual fixed and variable compensation components in 2016 for each of our named executive officers:

Executive	Fixed	Variable	
	Cash Base Salary	Short- Term Cash Incentive	Long- Term Stock- Based Incentive
Randall Dearth	35%	24%	41%
Robert Fortwangler	56%	19%	25%
Stevan Schott	47%	16%	37%
James Coccagno	48%	16%	36%
Chad Whalen	54%	20%	26%

Our performance-based incentives are designed to reward executives with compensation above the middle (or 50th percentile) of the market when Company performance exceeds our expectations and the performance of our peer group. When performance falls below our expectations, the incentive plans are designed to pay below the middle (or 50th percentile) of the market and could result in no payment with respect to certain components of compensation if performance falls below a certain level.

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The Compensation Committee reviews the compensation practices among peer companies and broader general industry companies in order to ensure the appropriateness of the Company's compensation program design and compensation levels. To assist in this process, the Compensation Committee employs a compensation consultant. In mid-2010, the Compensation Committee retained Pay Governance LLC as its independent consultant. Pay Governance is an independent executive compensation consulting firm which has been retained directly by the Compensation Committee and reports directly to the Compensation Committee and advises the Compensation Committee on compensation matters. The consultant participates in Compensation Committee meetings and is engaged to advise the Compensation Committee with respect to compensation trends and best practices, plan design and the reasonableness of individual compensation awards. Towers Watson provides advice on retirement and compensation matters to the Company's senior management.

The Compensation Committee's decision to hire Pay Governance was not made or recommended by Company management. Pay Governance has not performed any work for the Company in 2016 except with respect to the work that it has done directly for the Compensation Committee. Pay Governance has informed the Compensation Committee that the fees paid to it by the Company in 2015 and 2016 equated to less than one-half percent of Pay Governance's total revenue for each period. Pay Governance also informed the Compensation Committee that it owns no Company stock. The Compensation Committee also determined that there are no other relationships between the Company and Pay Governance or its employees working for the Compensation Committee that could give rise to a conflict of interest. Pay Governance has reviewed its policies regarding independence with the Compensation Committee. Given the above, the Compensation Committee determined that Pay Governance is independent pursuant to the NYSE listing standards.

In providing information to the Compensation Committee regarding market compensation practices, the consultant employs a benchmarking process, an assessment tool that compares elements of the Company's compensation programs with those of other companies that are believed to have similar characteristics. In general, the purpose of the benchmarking process is to:

Understand the competitiveness of current pay levels relative to other companies with similar revenues and business characteristics;

Understand the alignment between executive compensation levels and Company performance; and

Serve as a basis for developing salary and short- and long-term incentive information for the Compensation Committee's review.

The consultant also uses market compensation data from compensation surveys from other compensation consultants representing hundreds of general industry companies. The consultant also performs a more specific analysis of proxy disclosures from peer companies in the filtration industry and other companies that the Company competes with for executive talent. The peer group has been developed based on a set of characteristics that include:

Annual revenues, assets, market capitalization and employee size that range from approximately one half to two times those of the Company;

Global manufacturing operations (in Standard & Poor's "Materials" classification); and

Competitor companies within the filtration/separation industry.

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For 2016, the peer group consisted of the following 18 companies:

American Vanguard Corp.	Graco Inc.	Lindsay Corporation
Ampco-Pittsburgh Corporation	Hawkins, Inc.	Lydall, Inc.
Badger Meter, Inc	Haynes International, Inc.	MSA Safety Incorporated
Balchem Corp.	II-VI Incorporated	Northwest Pipe Company
Eagle Materials Inc.	Innophos Holdings, Inc.	Quaker Chemical Corporation
ESCO Technologies Inc.	L.B. Foster Company	Standex International Corporation

In addition to the market data, the Compensation Committee considers other factors when making its decisions, such as an executive's individual performance, experience in the position and the size of prior-year compensation adjustments. The Compensation Committee does not consider amounts from prior performance-based compensation, such as prior bonus awards or realized or unrealized stock option gains, in its decisions to increase or decrease compensation in the current year. The Compensation Committee believes that this would not be in the best interest of retaining and motivating the executive.

The Compensation Committee also reviews a summary report or "tally sheet" which sets forth the current and two-year historical compensation provided to each executive. The tally sheet includes the total dollar value of annual compensation, including salary, short- and long-term incentive awards, annual increase in retirement accruals and other compensation and benefit amounts. The tally sheet also includes equity ownership levels (number of shares and value) and amounts payable upon various termination scenarios. The review of tally sheets is an important aspect of the Compensation Committee's decision-making process. The tally sheets allow the Compensation Committee to review each element of compensation for each executive and review how decisions as to each element may affect decisions regarding other elements and the total compensation for each executive.

