

QUAKER CHEMICAL CORP  
Form DEF 14A  
March 29, 2018  
Table of Contents

**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 Pursuant to §240.14a-12

**QUAKER CHEMICAL 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:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



**Table of Contents**

**NOTICE OF  
ANNUAL MEETING OF SHAREHOLDERS  
AND PROXY STATEMENT**

**MEETING DATE**

**May 9, 2018**

**QUAKER CHEMICAL CORPORATION**

**One Quaker Park**

**901 E. Hector Street**

**Conshohocken, Pennsylvania 19428**

**Table of Contents**

*Notice of Annual Meeting of Shareholders*

*TIME:* 8:30 A.M., local time, on Wednesday, May 9, 2018

*PLACE:* Quaker Chemical Corporation

One Quaker Park

901 E. Hector Street

Conshohocken, Pennsylvania 19428

*ITEMS OF BUSINESS:* (1) To elect three directors.

(2) To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm to examine and report on our financial statements and internal control over financial reporting for 2018.

(3) To transact any other business properly brought before the meeting.

*WHO MAY VOTE:* You can vote at the meeting and any adjournment(s) of the meeting if you were a shareholder of record at the close of business on March 12, 2018.

*ANNUAL REPORT:* A copy of our Annual Report on Form 10-K for the year ended December 31, 2017, is enclosed.

*It is important that your shares be represented at the meeting. You are cordially invited to attend the meeting in person. Whether or not you expect to attend in person, you are urged to complete, sign, date and return the enclosed proxy in the envelope we have enclosed for your convenience; no postage is required if mailed in the United States.*

By Order of the Board of Directors,

Robert T. Traub

Vice President, General Counsel

and Corporate Secretary

Conshohocken, Pennsylvania

March 29, 2018

**Important Notice of Availability of Proxy Materials**

**for Quaker Chemical Corporation's 2018 Annual Meeting of Shareholders to be held on May 9, 2018.**

**The Notice of Meeting, Proxy Statement and Annual Report on Form 10-K**

**are available at [www.proxyvote.com](http://www.proxyvote.com).**

**Table of Contents**

**TABLE OF CONTENTS**

**TABLE OF CONTENTS**

**Introduction**

<b><u>Information Concerning the Annual Meeting</u></b>	<b>1</b>
<b><u>Proposal 1 Election of Directors and Nominee Biographies</u></b>	<b>6</b>
<b><u>Biographies of Continuing Directors</u></b>	<b>9</b>
<b><u>Corporate Governance</u></b>	<b>12</b>
<u>Leadership Structure</u>	12
<u>Director Independence</u>	12
<u>Governance Committee Procedures for Selecting Director Nominees</u>	12
<u>Summary of Director Core Competencies</u>	14
<u>Shareholder Nominations and Recommendations</u>	14
<u>Board Oversight of Risk</u>	15
<u>Communications with the Board of Directors; Corporate Governance Guidelines</u>	16
<u>Code of Conduct</u>	16
<b><u>Meetings and Committees of the Board</u></b>	<b>18</b>
<u>Audit Committee</u>	18
<u>Compensation/Management Development Committee</u>	19
<u>Executive Committee</u>	19
<u>Governance Committee</u>	19
<b><u>Compensation Committee Interlocks and Insider Participation</u></b>	<b>20</b>



<b><u>Executive Compensation</u></b>	<b>21</b>
<u>Compensation Discussion and Analysis</u>	21
<u>Introduction</u>	21
<u>Executive Summary</u>	21
<u>General Philosophy</u>	22
<u>Administrative Practices</u>	23
<u>Benchmarking Data</u>	23
<u>Allocating Between Current and Long-Term Compensation</u>	24
<u>Base Salary</u>	25
<u>Annual Cash Incentive Bonus</u>	25
<u>Long-Term Incentives</u>	30
<u>Comparative Stock Price Performance Graph</u>	32
<u>Chief Executive Officer Compensation</u>	32
<u>Stock Ownership Policy</u>	33
<u>Retirement Benefits</u>	33
<u>Severance and Change in Control Benefits</u>	35
<u>Mr. Barry's Employment Agreement</u>	35
<u>Other Named Executive Officers</u>	37
<u>Other Benefits on Termination</u>	38
<u>Perquisites and Other Benefits</u>	38

