

UFP TECHNOLOGIES INC  
Form DEF 14A  
April 25, 2018

**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  
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Soliciting Material under §240.14a-12

**UFP TECHNOLOGIES, INC.**

(Name of Registrant as Specified In Its Charter)

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

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No fee required.

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(4) Date Filed:

**UFP TECHNOLOGIES, INC.**

**100 HALE STREET**

**NEWBURYPORT, MASSACHUSETTS 01950-3504 USA**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**of**

**UFP TECHNOLOGIES, INC.**

*To Be Held on June 6, 2018*

The Annual Meeting of Stockholders of UFP Technologies, Inc. (the “Company”) will be held on June 6, 2018, at 10:00 a.m., local time, at the Company’s principal executive offices, 100 Hale Street, Newburyport, MA 01950-3504, for the following purposes:

1. To consider and act upon the election of the two Class I directors identified in the accompanying proxy statement to serve until the 2021 Annual Meeting of Stockholders and until their successors are duly elected;
2. To vote on a non-binding advisory resolution to approve the compensation of our named executive officers;
3. To ratify the appointment of Grant Thornton LLP as the Company’s independent registered public accounting firm;  
and
4. To transact such other business as may properly come before the annual meeting or any adjournment thereof.

The Board of Directors has fixed April 13, 2018 as the record date for determining the stockholders entitled to notice of, and to vote at, the Meeting. It is expected that this proxy statement and the accompanying proxy will be mailed to stockholders on or about May 3, 2018.

You are cordially invited to attend the Meeting.

By Order of the Board of Directors  
RONALD J. LATAILLE  
*Secretary*

Newburyport, Massachusetts

April 25, 2018

**YOUR VOTE IS IMPORTANT**

**YOU ARE URGED TO VOTE, SIGN, DATE, AND RETURN THE ACCOMPANYING ENCLOSED PROXY AS PROMPTLY AS POSSIBLE IN THE POSTAGE-PAID ENVELOPE ENCLOSED FOR THAT PURPOSE. EVEN IF YOU HAVE GIVEN YOUR PROXY, THE PROXY MAY BE REVOKED AT ANY TIME PRIOR TO THE EXERCISE BY FILING WITH THE SECRETARY OF THE COMPANY A WRITTEN REVOCATION, BY EXECUTING A PROXY WITH A LATER DATE, OR BY ATTENDING AND VOTING AT THE MEETING.**

**IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR THE COMPANY'S ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 6, 2018:** This Proxy Statement, the Company's Annual Report for the fiscal year ended December 31, 2017 and the Proxy Card are available at the Company's website, [www.ufpt.com/investors/filings.html](http://www.ufpt.com/investors/filings.html).

**UFP TECHNOLOGIES, INC.**

**100 HALE STREET NEWBURYPORT, MASSACHUSETTS 01950-3504 USA**

**PROXY STATEMENT**

**FOR THE ANNUAL MEETING OF STOCKHOLDERS**

*To Be Held on June 6, 2018*

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors (the “Board”) of UFP Technologies, Inc., a Delaware Corporation (the “Company”) with its principal executive offices at 100 Hale Street, Newburyport, MA 01950-3504, for use at the Annual Meeting of Stockholders to be held on June 6, 2018, and at any adjournment or adjournments thereof (the “Meeting”). The enclosed proxy relating to the Meeting is solicited on behalf of the Board of Directors of the Company and the cost of such solicitation will be borne by the Company. It is expected that this proxy statement and the accompanying proxy will be mailed to stockholders on or about May 3, 2018. Certain of the officers and regular employees of the Company may solicit proxies by correspondence, telephone or in person, without extra compensation. The Company may also pay to banks, brokers, nominees and certain other fiduciaries their reasonable expenses incurred in forwarding proxy material to the beneficial owners of securities held by them.

Only stockholders of record at the close of business on April 13, 2018 will be entitled to receive notice of, and to vote at, the Meeting. As of that date, there were outstanding and entitled to vote 7,323,958 shares of Common Stock, \$0.01 par value (the “Common Stock”), of the Company. Each such stockholder is entitled to one vote for each share of Common Stock so held and may vote such shares either in person or by proxy.

The enclosed proxy, if executed and returned, will be voted as directed on the proxy or, in the absence of such direction, in favor of (i) the election of the nominees identified herein as directors; (ii) approval of the Company’s compensation of named executive officers; and (iii) ratification of the appointment of Grant Thornton LLP as the Company’s independent registered public accounting firm. The persons named as the proxies, R. Jeffrey Bailly and Ronald J. Lataille, were selected by the Board of Directors. If any other matters shall properly come before the Meeting, the enclosed proxy will be voted by the proxies in accordance with their best judgment. The proxy may be revoked at any time prior to exercise by filing with the Secretary of the Company a written revocation, by executing a proxy with a later date, or by attending and voting at the Meeting. **All proxies will be voted in accordance with the stockholders’ instructions, and if no choice is specified, the accompanying proxy card (or any properly signed and dated copy thereof) will be voted as recommended by the board as set forth in this proxy statement.**

**PROPOSAL NO. 1**

**ELECTION OF DIRECTORS**

At the Meeting, two Class I directors are to be elected to serve until the 2021 Annual Meeting of Stockholders and until their successors have been duly elected and qualified.

The Company's Certificate of Incorporation, as amended, provides that the Board of Directors shall be divided into three classes. At each Annual Meeting of Stockholders, the directors elected to succeed those whose terms expire shall be identified as being the same class as the directors they succeed and shall be elected to hold office for a term to expire at the third Annual Meeting of Stockholders following such election, and until their respective successors are duly elected and qualified, unless an adjustment in the term to which an individual director shall be elected is made because of a change in the number of directors.