Individual Performance Goals. In connection with the determination of fixed-cash base salary adjustments and compensation under the performance-based short-term incentive plan, the Company sets individual performance goals and then measures a named executive officer's performance against such goals. Goals are specific to the executive's area of responsibility. As more fully described below, the level of achievement against such goals may have an impact on the Compensation Committee's decisions regarding base salary and the "individual performance objectives" as it relates to bonus awards earned under our short-term incentive program. The performance goals for 2016 for each named executive officer are set forth below.

Randall Dearth (President and Chief Executive Officer)

Performance Category

Performance Improvement/Profit Enhancement

Individual Performance Measures

Working capital improvement

Calgon Carbon Japan performance improvement

Strategic Initiatives

Acquisition integration

Production utilization

Business Process Improvement

Global corporate structure efficiency

Safety and environmental compliance

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Robert Fortwangler (Senior Vice President and Chief Financial Officer)

<u>Performance Category</u>	<u>Individual Performance Measures</u>
Performance Improvement	
Strategic Initiatives	Working capital improvement
	Acquisition integration
Business Process Improvement	Global corporate structure efficiency
	Safety and environmental compliance
	Information systems improvement
	Quote-to-cash process improvements

Stevan Schott (Executive Vice President Advanced Materials, Manufacturing, and Equipment Division)

<u>Performance Category</u>	<u>Individual Performance Measures</u>
Performance Improvement/Profit Enhancement	
Strategic Initiatives	Working capital improvement
	Acquisition integration
	Carbon sourcing initiative
	Production utilization
Business Process Improvement	Global corporate structure efficiency
	Safety and environmental compliance

James Coccagno (Executive Vice President Core Carbon and Services Division)

<u>Performance Category</u>	<u>Individual Performance Measures</u>
Performance Improvement	

Working capital improvement

Strategic Initiatives

Calgon Carbon Japan performance improvement

Acquisition integration

Production utilization

Business Process Improvement

Carbon sourcing initiative

Safety and environmental compliance

Quote-to-cash process improvements

Chad Whalen (Senior Vice President, General Counsel and Secretary)

Performance Category

Individual Performance Measures

Strategic Initiatives

Acquisition integration

Business Process Improvement

Global corporate structure efficiency

Safety and environmental compliance

Quote-to-cash process improvements

Ethics and compliance training

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The individual goals are generally created in late December or early January of each year. Each of the executives other than the Chief Executive Officer discusses and refines the goals through meetings with the Chief Executive Officer. The Compensation Committee reviews all of our executives' goals. The Chief Executive Officer's goals are set after consultation with the Compensation Committee. The goals are designed to help achieve the Company's short-term performance objectives and longer-term strategic objectives and Company profit planning goals.

The actual performance of each individual relative to each of the individual goals is reviewed and discussed with the executive periodically during the year and evaluated on a subjective basis by the Chief Executive Officer (except that the Chief Executive Officer's actual performance relative to each of his individual performance goals is evaluated by the Compensation Committee) at the end of the year using the following:

Did Not Meet	Threshold Performance	Partially Meets	Meets
0%	50%	75%	100%

After a determination of whether goals are met, a weighted average of the percentages applicable to each goal is determined for each executive. For 2016, the applicable aggregate weighted average percentages for the named executive officers were as follows: Mr. Dearth, 73.5%; Mr. Fortwangler, 87.0%; Mr. Schott, 80.0%; Mr. Coccagno, 78.0%; and Mr. Whalen, 100.0%. This information is then used as appropriate to develop salary recommendations for 2017 and to determine awards for 2016 under the individual performance portion of our performance-based, short-term cash incentive plan (weighted to a factor of 25%). The development of salary recommendations using this information is subjective, and considers other factors, such as alignment with market pay level, experience, internal equity, and contribution.

Elements of Executive Compensation

Fixed-Cash Base Salary. Through the base salary element of its compensation program, the Company seeks to attract and retain executive talent by attempting to provide a salary level for each executive that approaches the midpoint (50th percentile) of salaries of executives in comparable positions at other similarly sized companies. The consultant uses annual compensation surveys and peer group proxy disclosures to determine the "competitive zone" for the base salary for each position. The Company defines the competitive zone as plus or minus 10% of the midpoint (or 50th percentile) of the market for each position. The Company also establishes a budget for salary increases, subject to approval by the Compensation Committee. The budget is based on current business conditions as well as survey data of comparable companies provided by the consultant.

