

OM GROUP INC
Form DEF 14A
April 22, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 14A

(RULE 14a-101)

SCHEDULE 14A INFORMATION

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 Section 240.14a-12

OM GROUP, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Edgar Filing: OM GROUP INC - Form DEF 14A

- .. 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

OM GROUP, INC.

Flats East Bank Building

950 Main Avenue, Suite 1300

Cleveland, Ohio 44113

Notice of Annual Meeting of Stockholders

to be Held June 1, 2015

The Annual Meeting of Stockholders of OM Group, Inc. will be held in the Riviera Ballroom at Aloft Hotel, 1111 W. 10th Street, Cleveland, Ohio 44113, on Monday, June 1, 2015 at 10:00 a.m., for the following purposes:

1. To elect three directors to serve for terms expiring at our annual meeting in 2018;
2. To confirm the appointment of Ernst & Young LLP as our independent registered public accounting firm;
3. To approve, on an advisory basis, the compensation of our named executive officers; and
4. To consider any other business that is properly brought before the meeting or any adjournment.

Stockholders of record at the close of business on April 13, 2015 are entitled to notice of and to vote at the meeting. This proxy statement and the accompanying proxy will be mailed to stockholders on or about April 22, 2015.

We cordially invite you to attend the meeting. To ensure your representation at the meeting, please vote promptly by mail, telephone or the Internet by following the instructions on the enclosed proxy, even if you plan to attend the meeting. Mailing your completed proxy, or using our telephone or Internet voting systems, will not prevent you from voting in person at the meeting if you wish to do so.

By Order of the Board of Directors

VALERIE GENTILE SACHS, Secretary

Cleveland, Ohio

April 22, 2015

Table of Contents

PROXY STATEMENT
FOR
ANNUAL MEETING OF STOCKHOLDERS
OF
OM GROUP, INC.

TABLE OF CONTENTS

	Page
<u>VOTING AND MEETING INFORMATION</u>	1
<u>PROPOSAL 1: ELECTION OF DIRECTORS</u>	3
<u>PROPOSAL 2: APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	5
<u>PROPOSAL 3: ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS</u>	5
<u>CORPORATE GOVERNANCE AND BOARD MATTERS</u>	7
<u>The Board of Directors</u>	7
<u>Director Independence</u>	7
<u>Board Committees</u>	7
<u>Board Leadership Structure and Risk Oversight</u>	9
<u>Compensation Committee Interlocks and Insider Participation</u>	9
<u>Process for Selecting and Nominating Directors</u>	10
<u>Majority Vote Provision and Director Resignation Policy</u>	10
<u>Director Qualifications and Attributes</u>	11
<u>Communications with the Board</u>	12
<u>Code of Conduct and Ethics, Corporate Governance Principles and Committee Charters</u>	12
<u>Certain Relationships and Related Transactions</u>	13
<u>SECURITY OWNERSHIP OF DIRECTORS, EXECUTIVE OFFICERS AND CERTAIN BENEFICIAL OWNERS</u>	13
<u>Stock Ownership Guidelines</u>	13
<u>Beneficial Ownership</u>	14
<u>EXECUTIVE COMPENSATION</u>	18
<u>Compensation Discussion and Analysis</u>	18
<u>Summary Compensation Table</u>	36
<u>Grants of Plan-Based Awards in 2014</u>	37
<u>Narrative to Summary Compensation and Grants of Plan-Based Awards Tables</u>	38
<u>Outstanding Equity Awards at 2014 Fiscal Year-End</u>	40
<u>Option Exercises and Stock Vested During 2014</u>	41
<u>Nonqualified Deferred Compensation</u>	41
<u>Potential Payments upon Termination or Change in Control</u>	43
<u>Director Compensation Table</u>	47
<u>COMPENSATION COMMITTEE REPORT</u>	48
<u>DESCRIPTION OF PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	49
<u>AUDIT COMMITTEE REPORT</u>	50
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	50
<u>STOCKHOLDER PROPOSALS FOR THE 2016 ANNUAL MEETING</u>	50
<u>SOLICITATION BY BOARD: EXPENSES OF SOLICITATION</u>	51

Table of Contents

VOTING AND MEETING INFORMATION

What is the purpose of the annual meeting?

At our annual meeting, you will be asked to:

elect three directors to serve for terms expiring at our annual meeting in 2018;

confirm the appointment of Ernst & Young LLP as our independent registered public accounting firm; and

approve, on an advisory basis, the compensation of our named executive officers.

In addition, we will transact any other business that properly comes before the meeting.

Who is entitled to vote?

Holders of record of our common stock as of the close of business on April 13, 2015 are entitled to vote at the annual meeting. At that time, we had 30,737,138 outstanding shares of common stock. We have no other outstanding classes of stock that are entitled to vote at the annual meeting. Voting stockholders are entitled to one vote per share.