The Company currently has a total of seven directors, consisting of two Class I directors, two Class II directors, and three Class III directors. The terms of the Class I directors, R. Jeffrey Bailly and Marc Kozin, expire at the Meeting. Messrs. Bailly and Kozin are being nominated for election as Class I directors, to hold office until the 2021 Annual Meeting of Stockholders and until their successors have been duly elected and qualified.

It is the intention of the persons named as proxies to vote for the election of the nominees. In the unanticipated event that any such nominee should be unable to serve, the persons named as proxies will vote the proxy for such substitutes, if any, as the present Board of Directors may designate. The nominees have not been nominated pursuant to any arrangement or understanding with any person.

The following table sets forth certain information with respect to each of our current directors and nominees for director. When used below, positions held with the Company include positions held with the Company's predecessors and subsidiaries:

Name	Age	Position	Director Since	Year Term Expires/ Will Expire If Elected, Class	Board Committees		
					Audit Committee	Compensation Committee	Nominating Committee
R. Jeffrey Bailly	56	President, Chief Executive Officer and Chairman of the Board of Directors	1995	2021, Class I			
Thomas Oberdorf	60	Director	2004	2019, Class II	X		X
Marc Kozin†	56	Director	2006	2021, Class I		X	X (Chair)
Robert W. Pierce, Jr.	64	Director	2008	2020, Class III	X		X
Lucia Luce Quinn	64	Director	2013	2019, Class II		X (Chair)	X
Daniel C. Croteau	52	Director	2015	2020, Class III		X	X
Cynthia L. Feldmann	65	Director	2017	2020, Class III	X (Chair)		X

† Lead Independent Director

Mr. Bailly has served as Chairman of the Company since October 2006 and as Chief Executive Officer, President, and a director since January 1, 1995. He joined the Company in 1988 and served as a Division Manager (1989-1992), General Manager Northeast Operations (1992-1994), and as its Vice President of Operations (1994-1995). From 1984 through 1988, Mr. Bailly, a certified public accountant, was employed by Coopers & Lybrand. Mr. Bailly is a member of World Presidents' Organization. As a result of these and other professional experiences, Mr. Bailly possesses particular knowledge and experience in operations, accounting, finance, mergers and acquisitions, and executive leadership within a manufacturing environment that strengthen the Board's collective qualifications, skills, and experience.

Mr. Kozin has served as a director of the Company since 2006. Mr. Kozin is presently a Senior Advisor at L.E.K. Consulting, after serving as its President from 1997 through 2011. In 2012, Mr. Kozin joined the board of Endocyte (Nasdaq: ECYT), a small molecule targeted therapeutic company. In January 2014 Mr. Kozin joined the board of

OvaScience, Inc. (Nasdaq: OVAS), a life sciences company focused on the discovery, development and commercialization of new fertility treatments. Since September 2014, Mr. Kozin has served on the board of directors of Flex Pharma, Inc. (Nasdaq: FLKS), a biopharmaceutical company that is developing innovative and proprietary treatments for nocturnal leg cramps and spasms associated with severe neuromuscular conditions. In January 2013, Mr. Kozin joined the Strategic Advisory Board of Healthcare Royalty Partners. Previously, Mr. Kozin served on the boards of directors of Dyax, Crunchtime! Information Systems, Medical Simulation Corporation, Brandwise, Lynx Therapeutics, Inc. and Assurance Medical, Inc. As a result of these and other professional experiences, Mr. Kozin possesses particular knowledge and experience in strategic planning and leadership consulting of complex organizations that strengthen the Board's collective qualifications, skills, and experience.

Mr. Oberdorf has served as a director of the Company since 2004. Presently Mr. Oberdorf is President and Chief Executive Officer of SIRVA, Inc. a leading global provider of moving and relocation services to corporations, consumers and governments. From August 2010 through March 2011, Mr. Oberdorf consulted for Orchard Brands, a multi-channel marketer of men's and women's apparel for the 55+ market segment. From December 2008 through August 2010, Mr. Oberdorf was Executive Vice President and Chief Financial Officer of infoGROUP, Inc., which provides business and consumer databases for sales leads and mailing lists, database marketing services, data processing services, e-mail marketing, market research, and sales and marketing solutions. From June 2006 through 2008, Mr. Oberdorf was Senior Vice President, Chief Financial Officer and Treasurer of Getty Images Inc., the world's leading creator and distributor of still imagery, footage and multi-media products, as well as a recognized provider of other forms of premium digital content, including music. From March 2002 through June 2006, Mr. Oberdorf was Senior Vice President, Chief Financial Officer and Treasurer of CMGI, Inc., a supply chain management, marketing distribution and ecommerce solutions company, where he served as a consultant from November 2001 through February 2002. From February 1999 through October 2001, Mr. Oberdorf was Senior Vice President and Chief Financial Officer of Bertelsmann AG's subsidiary, BeMusic Direct, a direct-to-consumer music sales company. From January 1981 through January 1999, Mr. Oberdorf served in various capacities at Readers Digest Association, Inc., most recently as Vice President Global Books & Home Entertainment—Finance. As a result of these and other professional experiences, Mr. Oberdorf possesses particular knowledge and experience in manufacturing and accounting, finance, capital markets, and public company experience that strengthen the Board's collective qualifications, skills, and experience.