The Chief Executive Officer conducts an annual review of each executive officer. The review consists of a comparison of the executive's performance versus the pre-determined goals as described above and an assessment of the executive's general progress. The Chief Executive Officer rates the performance of each executive. The Chief Executive Officer makes recommendations to the Compensation Committee regarding each executive's salary by considering the rating, the budget for salary increases and an understanding of the market-based competitive zone. The Compensation Committee uses the same methodology for the Chief Executive Officer.

At its February 2016 meeting, the Compensation Committee approved a salary increase, effective April 1, 2016, for Mr. Dearth of 7.2%. At the time of this decision, the Committee noted that the Chief Executive Officer's salary was positioned below the market median. There were no salary increases for the other named executive officers as they were either recently promoted to their current positions or recently hired in the case of Mr. Whalen.

Performance-Based Short-Term Cash Incentive Compensation. Through the short-term incentive program, the Company seeks to align the interests of the executives with the annual financial and non-financial goals

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of the Company. In 2016, short-term incentive opportunities for each executive officer, as a percent of their base salary, were as follows:

Executive	Target Award
Randall Dearth	90%
Robert Fortwangler	45%
Stevan Schott	45%
James Coccagno	45%
Chad Whalen	45%

The Committee compares the target short-term cash incentive opportunities to the market for each executive each year as part of its annual executive compensation assessment. Based on that assessment, the Committee determined that those same target awards would be appropriate to carry forward into 2017.

Actual awards paid for 2016 performance are included in the Summary Compensation Table on page 27 under the column "Non-Equity Incentive Plan Compensation," while the possible opportunities under this plan that could have been made for 2016 at threshold, target and maximum are included in the Grants of Plan-Based Awards Table on page 29 under the columns "Estimated Future Payouts Under Non-Equity Incentive Plan Awards."

Short-term incentive awards for 2016 performance were approved by the Compensation Committee at its February 2017 meeting after reviewing pre-determined goals and metrics. The performance goals and weights for 2016, including actual performance against each goal for our executives, were as follows:

Performance Measure	Weight	Pre-Established 2016 Short-Term Incentive Goals				
		2016 Performance	Adjusted 2016 Performance	Threshold	Target	Maximum
Operating Cash Flow*	45%	\$68.97mm	\$84.07mm	\$69.68mm	\$81.98mm	\$94.274mm
EBITDA/Sales**	30%	11.8%	15.4%	17.02%	19.38%	21.74%
Individual Performance Objectives	25%	(varies by Executive as set forth above)				

* Operating Cash Flow = Net cash provided by operating activities.

** EBITDA/Sales = Earnings before interest, taxes, depreciation and amortization divided by sales.

Operating cash flow was chosen as an indication of cash flow produced as a result of the operations of our business. It was given a higher weighting as the Committee believes it is strong indicator of the quality of the Company's results. We have also chosen EBITDA as a percentage of sales to stress to our executives the importance of increasing our operating efficiencies and controlling our selling and administrative expenses in order to drive higher level of profitability for each dollar of sales. Finally, we continue to believe that individual objectives are important. An executive may earn a short-term incentive award due to success in achieving individual goals; however, unlike the other performance measures, the individual performance opportunity is capped at target.

A discussion of the named executive officers' individual performance objectives or individual regional performance objectives for 2016 is set forth above under "Individual Performance Goals." The Compensation Committee may use its discretion to determine the amount of any short-term incentive award and has done so in recent years. Specifically, the Compensation Committee may award short-term incentive compensation in amounts that deviate from the amounts determined after application of the weighted average formula. The plan is not administered to comply with Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") at the current time, although the Compensation Committee is aware of this rule and its potential benefits.

Actual bonus awards paid for 2016 performance are included in the Summary Compensation Table on page 27 under the column "Non-Equity Incentive Plan Compensation." These payments reflect the application of each named executive's weighted average score for individual performance goals and the

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Company's adjusted results for the two pre-determined financial metrics: operating cash flow and EBITDA as a percentage of sales.

The Committee determined that it would be appropriate to adjust the Company's actual performance for compensation purposes to remove the unplanned costs associated with the acquisition of the European wood-based activated carbon and filter aid business of CECA, a subsidiary of Arkema Group, in a transaction valued at €145.5 million (the "European Acquisition"). The European Acquisition closed in November 2016 and was not included in the Company's 2016 profit plan, upon which the 2016 STI performance goal were established. The European Acquisition aims to create value by broadening the Company's product portfolio and extending its reach into new market applications and geographies.