**Table of Contents**

**TABLE OF CONTENTS**

<b><u>Compensation Committee Report</u></b>	<b>39</b>
<b><u>Executive Compensation Tables</u></b>	<b>40</b>
<u>Summary Compensation Table</u>	40
<u>Grants of Plan-Based Awards</u>	42
<u>Outstanding Equity Awards at Fiscal Year-End</u>	43
<u>Option Exercises and Stock Vested</u>	44
<u>Pension Benefits</u>	45
<u>Potential Payments Upon Termination or Change in Control</u>	46
<b><u>Pay Ratio Disclosure</u></b>	<b>49</b>
<b><u>Director Compensation</u></b>	<b>50</b>
<b><u>Compensation Policies and Practices – Risk Assessment</u></b>	<b>52</b>
<b><u>Stock Ownership of Certain Beneficial Owners and Management</u></b>	<b>53</b>
<u>Certain Beneficial Owners</u>	53
<u>Management</u>	54
<b><u>Section 16(a) Beneficial Ownership Reporting Compliance</u></b>	<b>55</b>
<b><u>Certain Relationships and Related Transactions</u></b>	<b>55</b>
<b><u>Proposal 2 – Ratification of Appointment of Independent Registered Public Accounting Firm</u></b>	<b>56</b>
<u>Audit Fees</u>	56
<u>Audit-Related Fees</u>	56

<u>Tax Fees</u>	56
<u>All Other Fees</u>	56
<u>Pre-Approval Policy</u>	56
<b><u>Report of the Audit Committee</u></b>	<b>58</b>
<b><u>General</u></b>	<b>59</b>
<u>Availability of Annual Report on Form 10-K</u>	59
<u>Shareholder Proposals</u>	59

**ii** | 2018 Proxy Statement

**QUAKER CHEMICAL CORPORATION**

**Table of Contents**

**PROXY STATEMENT**

**Proxy Statement**

This proxy statement is being furnished to our shareholders in connection with the solicitation of proxies on behalf of our Board of Directors for use at our 2018 Annual Meeting of Shareholders, and at any and all adjournments of the meeting, for the purpose of considering and acting upon the matters referred to in the accompanying Notice of Annual Meeting of Shareholders and which are discussed below. The Annual Meeting of Shareholders will be held at our headquarters, located at One Quaker Park, 901 E. Hector Street, Conshohocken, Pennsylvania 19428, at 8:30 A.M., local time, on May 9, 2018. The terms we, our, us, the Company and Quaker, as used in this proxy statement, refer to Quaker Chemical Corporation.

This proxy statement, the accompanying form of proxy and a copy of our Annual Report on Form 10-K for the year ended December 31, 2017 are first being mailed to our shareholders on or about April 3, 2018.

**Information Concerning the Annual Meeting**

**What matters will be voted on at the meeting?**

At the meeting, shareholders will vote on two proposals:

- Election of three nominees to serve on our Board of Directors;
- Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018; and
- Transaction of any other business properly brought before the meeting.

**How does the Board recommend I vote on the proposals?**

The Board recommends that you vote:

- FOR each of the three nominees named in this proxy statement; and
- FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018.

**Who is entitled to vote?**

Shareholders of record as of the close of business on March 12, 2018, the record date for the meeting, are entitled to notice of and to vote at the meeting and any adjournments of the meeting.

**How do I cast my vote if I am a shareholder of record?**

You can cast your vote:

in person, by attending the Annual Meeting of Shareholders;  
via the Internet, by visiting [www.proxyvote.com](http://www.proxyvote.com) and following the instructions provided;  
by telephone, using the toll-free number listed on the proxy card; or  
by mail, if you mark, sign and date the proxy card enclosed with this proxy statement and return it in the postage-paid envelope provided.

**How do I cast my vote if I am a beneficial owner of shares held in street name?**

You can cast your vote:

in person, by first obtaining a voting instruction form issued in your name from your broker and bringing that voting instruction form to the meeting, together with a copy of a brokerage statement reflecting your stock ownership as of the record date and valid identification;

**Table of Contents**

**PROXY STATEMENT**

via the Internet, by visiting [www.proxyvote.com](http://www.proxyvote.com) and following the instructions provided;  
by telephone by using the toll-free number found on the voting instruction form; or  
by mail, if you mark, sign and date the voting instruction form and return it in the postage-paid envelope provided by your broker.