How do I vote?

You may vote in person at the meeting or through a proxy. To vote by proxy, you should sign and date each proxy card you receive and return it in the prepaid envelope. If you are a registered stockholder, you may vote by telephone or electronically through the Internet by following the instructions included on your proxy card.

What if I hold shares indirectly?

If you hold shares in a stock brokerage account or through a bank or other nominee, you are considered to be the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by your broker or nominee. As the beneficial owner you have the right to direct your broker how to vote. **Under the New York Stock Exchange rules, unless you furnish specific voting instructions, your broker is not permitted to vote your shares on the election of directors or on the advisory vote on executive compensation.** Your broker is permitted to vote your shares on the appointment of our independent registered public accounting firm, even if you do not furnish voting instructions.

If your shares are held in street name, your broker or other nominee may have procedures that will permit you to vote by telephone or electronically through the Internet.

Can I revoke or change my vote?

You have the right to revoke or change your vote at any time before votes are counted at the meeting by:

notifying us in writing at our corporate offices, attention to Investor Relations;

returning a later-dated proxy card;

voting at a later time by telephone or through the Internet; or

voting in person at the meeting.

What are the requirements and procedures for a quorum, abstentions and broker non-votes?

Your shares are counted as present at the meeting if you attend the meeting or if you properly return a proxy by mail or vote by telephone or through the Internet. In order for us to vote on matters at the meeting, a majority of our outstanding shares of common stock as of April 13, 2015 must be present in person or by proxy at the meeting, which includes shares that have been voted by telephone or through the Internet. This is referred to as a quorum. Abstentions will be counted for purposes of establishing a quorum at the meeting and will be counted as voting (but not for or against) on the affected proposal. Broker non-votes will be counted for purposes of establishing a quorum but will not be counted as voting. If a quorum is not present, the meeting will be adjourned until a quorum is present.

Table of Contents

How many votes are needed to elect the directors, confirm the appointment of Ernst & Young LLP and to approve, on an advisory basis, the compensation of our named executive officers?

Each director nominee in an uncontested election who receives for votes constituting a majority of the shares voted with respect to that director position will be elected as a director. Shares not voted will have no impact on the director election. Confirming the appointment of Ernst & Young LLP and approving the compensation of our named executive officers on an advisory basis requires that each receive an affirmative vote of a majority of shares represented and voting at the meeting. If you sign and return a proxy card or use the telephone or Internet procedures but do not give voting instructions, your shares will be voted (i) for the director candidates nominated by the Nominating and Governance Committee and approved by the Board, (ii) to confirm Ernst & Young LLP and (iii) to approve, on an advisory basis, the compensation of our named executive officers.

How will voting on any other business be conducted?

We currently do not know of any business to be considered at the meeting other than the three proposals described in this proxy statement. If any other business is properly presented at the meeting, your signed proxy card or use of the telephone or Internet procedures gives authority to the named proxies to vote your shares on such matters in their discretion.

Who will count the vote?

Representatives of Broadridge will tabulate the votes and act as inspectors of election.

Important notice regarding the availability of proxy materials for the stockholder meeting to be held on June 1, 2015. The proxy statement and our annual report to our stockholders are available, free of charge, at <http://investor.omgi.com/phoenix.zhtml?c=82564&p=Proxy>

Table of Contents

PROPOSAL 1. ELECTION OF DIRECTORS

Our authorized number of directors is presently fixed at eight, divided into three classes, with two classes having three members and one class having two members. Our directors are elected to serve three-year terms, so that the term of office of one class of directors expires at each annual meeting.

On March 23, 2015, we entered into an agreement (the Agreement) with Steven A. Loukas, David A. Lorber, Zachary R. George, Allen A. Spizzo, FrontFour Capital Group, LLC and various affiliated entities (collectively, FrontFour) to settle a potential election contest in connection with our 2015 annual meeting of stockholders (the 2015 Annual Meeting).

Under the terms of the Agreement, we agreed to increase the size of the Board to nine members, by adding an additional director to the Company's Board of Directors, and to take all necessary actions to nominate Carl Christenson, Joseph M. Gingo and David A. Lorber to serve as directors until the 2018 annual meeting of stockholders (the 2015 Nominees). Richard W. Blackburn and Steven J. Demetriou, current members of our Board of Directors, will not stand for re-election at the 2015 Annual Meeting and their terms of office will expire on the day of the 2015 Annual Meeting, as soon as their successors are elected. The Company has also agreed to appoint Allen A. Spizzo as a director of the Company whose term will end at the Company's 2016 annual meeting of stockholders. FrontFour has agreed to withdraw its notice of nomination of director candidates, vote its shares of Common Stock in support of all of the 2015 Nominees at the 2015 Annual Meeting and various other provisions, including customary standstill terms. The foregoing is not a complete description of the Agreement. For a further description of the terms of the Agreement, including a copy of the Agreement, please see the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission (the SEC) on March 25, 2015.