Long-Term Incentive Compensation. The Company's long-term incentive compensation program seeks to align the executives' interests with those of the Company's stockholders by rewarding successes in stockholder returns in absolute terms and relative to peers. Additionally, the Compensation Committee desires to foster an ownership mentality among executives by providing stock-based incentives as a significant portion of compensation. In determining which type of stock vehicles to include in the program, the Compensation Committee chose to focus on the following:

Total shareholder return (stock price appreciation plus dividends) relative to peers;

Return on capital;

Stock price appreciation; and

Continued loyalty to and employment with the Company.

In 2016, the Company's long-term incentive program consisted of the following three equity components: performance stock units, stock options, and time-vesting restricted stock. The Compensation Committee believes that these components align with the goals of the long-term compensation program identified above.

Under the terms of the Company's Amended and Restated 2008 Equity Incentive Plan, the Compensation Committee determines which employees are eligible to receive equity awards, the value and number of shares granted, the rate and period of vesting, performance goals and other relevant terms.

The Compensation Committee considers market trends when making long-term incentive grant recommendations for each executive. In order to understand the full impact of making grant decisions, the Compensation Committee also considers a number of other factors prior to making its decisions related to equity awards for the upcoming year. These factors include:

the number of outstanding options or other equity awards;

the number of shares available for future grant in the Company's stock option plan;

the size of the annual grant in aggregate expressed as a percent of total shares outstanding;

the market price of the Company's common stock and the performance of the Company and its prospects;

the market 50th percentile long-term incentive value for each executive position;

potential dilution which could result from the exercise of options; and

the benefits of linking the employees' incentive to the market price of the stock.

When determining the grant of options, restricted stock or other equity awards to a particular individual (executive or non-executive), the Compensation Committee considers the individual's level of responsibility, the relationship between successful individual effort and Company results, incentive compensation plans of other companies and other relevant factors.

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Based on a review of the above information, the Compensation Committee may use its discretion to modify the long-term incentive grant opportunity for each executive. In early 2016, the Compensation

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Committee approved long-term incentive award values that consider the factors stated above for each executive, which is then allocated to the three long-term incentive vehicles as follows:

Stock options 25%

Time-vesting restricted stock 25%

Performance stock units 50%

To determine the number of performance stock units, stock options and/or time-vesting restricted stock to be issued, the dollar amount allocated to each long-term incentive vehicle is divided by the vehicle's current Financial Accounting Standards Board, Accounting Standards Codification ("ASC") Topic 718, "Compensation Stock Compensation" ("ASC Topic 718") per share fair value.

The Compensation Committee believes that the use of all three equity vehicles allows it to successfully meet its long-term objectives. In February 2011, the Compensation Committee changed its prior method of granting equity awards to our named executive officers that reflected the market median data available at the time of grant and instead determined to grant equity awards as a percentage of base salary. The Compensation Committee believed that this change will result in less volatility from year to year and allow the Compensation Committee to look at total compensation when comparing market comparisons rather than at just a single component of compensation.

In early 2016, the Compensation Committee set the following award values as a percentage of salary for our named executive officers: Mr. Dearth 150%; Mr. Fortwangler 60%; Mr. Schott 80%; Mr. Coccagno 100%; and Mr. Whalen 65%. The awards were then divided into stock options, time-vesting restricted stock and performance stock units in the percentages described above.

The information under the headings "*Stock Awards*" and "*Option Awards*" in the Summary Compensation Table on page 27 is with respect to those awards granted at the February 2016 meeting for our existing named executive officers.

Stock Options. The Compensation Committee selected stock options as a means of aligning executives' compensation with the creation of value to stockholders. Stock options provide realizable value to executives only if the Company's stock price increases after the options are granted. Each option has vesting provisions that require continued employment of the executive thereby promoting the retention of executives. Stock options vest in equal one-half increments over the two-year period following grant. In 2011, the Compensation Committee reduced the term of its stock option awards from ten years to seven years to add incentive to create stockholder value in a short period of time. The options are exercisable after they have vested until they expire, which is on the seventh anniversary following the grant date. The combination of the seven-year term and the two-year vesting provision supports the long-term intentions of the Compensation Committee.

The fair value of each option is calculated by the Company as of the grant date and expensed over the vesting period in accordance with generally accepted accounting principles (ASC Topic 718). When the executive exercises the non-qualified stock options, the Company receives a tax deduction that corresponds to the amount of taxable income recognized by the executive.