Mr. Pierce has served as a director of the Company since June 2008. Mr. Pierce serves as Chief Executive Officer, Chairman, and Co-Owner of Pierce Aluminum Companies, Inc. Pierce Aluminum supplies aluminum raw stock and finished goods to the marine, aerospace, medical, transportation, and defense industries. Over the last 40 years, Mr. Pierce has overseen the growth of the company from a small operating warehouse in Canton, Massachusetts, to a state of the art 150,000 square foot production facility and distribution center in Franklin, Massachusetts and eleven regional warehouses across the country. Mr. Pierce has served on the boards of directors of McLean Hospital since 2010, Crohn's and Colitis Foundation of America—New England Chapter since 2010, Mass General Hospital for Children Business Advisory Board since 2000, and Overseers Marine Biological Laboratory Woods Hole, Massachusetts since 2009. Mr. Pierce is a past board member of the National Association of Aluminum Distributors. As a result of these and other professional experiences, Mr. Pierce possesses particular knowledge and experience in manufacturing and design, innovation, engineering, sales and marketing, organizational growth and executive leadership within a manufacturing environment that strengthen the Board's collective qualifications, skills, and experience.

Ms. Quinn has served as a director of the Company since December 2013. Ms. Quinn has served as Chief People Officer of Forrester Research, Inc., a \$340 million global research and advisory firm since June 2013. From June 2012 through May 2013, Ms. Quinn consulted with Truepoint Partners, a strategic planning and organization development consulting firm. From June 2010 through April 2012 Ms. Quinn was Senior Vice President, Global Human Resources and Corporate Affairs for Convatec, Inc., a \$1.6 billion medical device and products company. From March 2005 through September 2009 Ms. Quinn was Executive Vice President, BSC Global Human Resources at Boston Scientific, an \$8 billion medical solutions provider. Prior to that, Ms. Quinn served in various leadership and operations capacities at Quest Diagnostics, AlliedSignal/Honeywell, Digital Equipment Corp. and Westinghouse Electric Corp. Ms. Quinn also served as a trustee of Simmons College from 1996 to 2011, including chairing the Technology and Executive Compensation committees and serving as Chair of the Board of Trustees for five years. Ms. Quinn possesses particular knowledge and experience in human resources, strategic planning and leadership consulting for complex organizations that strengthen the Board's collective qualifications, skills, and experience.

Mr. Croteau has served as a director of the Company since December 2015. Presently Mr. Croteau is the CEO of Surgical Specialties Corporation, a private equity-backed company that specializes in high performance wound closure products and surgical knives. Surgical Specialties Corporation has a global sales and marketing organization and operates manufacturing facilities in China, England, Germany, Puerto Rico, and Mexico. Mr. Croteau was the Chief Executive Officer of Vention Medical from January 2011 until March 2017, when he resigned in connection with the acquisition of Vention Medical by Nordson Corporation and the divestiture of the Vention Device Manufacturing Services business unit to MedPlast Inc. Vention Medical provides component manufacturing, assembly and design services for disposable medical devices, with fourteen facilities across the United States, Central America, Ireland and Israel. Prior to assuming his role with Vention Medical, Mr. Croteau was President of FlexMedical from July 2005 through December 2010. FlexMedical is the medical division of Flex (Nasdaq: FLEX), which provides manufacturing and supply chain services for disposable medical devices, medical equipment, and drug delivery devices. From July 2004 to June 2005, Mr. Croteau served as the Executive Vice President and General Manager of Orthopedics for Accellent (renamed Lake Region Medical in 2014 and now a division of Integer), a manufacturer of specialty components and finished medical devices used in orthopedic, cardiology, and surgical devices. From August 1999 to June 2004, Mr. Croteau served as an executive at MedSource Technologies, which was merged in June 2004 with UTI Corporation to form Accellent. As Senior Vice President at MedSource Technologies, Mr. Croteau was responsible for sales, marketing, strategy and acquisitions. Prior to entering the medical device industry in 1999, Mr. Croteau spent the majority of his career in various roles at General Electric, and working as a

consultant for Booz & Company in Sydney, Australia. Mr. Croteau has a Bachelor of Science degree in mechanical engineering from the University of Vermont and a Master of Business Administration from Harvard Business School. From October 2014 to March 2018, Mr. Croteau also served as a member of the board of directors of Inventus Power, a privately held, global manufacturer of custom battery packs, chargers and portable power supply systems. As a result of these and other professional experiences, Mr. Croteau possesses knowledge and experience in manufacturing and design, particularly in the medical device industry, that strengthen the Board's collective qualifications, skills and experience.

Ms. Feldmann has served as a director of the Company since June 2017. Since 2005, Ms. Feldmann has served on the board of directors of STERIS PLC (NYSE: STE), an NYSE-listed \$5.8 billion provider of infection prevention, decontamination, and health science technologies, products and services. She is a member of STERIS' Audit Committee and Compliance Committee, and was previously Chair of the Audit Committee. Ms. Feldmann also served from 2003 to January 1, 2018 on the board of directors of Hanger Inc. (OTC: HNGR), a \$280 million provider of orthotic and prosthetic services and products, and the largest orthotic and prosthetic managed care network in the U.S. Ms. Feldmann served on the Audit Committee, including as Chair of the Audit Committee, the Compensation Committee and the Quality and Technology Committee of Hanger. Ms. Feldmann currently serves on the board of directors and is the chair of the Finance Committee of Falmouth Academy, an academically rigorous, co-ed college preparatory day school for grades 7 to 12. Ms. Feldmann previously served as a director (and chair of the Audit Committee and as a member of the Compensation and Quality and Technology Committees) of Heartware International, Inc., a Nasdaq-listed medical device company, from 2012 until its acquisition by Medtronic in August 2016. From 2012 to 2013, Ms. Feldmann served on the board of and chaired the Audit and Compliance Committees of Atrius Health, a non-profit organization comprised of six leading Boston area physician groups representing more than 1,000 physicians serving nearly 1 million adult and pediatric patients. Ms. Feldmann was also a member of the board of Hayes Lemmerz International Inc., a worldwide producer of aluminum and steel wheels for passenger cars, trucks and trailers and a supplier of brakes and powertrain components from 2006 to 2009. She was the President and Founder of Jetty Lane Associates, a consulting firm, from 2005 until 2012. Previously, Ms. Feldmann served as Business Development Officer at Palmer & Dodge LLP, a Boston based law firm, with a specialty in serving life sciences companies. From 1994 to 2002, she was a Partner at KPMG LLP, holding various leadership roles in the firm's Medical Technology and Health Care & Life Sciences industry groups. Ms. Feldmann also was National Partner-in-Charge of the Life Sciences practice for Coopers & Lybrand (now PricewaterhouseCoopers LLP) from 1989 to 1994, among other leadership positions she held during her 19-year career there. Ms. Feldmann was a founding board member of Mass Medic, a Massachusetts trade association for medical technology companies, where she also served as treasurer and as a member of the board's Executive Committee during her tenure from 1997 to 2001. Ms. Feldmann is a retired CPA and holds a Masters Professional Director Certification from the American College of Corporate Directors. As a result of these and other professional experiences, Ms. Feldmann possesses particular knowledge and experience in accounting, finance, and capital markets that strengthen the Board's collective qualifications, skills and experience.