**If I have given a proxy, can I revoke that proxy?**

Your presence at the meeting will not revoke any proxy you may have given. If your shares are held in your own name, you may revoke your proxy at any time (to the extent it has not already been voted at the meeting), but a revocation will not be effective until it is received. Your proxy will be revoked (to the extent it has not already been voted at the meeting) if you:

give written notice of the revocation to Quaker's Corporate Secretary, Robert T. Traub, One Quaker Park, 901 E. Hector Street, Conshohocken, Pennsylvania 19428, or give electronic notice to Mr. Traub at [traubr@quakerchem.com](mailto:traubr@quakerchem.com);  
submit a properly signed proxy with a later date; or  
vote in person at the meeting as described above.

If your shares are held in street name through a broker, bank or other nominee for your benefit, you should contact the record holder to obtain instructions if you wish to revoke your vote before the meeting.

**How will my proxy be voted?**

If you are a registered holder and your proxy is properly executed, returned and received before the meeting and is not revoked, it will be voted in accordance with your instructions. If you return your signed proxy but do not mark the boxes to show how you wish to vote on a proposal, the shares for which you have given your proxy will, in the absence of your instructions to the contrary, be voted:

Proposal 1: FOR the election of each of the three nominees named in this proxy statement to serve on our Board of Directors;

Proposal 2: FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018; and

In the discretion of the proxies on other matters properly brought before the meeting.

If your shares are held in street name through a broker, bank or other nominee for your benefit and your voting instruction form is properly executed, returned and received before the meeting and is not revoked, it will be voted in accordance with your instructions. If you have not furnished voting instructions within a specified period before the meeting, under current New York Stock Exchange ( NYSE ) rules, brokerage firms and nominees that are members of the NYSE may vote their customers' unvoted shares on routine matters but not on non-routine matters. Under the NYSE rules, routine matters include the ratification of the appointment of our independent registered public accounting firm but do not include the other proposal on the ballot.

The voting instruction form also grants the proxy holders discretionary authority to vote on any other business that may properly come before the meeting as well as any procedural matters. As of the date of this proxy statement, we do not know of any other matters that will be presented at the meeting.

**What does it mean if I get more than one proxy card?**

If you hold your shares in more than one account or with more than one broker and/or our transfer agent, you will receive more than one proxy card. Please complete and return each of the proxy cards you receive to ensure that all of your shares are voted.

Table of Contents

## PROXY STATEMENT

**How many votes are required to approve each proposal, and what are the effects of abstentions and broker non-votes?**

The following table summarizes the vote required for approval of each proposal and the effect on the outcome of the vote of abstentions, uninstructed shares held by brokers (which result in broker non-votes when a beneficial owner of shares held in street name does not provide voting instructions and, as a result, under the NYSE rules, the institution that holds the shares may not vote those shares on certain proposals) and signed but unmarked proxy cards.

Proposal	Votes Required for Approval	Effect of Abstentions <sup>(1)</sup>	Uninstructed Shares/ Effect of Broker Non-votes <sup>(1)</sup>	Signed but Unmarked Proxy Cards <sup>(2)</sup>
<u>Proposal 1</u> Election of directors	Three nominees receiving the highest number of FOR votes (i.e., plurality)	No effect <sup>(3)</sup>	Not voted/No effect <sup>(3)</sup>	Voted For
<u>Proposal 2</u> Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm	Majority of votes cast	No effect <sup>(3)</sup>	Discretionary vote by broker	Voted For

- (1) Abstentions and broker non-votes are included in determining whether a quorum is present.
- (2) If you complete your proxy card properly, but do not provide instructions on your proxy card as to how to vote your shares, your shares will be voted as shown in this column and in accordance with the judgment of the individuals named as proxies on the proxy card as to any other matter properly brought before the annual meeting.
- (3) Under Section 1103 of the Pennsylvania Business Corporation Law of 1988, as amended, abstentions and broker non-votes are not counted as votes cast.

**What if a director nominee is unwilling or unable to serve?**

We do not expect that to occur. If it does, proxies will be voted for a substitute director nominee designated by our Board of Directors.

**Are dissenters' rights applicable to any of the matters to be voted on at the meeting?**

No. Dissenters' rights do not apply to any of the matters to be voted on at the meeting.



**Who will count the vote?**

The Judge of Election appointed at the meeting, together with a representative of Broadridge Financial Solutions, Inc., will serve as the inspector of election.

**How many shares can be voted at the meeting and what is the total number of votes that can be cast?**

As of March 12, 2018, the record date for the meeting, 13,322,239 shares of Quaker common stock were issued and outstanding. Every holder of Quaker common stock is entitled to one vote for each share held of record on the record date; therefore, at the annual meeting, a maximum of 13,322,239 votes can be cast.