Time-Vesting Restricted Stock. The Compensation Committee has selected restricted stock that vests based on the passage of time and continued employment as a minority element of the long-term incentive program. While this long-term incentive vehicle is not considered performance based, the Compensation Committee has selected restricted stock to build share ownership and promote retention of the executives by rewarding loyalty to, and continued employment with, the Company. Grants of restricted shares generally vest in equal increments over three years. The fair value of restricted shares is calculated on the date of grant and expensed over the vesting period of three years. When shares vest, the Company receives a tax deduction that corresponds to the amount of taxable income recognized by the executive.

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Performance Stock Units. The Compensation Committee has selected performance stock units as a means of encouraging and rewarding executives for delivering solid returns to our stockholders, above and beyond the return delivered by most of our peers. Since 2011, our performance stock unit awards have utilized two performance metrics: the Company's return on capital (net income ÷ (average debt + average equity)) and the Company's relative total shareholder return.

Fifty percent (50%) of the performance unit award will be determined based upon the Company's return on capital as compared to a target for the year ended on the last year of a three-year performance period. The Compensation Committee picked a target of 9.4% for the units granted in 2016, 11.2% for the units granted in 2015, and 10.6% for the units granted in 2014, which are benchmarks the Compensation Committee believed should be attainable at the end of the three-year period. In establishing return on capital target goals, the Committee considers the Company's cost of capital, among other things. The remaining 50% of the performance unit award will be determined based upon the ranking of the Company's three-year total shareholder return relative to a peer group (listed on page 15).

A target number of shares underlying a performance unit award is identified at the beginning of the three-year performance period but not actually delivered to the executive unless and until the shares are earned at the end of the performance period by achieving the pre-established performance criteria. The number of shares earned may vary from zero to 200% of target; however, any payout on total shareholder return is capped at the threshold level in the event the Company's total shareholder return for the period is negative.

The payout schedules used in the 2016 awards, with interpolation used between levels, were as follows:

50% of units for which payout will be based upon total return on capital for the year ending December 31, 2018:

Total Return on Capital	Award to Executive as a Percent of Target Opportunity
Below 8.1%	No award
8.1%	50% (minimum award)
9.4%	100% (target award)
10.7%	200% (maximum award)

50% of units for which payout will be based upon three-year total shareholder return:

Total Shareholder Return Performance Relative to Peer Group	Award to Executive as a Percent of Target Opportunity
Below 30 th %ile	No award
30 th %ile	50% (minimum award)
55 th %ile	100% (target award)
90 th %ile or greater	200% (maximum award)

The Compensation Committee reserves the right to make adjustments for unusual items in its discretion. The fair value of TSR awards is calculated as of the date of grant using a Monte Carlo simulation model and expensed on a straight-line basis over the performance period. The fair value of ROC awards is calculated as of the date of grant and expensed on a straight-line basis over the performance period when it is probable that the performance condition will be achieved. When performance units vest, the Company receives a tax deduction that corresponds to the amount of taxable income recognized by the executive.

2017 Long-Term Incentive Compensation

At its February 2017 meeting, the Compensation Committee made grants of long-term incentives for 2017. Grants were made in the same manner as in 2016 with 25% of the value of the awards made in the form of performance stock units based upon three-year total shareholder return; 25% made in the form of

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performance stock units based upon the return on capital at the end of 2019; 25% made in the form of time-vesting restricted stock; and the remaining 25% made in the form of stock options. The general terms of each type of award were unchanged. The performance stock unit awards based upon return on capital will result in a payout if the return on capital at the end of 2019 falls in a range between 6.2% and 10.0%.

Stock Option and Other Equity Granting Procedures

The procedure for making equity grants to executive officers is as follows:

The Compensation Committee generally meets to discuss compensation, including approving equity awards, at its meeting that coincides with the Board of Directors meeting to review year-end financial results. Grants of equity awards are made based upon a value and not based upon a number of shares with the grant date generally to be the fourth business day after the Company releases its earnings for the previous year. For grants made in 2016, the Compensation Committee determined all long-term equity grants at its February meeting with a grant date on the fourth business day after the Company released earnings for the previous year.

Grants to executive officers, as approved by the Compensation Committee, are communicated to the grantees by the Chief Executive Officer. The Chairman of the Compensation Committee informs the Chief Executive Officer of his annual award. The strike price for stock options is an average of the high and low of the Company's common stock price on the day of the grants, as permitted by ASC Topic 718.