**Vote Required**

Directors are elected by a plurality of the votes cast by stockholders entitled to vote at the Meeting. Votes withheld and broker non-votes will not have any effect on this proposal. Accordingly, the nominees receiving the highest number of “for” votes at the annual meeting will be elected as directors. Proxies solicited by the Board will be voted “for” the nominees listed above unless a stockholder has indicated otherwise in the proxy.

**THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE “FOR” THE NOMINEES LISTED ABOVE.**

## EXECUTIVE OFFICERS

The names of the Company's current executive officers, who are not also directors of the Company, and certain biographical information furnished by them, are set forth below:

Name	Age	Title
Ronald J. Lataille	56	Senior Vice President, Treasurer, Secretary and Chief Financial Officer
Christopher P. Litterio	55	General Counsel and Senior Vice President of Human Resources
Mitchell C. Rock	50	Senior Vice President of Sales and Marketing
William David Smith	55	Senior Vice President of Operations
Daniel J. Shaw, Jr.	57	Vice President of Research and Development

Mr. Lataille joined the Company in November 1997 as its Chief Financial Officer. Prior to joining the Company, Mr. Lataille served as Vice President, Treasurer and Chief Financial Officer of Little Switzerland, Inc., from 1991 through October 1997. He also served as interim President and Chief Executive Officer of Little Switzerland from October 1994 through October 1995. From 1984 to 1991, Mr. Lataille, a certified public accountant, was employed by Coopers & Lybrand.

Mr. Litterio joined the Company in November 2017 as its first General Counsel and Senior Vice President of Human Resources. From 1989 until 2017, Mr. Litterio was engaged in the private practice of law at Ruberto, Israel & Weiner, PC, a Boston-based law firm, where he focused on complex business litigation and employment law. From 2005 until 2017, he served as the firm's managing partner, and from 2000 until 2005, he was the chair of the firm's litigation department.

Mr. Rock initially joined the Company in 1991 and served as Director, Sales and Marketing of the Company's Moulded Fibre division (now "Molded Fiber"). From May 1999 through October 2000, Mr. Rock served as Vice President Sales and Business Development of Esprocket, an internet start-up company. Mr. Rock rejoined the Company in April 2001 as Vice President, Sales and Marketing of the Company's Moulded Fibre division and served as Vice President of Sales and Marketing for the entire Company from May 2002 to June 2014. Since June 2014, Mr. Rock has served as the Company's Senior Vice President of Sales and Marketing. Since 2016, Mr. Rock has also served on the board of directors of Outlook Amusements, Inc., an entertainment company specializing in advice-based products and services.

Mr. Smith joined the Company in August 2013 as Vice President of Operations. Since June 2014, he has served as Senior Vice President of Operations. Prior to joining the Company, Mr. Smith spent nearly 25 years at Rogers Corporation, Inc., in various capacities. His most recent role at Rogers was Vice President and General Manager of their \$180 million high performance foam division.

Mr. Shaw joined the Company in 1983 and served as a Corporate Industrial Engineer through September 1992. From October 1992 through September 1996 Mr. Shaw served as Manager of Product Development and from October 1996 through May 2000 as Director of Product Development. From June 2000 through May 2002 Mr. Shaw served as a Divisional Vice President of the Specialty Components Division and from May 2002 through June 2014 Mr. Shaw served as corporate Vice President, Engineering. Since June 2014, Mr. Shaw has served as Vice President of Research and Development.

Executive officers are chosen by and serve at the discretion of the Board of Directors of the Company.

## **CORPORATE GOVERNANCE**

### **Meetings of the Board of Directors**

The Board of Directors of the Company held four meetings during 2017. Each director attended at least 75% of the aggregate of all meetings of the Board of Directors and each committee each such director served on during 2017. All of the Company's directors are encouraged to attend the Company's Annual Meeting of Stockholders. All of the Company's directors were in attendance at the Company's 2017 Annual Meeting.