**Table of Contents**

**PROXY STATEMENT**

**How many votes may I cast at the meeting?**

You will be entitled to cast one vote for each share of common stock you held on March 12, 2018, the record date for the meeting.

**What is a quorum?**

The presence of shareholders entitled to cast at least a majority of the votes entitled to be cast on a particular matter will constitute a quorum for the purpose of considering that matter. For purposes of determining the presence of a quorum, the votes of a shareholder will be counted if the shareholder is present in person or by proxy. Shares that are the subject of abstentions or broker non-votes will be counted for purposes of determining a quorum.

**Who can attend the Annual Meeting?**

All shareholders of Quaker who owned shares of record on March 12, 2018 may attend the meeting. If you want to vote in person and you hold Quaker common stock in street name (i.e., your shares are held in the name of a brokerage firm, bank or other nominee), you must obtain a proxy card issued in your name from your broker and bring that proxy card to the meeting, together with a copy of a brokerage statement reflecting your stock ownership as of the record date and valid identification. If you hold stock in street name and want to attend the meeting but not vote in person at the meeting, you must bring a copy of a brokerage statement reflecting your stock ownership as of the record date and valid identification.

**How will voting on any other business be conducted?**

We do not know of any business to be considered at the meeting other than the proposals described in this proxy statement. However, if any other business is properly presented at the meeting, the proxy being solicited by the Board of Directors will give authority to Michael F. Barry and Robert T. Traub to vote on such matters at their discretion and they intend to do so in accordance with their best judgment.

**Who will pay the cost of this proxy solicitation and how will the solicitation be conducted?**

We will pay the expenses of soliciting proxies in the form included with this proxy statement, including the cost of preparing, assembling and mailing material in connection with the solicitation. In addition to the use of the mail, our directors, executive officers and employees may, without additional compensation, solicit proxies by telephone, facsimile, electronic mail and personal contact. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy materials and Quaker's Annual Report on Form 10-K, to any beneficial holder of Quaker common stock.

**Does the Company utilize householding for mailing of its proxy materials?**

The Securities and Exchange Commission (the SEC) permits companies and intermediaries (such as brokers and banks) to satisfy delivery requirements for proxy statements and annual reports with respect to two or more shareholders sharing the same address by delivery of a single proxy statement and annual report to those shareholders. This process, which is commonly referred to as householding, is intended to reduce the volume of duplicate

information shareholders receive and also reduce expenses for companies. Quaker has instituted householding for its registered shareholders; some intermediaries may also be householding Quaker's proxy materials and annual report. Once you have received notice from the Company, your broker or another intermediary that they will be householding materials to your address, householding will continue until you are notified otherwise or until you or another shareholder who shares your address provides contrary instructions.

**Table of Contents**

**PROXY STATEMENT**

If at any time you no longer wish to participate in householding and would prefer to receive a separate proxy statement and annual report, you should contact Victoria K. Gehris, Assistant Secretary, at 610-832-4246, or inform her in writing at Quaker Chemical Corporation, Shareholder Services, One Quaker Park, 901 E. Hector Street, Conshohocken, Pennsylvania 19428. If you hold shares through an intermediary and no longer wish to participate in householding, you should contact your bank, broker or other nominee record holder.

Shareholders who share an address and are receiving multiple copies of annual reports or proxy statements but would like to receive a single copy can contact Victoria K. Gehris at the telephone number noted above.

We undertake to deliver promptly to any shareholder at a shared address, upon written or oral request, a copy of Quaker's proxy statement and annual report. You may request these documents by calling the telephone number or writing to the address noted above.