Stock Ownership Policies

In order to foster an equity ownership culture and further align the interests of management with the Company's stockholders, the Compensation Committee has adopted stock ownership guidelines for executives.

Chief Executive Officer stock valued at five times annual base salary

Executive and Senior Vice Presidents stock valued at three times annual base salary

Vice Presidents stock valued at one time annual base salary

The following forms of ownership apply toward the stock ownership level: shares purchased, vested and unvested restricted stock, shares retained following the exercise of stock options, shares earned following the achievement of performance goals, and shares accumulated through retirement plans. Unexercised stock options and unearned performance stock units do not apply toward executive ownership levels. Beginning in 2015, the Compensation Committee imposed a 100% retention requirement until such time as the executive attains the ownership guideline. This means that, except for the sale of shares to cover tax obligations associated with vesting, no shares may be sold unless the executive's stockholdings exceed the guideline.

The Company has also adopted a director stock ownership policy. Pursuant to the policy, all outside directors have a guideline to acquire and hold Company stock valued at \$180,000 or more. Directors have a five-year period to acquire the stock. No formal penalty for failure to achieve the ownership level within the five-year period was adopted; however, the Governance Committee may consider compliance with the policy when making recommendations with respect to nomination for re-election to the Board.

Under the terms of our insider trading policy, no officer or director may purchase or sell any put or call or engage in any other hedging transaction with respect to our common stock.

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Retirement Plan Summary

The Company maintains a defined benefit retirement plan for its U.S. salaried employees, which is otherwise known as the pension plan, and a defined contribution thrift/savings plan, which is otherwise known as the 401(k) plan. The purpose of both of these plans is to provide post-retirement income and stability to executives and employees. It is the goal of the Compensation Committee and the Board that these plans be competitive with plans which would be available to executives of similar-sized companies. The Company does not provide a plan for highly compensated employees to restore benefits lost due to Internal Revenue Service (IRS) limits. A more complete description of these plans can be found under the pension plan disclosure which begins on page 32.

At the end of 2005, the Company offered its U.S. salaried employees the option to discontinue receiving new benefits under the pension plan and instead participate in an enhanced 401(k) plan which would provide for better matching contributions by the Company.

In 2006, the Company eliminated all accruals of future benefits under its defined benefit plan, effective January 1, 2007, and instead provides all U.S. salaried employees with enhanced matching contributions under the 401(k) plan.

Perquisites

The Company does not believe that perquisites are essential to attract and retain executives and, therefore, does not provide perquisites to executives in material amounts.

Severance Policy

The Company has employment agreements with its U.S. based executive officers that provide for, among other provisions, cash payments and benefits in the event of termination by the Company other than "for cause." The Compensation Committee believes that these agreements are necessary to attract and retain executives.

The current Employment agreements (the "Agreements") were put in place with each of the executive officers effective January 1, 2016 (with the exception of Mr. Whalen), following the expiration of prior agreements. Mr. Whalen's agreement was effective on his date of hire, December 1, 2015. The term of these agreements runs through December 31, 2018. The Agreements provide for severance as follows:

If an executive's employment is terminated without Cause (as defined in the Agreements) or if an executive resigns with Good Reason (as defined in the Agreements), the Company is required to provide the executive any amounts of compensation earned through the termination date and lump sum payments for each of the following: (A) twelve (12) months of severance of the executive's then current base salary in a lump sum payment, (B) in the case of Mr. Dearth only, one (1) time the current "target" amount of any cash bonus or short-term cash incentive plan in effect for the calendar year in which the termination of employment occurs (the current "target" amount of any cash bonus or short-term cash incentive plan in effect for the executive for the calendar year in which the termination of employment occurs being the "Bonus Amount"), and (C) an additional lump sum payment equal to the reasonable estimated cost to the Executive of obtaining (whether through coverage offered to comply with the Consolidated Omnibus Budget Reconciliation Act (COBRA) or otherwise) health and welfare benefits, including medical and prescription drugs, dental, vision and life insurance benefits for twelve (12) months substantially similar to those coverages that the Executive had immediately prior to the termination of employment, calculated by taking into account maximums and certain reductions under the Company's Insurance Certificates.