### **Independence, Diversity, Leadership Structure and Board Committees**

#### ***Independence***

The Company's Common Stock is listed on the NASDAQ Stock Market LLC, or Nasdaq, and Nasdaq's listing standards relating to director independence apply to the Company. The Board of Directors has determined that the following current directors are independent under applicable Nasdaq listing standards: Messrs. Croteau, Kozin, Oberdorf and Pierce, as well as Ms. Quinn and Ms. Feldmann. In making its independence determination with respect to Mr. Croteau, the Board of Directors determined that Mr. Croteau's position as the Chief Executive Officer of a customer of the Company, Vention Medical, Inc., which ended in March of 2017, did not impair his independence. All of the Company's transactions with Vention Medical were conducted on arm's length terms in the ordinary course of business, and the amount involved with the transactions represented less than 1% of the Company's revenues for each of the last two fiscal years. As of March 2017, Mr. Croteau was no longer employed by Vention Medical. The Board also determined that Mr. Croteau's current position as Chief Executive Officer of a customer of the Company, Surgical Specialties Corporation, also did not impair his independence. All of the Company's transactions with Surgical Specialties Corporation were conducted on arm's length terms in the ordinary course of business, and the amount involved with the transactions was less than \$10,000, which represented less than 0.01% of the Company's revenues for each of the last two fiscal years.

#### ***Diversity***

The Company strives to have the members of its Board of Directors possess a diverse set of skills and background so as to best provide guidance to the management team and oversight to the Company. While the Nominating Committee does not have a formal policy in this regard, the Nominating Committee views diversity broadly to include a diversity of experience, skills and viewpoint, as well as diversity of gender and race. The Nominating Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective

nominees. Skills sought include financial, capital markets, manufacturing, engineering, executive leadership, sales and marketing, organizational growth, human resources and strategic planning. The Company believes that it has a minimum of one director for each of these skills.

### *Leadership Structure*

As noted above, our Board of Directors is currently comprised of seven directors, six of whom are independent under applicable standards.

Mr. Bailly has served as Chief Executive Officer and member of the Board since January 1, 1995. He has served as Chairman of the Board since 2006.

We recognize that different board leadership structures may be appropriate for companies in different situations and believe that no one structure is suitable for all companies. We believe our current board leadership structure is optimal for us because it demonstrates to our employees, suppliers, customers, and other stakeholders that the Company is under strong leadership, with a single person setting the tone and having primary responsibility for managing our operations. Having a single leader for both the Company and the Board of Directors eliminates the potential for confusion or duplication of efforts, and provides clear leadership for the Company.

Because the positions of Chairman of the Board and Chief Executive Officer are held by the same person, the Board also believes it is appropriate for the independent directors to elect one independent director to serve as a Lead Independent Director. In addition to presiding at executive sessions of independent directors, the Lead Independent Director has the responsibility to: (1) coordinate with the Chairman of the Board and Chief Executive Officer in establishing the agenda and topic items for Board meetings; (2) retain independent advisors on behalf of the Board as the Board may determine is necessary or appropriate; and (3) perform such other functions as the independent directors may designate from time to time. Mr. Kozin currently serves as the Lead Independent Director, a position he has held since January 2015.

Our overall leadership structure consists of a single individual serving as Chief Executive Officer and Chairman of the Board, with independent and experienced directors making up the majority of our Board and independent oversight provided by our Lead Independent Director. We believe that this structure benefits the Company and its stockholders.

### ***Risk Oversight***

Our Board of Directors is responsible for overseeing the Company's risk management process. The Board focuses on the Company's general risk management strategy, the most significant risks facing the Company, and ensures that appropriate risk mitigation strategies are implemented by management. The Board is also apprised of particular risk management matters in connection with its general oversight and approval of corporate matters.

The Board of Directors has delegated to the Audit Committee oversight of certain aspects of the Company's risk management process. Among its duties, the Audit Committee reviews with management (a) the Company's policies with respect to risk assessment and risk management as well as the Company's significant areas of financial risk exposure and (b) the Company's system of disclosure controls and procedures and system of internal controls over financial reporting. Our Compensation Committee also considers and addresses risk as it performs its committee responsibilities. Both committees report to the full Board as appropriate, including when a matter rises to the level of a material or enterprise level risk.

The Company's management is responsible for day-to-day risk management. Our Treasury, Finance, and Internal Audit functions serve as the primary monitoring and testing function for company-wide policies and procedures, and manage the day-to-day oversight of the risk management strategy for the ongoing business. This oversight includes identifying, evaluating, and addressing potential risks that may exist at the enterprise, strategic, financial, operational, and compliance and reporting levels.

We believe the division of risk management responsibilities described above is an effective approach for addressing the risks we face and our Board leadership structure supports this approach.

### ***Code of Ethics***

Pursuant to Section 406 of the Sarbanes-Oxley Act of 2002, the Company has adopted a Code of Ethics for Senior Financial Officers that applies to the Company's principal executive officer, principal financial officer, principal accounting officer, controller, and other persons performing similar functions. The Company also has a Code of Business Conduct and Ethics that is applicable to all directors, officers and employees of the Company. The Company requires all of its directors, officers and employees to adhere to this code in addressing legal and ethical issues that



they encounter in the course of doing their work. This code requires our directors, officers, and employees to avoid conflicts of interest, comply with all laws and regulations, conduct business in an honest and ethical manner and otherwise act with integrity. The Code of Ethics for Senior Financial Officers, as amended, is available at the Company's website, [www.ufpt.com/investors/governance.html](http://www.ufpt.com/investors/governance.html) as an attachment to the Company's Code of Business Conduct and Ethics. We intend to satisfy the disclosure requirement under Item 5.05 of Current Report on Form 8-K regarding an amendment to, or waiver from, a provision of this code by posting such information on our website, at the address specified above.