2018 Proxy Statement | 5

**Table of Contents**

**PROPOSAL 1**

**Proposal 1 Election of Directors and Nominee Biographies**

**What is the makeup of the Board of Directors?**

The Quaker Articles of Incorporation divide our Board of Directors into three classes, each consisting, as nearly as possible, of one-third of the directors. The shareholders elect the members of one class each year to serve for a term of three years. Directors elected to fill vacancies and newly created directorships serve for the balance of the term of the class to which they are elected. Currently, there are nine directors, three directors in each of Class I, Class II and Class III. The terms of the Class II directors expire at the 2018 annual meeting of shareholders. At the 2018 annual meeting, three Class II directors are to be elected with each member to serve a three-year term expiring in 2021 and until his successor is duly elected and qualified. The Board of Directors has decided that with William R. Cook not sitting for reelection this year, the size of the Board will be reduced by one member. In anticipation of the closing with Houghton International Inc. ( Houghton ), and the addition of the three new Board members that is expected to occur upon the closing per the terms of the transaction, the Board is seeking to realign its classes so that the classes stay as nearly even as possible. Accordingly, Mr. Michael F. Barry, who is currently serving as a Class I director, has been nominated as a Class II director to fill the vacancy in Class II, along with the other incumbent Class II directors who are eligible for election, Mr. Donald R. Caldwell and Mr. Jeffrey D. Frisby. If elected, Mr. Barry will serve as a Class II director going forward. If Mr. Barry is not elected to serve as a Class II director, he will continue to serve as a Class I director.

**Are there any members of the class of directors to be elected at the meeting who are not standing for reelection?**

Yes, Mr. William R. Cook will not be a nominee for reelection this year. Mr. Cook has decided to retire at the end of his current term.

**Who are the Board's nominees this year?**

Mr. Michael F. Barry, Mr. Donald R. Caldwell and Mr. Jeffrey D. Frisby are the nominees for election to the Board of Directors as Class II members. Each nominee, if elected, would hold office until our 2021 annual meeting of shareholders and until his successor is duly elected and qualified. Mr. William R. Cook reached normal director retirement age in November of 2017 and will not stand for reelection at the 2018 annual meeting of shareholders.

Table of Contents

PROPOSAL 1

Below is information about our nominees for election to the Board as Class II members, including descriptions of their qualifications and their business experience and directorships over the past five years:

**Michael F. Barry, 59**

Director Since: 2008

Chairman of the Board

Executive Committee

Chief Executive Officer and President

**DIRECTOR QUALIFICATION HIGHLIGHTS**

Extensive and valuable experience acquired through his various leadership positions within Quaker

Extensive knowledge of accounting/finance, financial reporting, risk assessment, industrial marketing and services, organizational development, global organizations, governance, strategic planning, corporate development, research and development and manufacturing

Developed additional experience in corporate governance through his service as a member of the board of directors of another public company

Mr. Barry has been our Chief Executive Officer and President since October 2008 and our Chairman of the Board since May 2009. He has held leadership and executive positions of increasing responsibility since joining Quaker in 1998, including Senior Vice President and Managing Director North America from January 2006 to October 2008; Senior Vice President and Global Industry Leader Metalworking and Coatings from July to December 2005; Vice President and Global Industry Leader Industrial Metalworking and Coatings from January 2004 to June 2005; and Vice President and Chief Financial Officer from 1998 to August 2004. Mr. Barry currently serves as a director of Rogers

Corporation.

**Donald R. Caldwell, 71**

Director Since: 1997

Lead Director

Executive Committee (Chair)

Audit Committee

Compensation Committee

Chairman and Chief Executive Officer of Cross Atlantic Capital Partners, Inc.

**DIRECTOR QUALIFICATION HIGHLIGHTS**

Deep financial, entrepreneurial and business expertise perspective, especially on strategic and financial matters

Experience in financial reporting, risk assessment, strategic planning and corporate development

Developed extensive experience in corporate governance, finance and strategy as a member of the boards and board committees of other public companies

Mr. Caldwell, an experienced and successful investor, co-founded Cross Atlantic Capital Partners, Inc., a venture capital management company, and has served as its Chairman and Chief Executive Officer since 1999. He was Chief Executive Officer of InsPro Technologies Corporation, one of Cross Atlantic Capital Partners' portfolio companies from January 2015 until his resignation on October 9, 2017. Previously, he was President and Chief Operating Officer of Safeguard Scientifics, Inc., a holding company with investments in the growth-stage technology and life sciences businesses, from February 1996 to February 1999. He has been our Lead Director since 2016. He is a director and Chairman of the Board of InsPro Technologies Corporation and a director of Lightning Gaming, Inc., both of which are Cross Atlantic Capital Partners' portfolio companies. He served as a director of Rubicon Technology, Inc., also a Cross Atlantic Capital Partners' portfolio company, until his resignation on November 16, 2017. In addition, he is currently a director of Haverford Trust Company and a director and Chairman of the Board of I-AM Capital Acquisition Company. He was a director of Fox Chase Bancorp. Inc. from October 2014 until July 2016.