In the event of a Covered Change of Control Termination (as defined in the Agreements), then instead of any other severance benefits payable to the executive, the executive would receive: (i) a lump sum equal to the sum of: (A) two (2) years (three (3) years in the case of Mr. Dearth) of the executive's then current base salary, (B) two (2) times (three (3) times in the case of Mr. Dearth) the Bonus Amount, and (C) the

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aggregate amount of contributions that would be credited to the executive under the Company's 401(k) plan for the two (2) years (three (3) years in the case of Mr. Dearth) following the effective date of termination in connection with (a) the Company's fixed contribution to the plan (currently 3%), and (b) the Company's matching contributions of employee contributions to the plan at the then-current rate of matching contributions, assuming that the executive were to continue to participate in the plan and to make the maximum permissible contribution thereunder for the two (2) year (three (3) years in the case of Mr. Dearth) period; (ii) his normal health and welfare benefits (but not including additional stock or option grants) on a monthly basis during the two (2) year (three (3) years in the case of Mr. Dearth) period following the occurrence of a Change of Control (as defined in the Agreements), including health, dental and life insurance benefits the executive was receiving prior to the Change of Control (subject to any limits imposed under Section 409A of the Code); and (iii) all stock options and stock appreciation rights previously granted to the executive by the Company, and shall be fully vested in all restricted stock, stock units and similar stock-based or incentive awards (assuming "target" satisfaction of any applicable performance conditions) previously granted to the executive by the Company, regardless of any deferred vesting or deferred exercise provisions of such arrangements; provided, however, that the payment of restricted units shall not be accelerated except as provided in the award agreement under which they were granted. The Change of Control severance payments are payable on the first day following the six (6) month anniversary of the date of the Covered Change of Control Termination (as defined in the Agreements).

Severance Payments (as defined in the Agreements) will not be "grossed up" for the effect of any excise taxes that might be due under Sections 280G, 4999 or 409A of the Code.

Each of the Agreements requires the executives to comply with confidentiality, non-compete and non-solicitation covenants.

Details of the agreements and a quantification of severance amounts payable under certain termination scenarios are included in the narrative which begins on page 37.

Adjustments or Recovery of Prior Compensation

The Company has a recoupment policy. Pursuant to the policy, if the Board determines that an executive officer or other designated officer has been incompetent or negligent in the performance of his or her duties or has engaged in fraud or willful misconduct, in each case in a manner that has caused or otherwise contributed to the need for a material restatement of the Company's financial results, the Board will review all performance-based compensation awarded to, or to be earned by, the executive during the period affected by the restatement. If, in the Board's view, the performance-based compensation would have been lower if it had been based on the restated results, the Board and the Company will, to the extent permitted by applicable law, seek recoupment from the executive of any portion of such performance-based compensation as it deems appropriate.

Impact of Tax and Accounting Policy on Executive Compensation

If an executive officer's compensation from the Company were to exceed \$1.0 million in any taxable year, the excess over \$1.0 million, with certain exceptions, would not be deductible by the Company, under Section 162(m) of the Code. The Compensation Committee is aware of this rule, and will take it into account through its annual review of the executive compensation program. One exception to the disallowance of such deductions under Section 162(m) involves compensation paid pursuant to stockholder-approved compensation plans that are performance-based. The Company's Amended and Restated 2008 Equity Incentive Plan contains provisions which are intended to cause grants of stock options and other performance-based awards under such plan to be eligible for this performance-based exception (so that compensation upon exercise of such stock options or the vesting of such performance-based awards should be deductible under the Code). Payments of cash compensation related to our base

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salary and short-term cash incentive programs and the value of shares that vest from grants of time-vesting restricted stock are not eligible for this performance-based exception.

The Compensation Committee is aware of the impact on the Company's financial statements of providing stock-based compensation, which the Company accounts for under ASC Topic 718. The Compensation Committee is also aware of restrictions that govern the use of nonqualified deferred compensation, Section 409A of the Code, and has modified the Company's compensation arrangements to comply with this new regulation.

Pay-for-Performance

Although not yet required, the Compensation Committee asked Pay Governance to perform a historical pay-for-performance assessment of our CEO as compared to our peer group. Pay Governance presented its assessment to the Compensation Committee during the Committee's October 2016 meeting.