### *Nominating Committee*

The Board of Directors has a Nominating Committee, which met on one occasion in 2017, and is currently composed of Messrs. Kozin, Oberdorf, Croteau and Pierce, as well as Ms. Quinn and Ms. Feldmann, each of whom is an independent director under applicable Nasdaq standards. Mr. Kozin serves as Chair. Director nominees are selected by the Nominating Committee. The Nominating Committee operates pursuant to a written charter (the "Nominating Committee Charter") that was adopted by the Board of Directors and that complies with applicable Nasdaq listing standards. The Nominating Committee Charter is available at the Company's website, [www.ufpt.com/investors/governance.html](http://www.ufpt.com/investors/governance.html). The Nominating Committee may consider candidates recommended by stockholders as well as from other sources such as other directors or officers, third party search firms or other appropriate sources. For all potential candidates, the Nominating Committee may consider all factors it deems relevant, such as a candidate's independence, character, ability to exercise sound judgment, diversity, age, demonstrated leadership, skills, including financial literacy and experience in the context of the needs of the Board, and concern for the long-term interests of the stockholders. The Nominating Committee does not assign any particular weight or importance to any one of these factors but rather considers them as a whole. In general, persons recommended by stockholders will be considered on the same basis as candidates from other sources. If a stockholder wishes to recommend a candidate for election as a director at the 2018 Annual Meeting of Stockholders, it must follow the procedures described in "Stockholder Proposals and Nominations for Director" below.

### ***Compensation Committee***

The Board of Directors has a Compensation Committee, which met on six occasions in 2017, and is currently composed of Messrs. Kozin and Croteau and Ms. Quinn, each of whom is an independent director under applicable Nasdaq standards. Ms. Quinn serves as the Chair. The Compensation Committee operates pursuant to a written charter (the “Compensation Committee Charter”) that was adopted by the Board of Directors and that complies with applicable Nasdaq listing standards. The Compensation Committee Charter is available at the Company’s website, [www.ufpt.com/investors/governance.html](http://www.ufpt.com/investors/governance.html). Under the provisions of the Compensation Committee Charter, the primary functions of the Compensation Committee include determining salaries and bonuses for the Company’s named executive officers, individuals to whom stock options, and other equity-based awards are granted, and the terms upon which such grants and awards are made, adopting incentive plans, overseeing risks associated with the Company’s compensation policies and practices, evaluating the performance of the Company’s named executive officers, reviewing with management compensation disclosures to be included in the Company’s filings with the Securities and Exchange Commission (“SEC”), and determining director compensation, benefits and overall compensation. The Compensation Committee has the sole discretion and express authority to retain and terminate any compensation consultant, including sole authority to approve the consultant’s fees and other retention terms.

*Compensation Committee Interlocks and Insider Participation.* During fiscal year 2017, Messrs. Kozin and Croteau and Ms. Quinn served as members of the Compensation Committee. None of the members of the Compensation Committee has ever been an executive officer or employee of the Company (or any of its subsidiaries) and no “compensation committee interlocks” existed during 2017.

For a further description of the Company’s determination of executive and director compensation, see “Executive Compensation” below.

### ***Audit Committee***

The Board of Directors has an Audit Committee, which met on eight occasions in 2017, and is currently composed of Messrs. Pierce and Oberdorf and Ms. Feldmann, each of whom meets the enhanced independence standards for audit committee members set forth in applicable SEC rules and Nasdaq listing standards. Ms. Feldmann serves as Chair. The Board of Directors had determined that each of Ms. Feldmann and Mr. Oberdorf qualifies as an “audit committee financial expert”, as defined by applicable SEC rules. The Audit Committee operates pursuant to a written charter (the “Audit Committee Charter”) that was adopted by the Board of Directors and that complies with currently applicable SEC rules and Nasdaq listing standards. The Audit Committee Charter is available at the Company’s website, [www.ufpt.com/investors/governance.html](http://www.ufpt.com/investors/governance.html). Under the provisions of the Audit Committee Charter, the primary functions of the Audit Committee are to assist the Board of Directors with oversight of (i) the integrity of the Company’s financial statements, (ii) the Company’s compliance with legal and regulatory requirements and (iii) the qualifications, independence, appointment, retention, compensation and performance of the Company’s registered public accounting firm. The Audit Committee is also responsible for the maintenance of “whistle-blowing” procedures,

and the oversight of certain other compliance matters. See “Report of the Audit Committee” below.

### **Report of the Audit Committee**

The Audit Committee has:

Reviewed and discussed with management the Company’s audited financial statements as of and for the year ended December 31, 2017;

Discussed with Grant Thornton, the Company’s independent registered public accounting firm, the matters required to be discussed with audit committees under generally accepted auditing standards, including, among other things, the matters required to be discussed by Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 16, *Communications with Audit Committees*, as amended;

Received and reviewed the written disclosures and the letter from the Company's independent accountant required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and discussed with the independent accountant the independent accountant's independence; and

Based on the review and discussions referred to above, recommended to the Board of Directors that the audited financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 for filing with the Securities and Exchange Commission.

By the Audit Committee of the Board of Directors:

Cynthia L. Feldmann, *Chair*

Thomas Oberdorf

Robert W. Pierce, Jr.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information as of April 13, 2018, with respect to the beneficial ownership of the Company's Common Stock by each director, each nominee for director, each named executive officer in the Summary Compensation Table under "Executive Compensation" below, all executive officers and directors as a group, and each person known by the Company to be the beneficial owner of 5% or more of the Company's Common Stock. This information is based upon information received from or on behalf of the named individuals. Unless otherwise indicated, (i) each person identified possesses sole voting and investment power with respect to the shares listed and (ii) the address for each person named below is: c/o UFP Technologies, Inc., 100 Hale Street, Newburyport, Massachusetts, 01950.