Pay Governance reviewed both the realizable compensation of our CEO and the CEOs of our peer group over the past three and five years. They also measured the performance of the Company and the peer group over the same three- and five-year period. Because of the historic nature of the analysis, Mr. Dearth's pay was not included for years prior to 2013, but rather the pay of our former CEO. To measure performance, the consultant developed a performance composite using: operating income margin, operating income growth, return on invested capital and total shareholder return. These metrics were used since they include the metrics used by the Company to determine incentive compensation and would be viewed as reasonable indicators of performance by an external party. This assessment shows that relative performance is outpacing relative pay. The specific three-year and five-year pay-for-performance alignment was determined as follows:

Period	Performance %ile	Pay %ile (Total Realizable Compensation)
Three-year (2013 - 2015)	72 nd	43 rd
Five-year (2011 - 2015)	46 th	41 st

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Proxy Statement with management. Based on the Compensation Committee's review of, and the discussions with management with respect to, the Compensation Discussion and Analysis, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

J. RICH ALEXANDER, CHAIRMAN
LOUIS S. MASSIMO
JULIE S. ROBERTS

Notwithstanding anything to the contrary set forth in any of the Company's filings under the Securities Act of 1933, as amended (the "Securities Act"), or the Securities Exchange Act of 1934, as amended (the "Exchange Act") that incorporate other Company filings, including this Proxy Statement, the foregoing Report of the Compensation Committee does not constitute soliciting material and shall not be incorporated by reference into any such filings.

Risk Management and Compensation

The Compensation Committee has reviewed the Company's management of risk as it relates to the Company's executive compensation philosophy. The Compensation Committee determined that the

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Company's compensation program does not promote excessive risk taking and is not reasonably likely to result in a material adverse effect on the Company. The Compensation Committee made this determination following a detailed study performed by Towers Perrin in 2009, its compensation consultant at the time. The study, which was presented to the Compensation Committee, included a process for assessing the Company's compensation programs through a risk screen and provided the consultant's assessment of the risks associated with the Company's current compensation programs. The Compensation Committee's current compensation consultant, Pay Governance, reviewed the study with the Compensation Committee in December 2016, along with changes that have occurred since the study was performed. The Compensation Committee believes, for the reasons noted below, that (1) the Company's compensation program does not encourage excessive risk-taking and (2) the Company takes reasonable steps to mitigate any risks related to compensation.

Compensation Committee Oversight: The Compensation Committee has oversight over the short-term cash incentive plans and the Amended and Restated 2008 Equity Incentive Plan. The Committee also has discretion to modify any awards for plans over which it has authority and the ability to recoup certain payments.

Compensation Mix: The compensation program is an appropriate mix of cash (salary and short-term incentive awards) and equity compensation. Short-term incentive awards represent less than 25% of the compensation mix for all executives, align with the market and the Company's peers and are linked to corporate and/or business unit performance. Equity incentives are positioned at the market median and are granted annually to all executives. Long-term incentive awards are linked to stockholder returns.

Specific Plan Formulations: The Company's incentive plans are linked to specific award formulas (with discretion granted to the Compensation Committee to modify calculated awards as it deems appropriate), have payout ceilings in place and align with market practice.

Performance Metrics: The Company's short-term incentive plans focus on EBITDA margin and operating income at both the corporate and regional business unit level and the long-term incentive plan focuses on the Company's efficient use of capital (ROC) and on stock price appreciation and performance relative to peers over the long-term. The Company's Chief Executive Officer thoroughly discusses corporate, business unit and individual performance with the Compensation Committee. Targeted pay levels are based upon peer, as well as industry, data.

Plan Governance: In addition to the Compensation Committee, the executive officers, the finance department, the legal department, the human resources department and the business unit managers are involved in the establishment and oversight of the compensation plans.

Ownership Requirements: The Company's stock ownership guidelines require executives to hold meaningful stock ownership, and the Corporate Governance Guidelines encourages non-employee directors to acquire and hold Company Common Stock with a threshold ownership of stock valued at \$180,000, linking executives and non-employee directors' interests to the interests of stockholders.

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The following table shows the compensation paid by the Company and its subsidiaries for the last three completed fiscal years to the Chief Executive Officer, the Chief Financial Officer, and the next three most highly compensated current executive officers as of December 31, 2016.

Summary Compensation Table 2014, 2015 and 2016

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)(3)	Change In Pension Value and Non-Equity Deferred Compensation Earnings (\$)(4)	All Other Compensation (\$)(5)	Total (\$)
Randall Dearth, Chairman, President and Chief Executive Officer(6)	2016	658,750		502,500	251,250	442,934	N/A	27,483	1,882,917
	2015	612,500		468,762	234,376	371,371	N/A	21,864	1,708,873
	2014	560,000		574,996	287,499	400,000	N/A	19,888	1,842,383
Robert Fortwangler, Senior Vice President and Chief Financial Officer	2016	290,000		87,000	43,500	100,263	2,245	20,137	543,145
	2015	202,171		27,577	27,581	37,007		13,476	307,812
	2014	195,250		25,508	25,500	44,190	4,890	13,001	