Name	Shares of Common Stock Beneficially Owned	Percentage of Class(1)	
R. Jeffrey Bailly	534,456	7.3	%
Daniel Croteau(2)	8,070	*	
Mitchell C. Rock	28,902	*	
Ronald J. Lataille	76,579	1.0	%
William David Smith(2)	31,120	*	
Daniel J. Shaw, Jr.	12,001	*	
Thomas Oberdorf(2)	81,802	1.1	%
Marc Kozin(2)	48,752	*	
Cynthia L. Feldmann(2)	2,703	*	
Robert W. Pierce, Jr.(2)	71,800	*	
Lucia Luce Quinn(2)	13,718	*	
Cove Street Capital, LLC(3) 2101 E El Segundo Boulevard, Suite 302 El Segundo, CA 90245	613,130	8.4	%
Renaissance Technologies LLC(4) 800 Third Avenue New York, NY 10022	563,000	7.7	%
Ancora Adviors, LLC(5) 6060 Parkland Boulevard, Suite 200 Cleveland, OH 44124	551,977	7.5	%
Thomson Horsmann & Bryant, Inc.(6) 501 Merritt 7 Norwalk, CT 06851	442,531	6.0	%
All executive officers and directors as a group (12 persons)(2)(7)	913,653	12.3	%

\*

Less than one percent

- (1) Based upon 7,323,958 shares of Common Stock outstanding as of April 13, 2018.

(2) Includes shares issuable pursuant to stock options currently exercisable or exercisable within 60 days after April 13, 2018, as follows: 6,238 for Daniel Croteau, 27,655 for William David Smith, 36,675 for Thomas Oberdorf, 28,031 for Marc Kozin, 2,056 for Cynthia L. Feldmann, 14,509 for Robert W. Pierce, Jr., and 10,506 for Lucia Luce Quinn.

(3) Shares of Common Stock beneficially owned and the information in this footnote are based solely upon information contained in a Schedule 13G/A filed with the SEC by Cove Street Capital, LLC on February 13, 2018. As of December 31, 2017, Cove Street Capital, LLC had shared dispositive power over 613,130 shares shared voting power over 537,530 shares.

(4) Shares of Common Stock beneficially owned and the information in this footnote are based solely upon information contained in a Schedule 13G/A filed with the SEC by Renaissance Technologies LLC on February 14, 2018. As of December 29, 2017, Renaissance Technologies LLC had sole voting and dispositive power over 563,000 shares.

(5) Shares of Common Stock beneficially owned and the information in this footnote are based solely upon information contained in a Schedules 13D/A filed with the SEC by Ancora Advisors, LLC on February 15, 2018. As of February 9, 2018, Ancora Advisors, LLC had sole voting and dispositive power over 551,977 shares.

Shares of Common Stock beneficially owned and the information in this footnote are based solely upon information contained in a Schedule 13G/A filed with the SEC by Thomson Horstmann & Bryant, Inc. on February 12, 2018. As of December 31, 2017, Thomson Horstmann & Bryant, Inc. had sole dispositive power over 442,531 shares, and sole voting power over 241,719 shares.

(7) Includes an aggregate of 129,420 shares that the executive officers and directors have the right to acquire within 60 days after April 13, 2018 pursuant to the exercise of options.

## **EXECUTIVE OFFICER AND DIRECTOR COMPENSATION**

### **Compensation Discussion and Analysis**

#### **Introduction and Scope**

This Compensation Discussion and Analysis (“CD&A”) is intended to provide a context for the disclosures contained in this Proxy Statement with respect to our “named executive officers.” Our named executive officers are determined in accordance with SEC rules. Under such rules, our named executive officers for fiscal 2017 were Messrs. R. Jeffrey Bailly, Ronald J. Lataille, Mitchell C. Rock, William David Smith and Daniel J. Shaw, Jr. The 2017 compensation of our named executive officers is detailed in the tables that follow this CD&A.

The Company’s compensation programs are determined by the Compensation Committee of the Board of Directors, which has the ongoing responsibility for establishing, implementing, and monitoring the Company’s executive compensation programs. The Compensation Committee operates in accordance with the Compensation Committee Charter that was adopted by the Board of Directors and that complies with applicable Nasdaq listing standards. The Compensation Committee Charter is available at the Company’s website, [www.ufpt.com/investors/governance.html](http://www.ufpt.com/investors/governance.html).

#### **Executive Summary**

Using foams, plastics, composites and natural fiber, we design and manufacture a vast range of solutions primarily for the medical, automotive, electronics, consumer, industrial and aerospace and defense markets. Our industry is fragmented across numerous competing entities. Our ability to compete effectively depends to a large extent on our ability to identify, recruit, develop and retain key management personnel. We believe this requires a competitive compensation structure as compared to other companies of a similar size in the same or similar industries.

The compensation programs for our named executive officers are designed to align compensation objectives with our business strategies and to encourage our executives to focus on creating stockholder value. While it is critical that our compensation programs allow for the recruitment and retention of highly qualified executives, it is also important that these programs are variable in nature such that performance is a key factor in realizing value. Accordingly, our programs combine competitive base salaries with annual cash incentives and long-term equity incentives. Specifically, we structure our named executive officer compensation to include:



- Competitive base salary;
- Stock grant (Chief Executive Officer only);
- Performance-based cash incentive bonus;
- Performance-based long-term incentive in the form of time-based vesting restricted stock awards; and
- Other common perquisites.

The compensation programs for the named executive officers provide equity incentives for a fixed dollar value with the number of shares being variable. The intent of this approach is to limit the amount of compensation variability resulting solely from fluctuations in the Company's stock price while still providing variability in pay based upon the achievement of financial and individual objectives.

The following policies and practices have also been adopted by the Compensation Committee and/or the full Board of Directors to promote good corporate governance:

- **No Tax Gross-ups**—the Company does not provide tax gross-ups to its named executive officers.

**Anti-Hedging Policy**—the Company established a policy prohibiting insider trading practices including the hedging of the Company's stock by executive officers and directors.

**No Repricing of Stock Options**—the Company's equity incentive plans prohibit the repricing of stock options or other equity awards without the consent of our stockholders.

**Buyouts of Underwater Options**—the Company’s equity incentive plans prohibit the Company from buying out underwater stock options from executive officers.

**Stock Ownership Guidelines**—The Company has adopted stock ownership guidelines for the named executive officers and independent directors that are described in more detail below.

- **Clawback Policy**—The Company has adopted a clawback policy that is described in more detail below.

**Independent Compensation Committee**—the Company’s Compensation Committee is comprised exclusively of independent directors.

**Independent Consultants**—the independent consultants who provided benchmarking data with respect to the named executive officers do not provide services to the Company other than at the direction of the Compensation Committee.

### **Philosophy and Objectives of the Company’s Compensation Programs**

The primary objectives of our compensation programs are to:

• Retain executive talent by offering compensation that is commensurate with pay at other companies of a similar size in similar industries, as adjusted for individual factors, and considering the complexity of the Company’s business;

- Safeguard the interests of the Company and the Company’s stockholders;

• Drive executive performance by having certain components of pay at risk and/or tied to Company and individual goal performance;

- Be fair to employees, management and stockholders; and
- Be well communicated and understood by program participants and stockholders.

The Compensation Committee believes that the most effective compensation program is one that provides a reasonable level of fixed income through competitive base salaries, equity grants and retirement benefits as well as additional rewards for achieving performance targets. The Compensation Committee also believes that these rewards should be in the form of both cash and non-cash, and have some component subject to time-based vesting as a retention measure. Incentive cash bonuses are included to drive executive performance by having pay at risk so that a

significant portion of potential annual cash compensation is tied to profitability targets. We also include performance-based restricted stock awards with a time-based vesting component as a significant element of prospective executive compensation so that the value of a portion of an executive's compensation is dependent upon both company-wide performance measures and continued employment.

### **The Company's Decision-Making Process**

*The Role of the Compensation Committee*—The Compensation Committee oversees the compensation and benefit programs for the named executive officers. The Compensation Committee is comprised solely of independent directors of the Board. The Compensation Committee works closely with management to examine the effectiveness of the Company's executive compensation program. Details of the Compensation Committee's authority and responsibilities are specified in the Compensation Committee Charter, which is available at the Company's website, [www.ufpt.com/investors/governance.html](http://www.ufpt.com/investors/governance.html).

*The Role of Management*—The Chief Executive Officer also makes recommendations to the Compensation Committee about the compensation of the Company's other named executive officers. The Compensation Committee considers the Chief Executive Officer's recommendations before making a final determination of the compensation programs for the named executive officers. The Chief Executive Officer and the other named executive officers may not be present during voting or deliberations on his or her compensation.

*Use of Compensation Consultants*—In 2013, the Compensation Committee engaged Radford, a national compensation consulting firm (“Radford”), to perform an updated comprehensive comparative market study of the compensation programs offered to peer company executives and directors. The Compensation Committee used this information to evaluate and adjust executive and director compensation for fiscal 2017 and anticipates engaging an independent compensation consultant within the next year to update compensation benchmarking data. The competitive assessment done by Radford included a survey of the following 16 companies:

- American Pacific
- CECO Environmental
- Chase Corporation
- Core Molding Technologies
- Culp
- Dynamic Materials
- Hurco Companies
- Key Technology
- Landec
- Material Sciences
- Met-Pro
- Omega Flex
- Rochester Medical
- Synergetics USA
- The Eastern Company
- Zoltek Companies

#### **Principal Elements of the 2017 Compensation Program**

There were five principal elements of compensation for the named executive officers during fiscal 2017:

- Base salary;
- Stock grant (Chief Executive Officer only);
- Performance-based cash incentive bonus;
- Performance-based long-term incentive in the form of time-based vesting restricted stock awards; and
- Other common perquisites.

*Base Salary*—The base salaries established by the Compensation Committee for our named executive officers for fiscal 2017 are set forth below.

<b>Named Executive Officer</b>	<b>Annual Base Salary (\$)</b>
R. Jeffrey Bailly	\$485,000
Ronald J. Lataille	\$280,000
Mitchell C. Rock	\$255,000
William David Smith	\$255,000
Daniel J. Shaw, Jr.	\$195,000

Base salaries were reviewed by the Compensation Committee in light of the market competitive assessment done by Radford in 2013. The base salaries are also reviewed by the Compensation Committee annually and, if appropriate, are adjusted.

*Stock Grant*—for the past several years, including fiscal 2017, the Company has granted to Mr. Bailly, its Chief Executive Officer, an award of Common Stock as a component of his overall compensation. The objective of this equity component is to greater align the Chief Executive Officer’s interests with those of the Company’s stockholders. The stock is typically issued to the Chief Executive Officer in the last week of the fiscal year, assuming the Chief Executive Officer remains employed by the Company on that date. In 2017, consistent with the terms of his employment agreement, the Chief Executive Officer was granted shares valued at \$400,000. See “Employment Contract” below.

*Cash Incentive Bonus*—in the beginning of each fiscal year, following approval by the Board of Directors of the Company’s strategic plan and budget, the Compensation Committee establishes, at its discretion, performance targets for the named executive officers’ cash incentive bonus. This performance-based cash bonus is based on the achievement of a combination of financial and individual objectives. Targeted payout levels were expressed as a percentage of base salary and established for each participant. An individual’s bonus components were determined by such individual’s title and/or role. Typically, the financial performance portion of the bonus fluctuates up and down based upon a degree by which the Company’s actual results fall short of or exceed the financial objective.

For 2017, the financial objectives were based upon targeted Adjusted Operating Income of \$11,550,000. Adjusted Operating Income is operating income as adjusted to disregard (i) non-recurring restructuring charges related to plant closings and consolidations and (ii) the impact of acquired or disposed of operations during the fiscal year