The Nominating and Governance Committee has recommended, and the Board of Directors has approved, the nomination of Carl Christenson, Joseph M. Gingo and David A. Lorber for election as directors for terms expiring at our annual meeting of stockholders in 2018. If Messrs. Christenson, Gingo or Lorber become unavailable for election, the accompanying proxy may be voted for a substitute, or in favor of holding a vacancy to be filled by the directors. We have no reason to believe that any of Messrs. Christenson, Gingo or Lorber will be unavailable.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE NOMINEES.

The following information is provided regarding the nominees for election as directors and the continuing directors.

Nominees for Election as Directors Whose Terms of Office Expire in 2018

Carl R. Christenson, age 55, has been a director since January 1, 2014. Mr. Christenson is the Chief Executive Officer and Chairman of the Board of Altra Industrial Motion Corp. (NASDAQ: AIMC). Mr. Christenson has been the Chief Executive Officer since January 2009 and a director since July 2007. Prior to his current position, Mr. Christenson served as Altra's President and Chief Operating Officer from January 2005 to December 2008. From 2001 to 2005, Mr. Christenson was the President of Kaydon Bearings, a manufacturer of custom-engineered bearings and a division of Kaydon Corporation. Prior to joining Kaydon, Mr. Christenson held a number of management positions at TB Wood's Incorporated and several positions at the Torrington Company. Mr. Christenson holds a M.S. and B.S. degree in Mechanical Engineering from the University of Massachusetts and an M.B.A. from Rensselaer Polytechnic.

Joseph M. Gingo, age 70, has been the Chairman of the Board of A. Schulman, Inc. (NASDAQ:SHLM), since February 29, 2008 and served as its Chief Executive Officer and President from January 1, 2008 until December 31, 2014. Prior to 2008, Mr. Gingo was employed at The Goodyear Tire & Rubber Company for more than 40 years, where he last served as Executive Vice President, Quality Systems and Chief Technical Officer. In that role, Mr. Gingo was responsible for Goodyear's Research, Tire Technology and Engineering and Quality organizations. Prior to that, Mr. Gingo held numerous domestic and international leadership positions with The Goodyear Tire & Rubber Company. Mr. Gingo has served as a director of A. Schulman, Inc. since 2000 and of OMNOVA Solutions Inc. (NYSE:OMN) since March 19, 2015. Mr. Gingo earned a bachelor's degree in chemical engineering from the Case Institute of Technology (now Case Western Reserve University), a law degree from The University of Akron and an MBA from the Massachusetts Institute of Technology where he was a Sloan Fellow.

Table of Contents

David A. Lorber, age 37, is a Co-Founder of FrontFour Capital Group LLC, an investment adviser, and has served as a Portfolio Manager since January 2007. He is also a Co-Founder and Principal of FrontFour Capital Corp., an investment adviser. Previously, Mr. Lorber was a Senior Investment Analyst at Pirate Capital LLC, a hedge fund, from 2003 to 2006. He was an Analyst at Vantis Capital Management LLC, a money management firm and hedge fund, from 2001 to 2003 and an Associate at Cushman & Wakefield, Inc., a global real estate firm, from 2000 to 2001. Mr. Lorber has served as a director of Ferro Corporation (NYSE:FOE), a producer of specialty materials and chemicals for manufacturers, since May 2013. Previously he served as a director of GenCorp Inc. (NYSE:GY), a manufacturer of aerospace and defense products and systems, Huntingdon Capital Corp., a real estate company, and Fisher Communications Inc. (formerly NASDAQ:FSCI). He received a B.S. in Business Management and Economics from Skidmore College.

Continuing Directors Whose Terms of Office Expire in 2017

Dr. Hans-Georg Betz, age 68, has been a director since 2012. Dr. Betz has been an Executive Advisor of Advanced Energy Industries, Inc. (NASDAQ: AIES) since August 4, 2011. Prior to becoming an Executive Advisor, Dr. Betz served as President of Advanced Energy Industries, Inc. from August 2005 until December 2009 and as Chief Executive Officer from August 2005 until August 2011. Dr. Betz has served on the board of directors and has held various management positions at numerous companies. Dr. Betz served as chairman of the Board Directors of Mattson Technology Inc. (NASDAQ: MTSN), a publicly held supplier of advanced process equipment used to manufacture semiconductors from September 2011 until July 2012. He served as the chair of its compensation committee from 2003 to 2011. In addition, Dr. Betz served as director of Advanced Energy Industries, Inc. from 2004 until 2011. Dr. Betz received a degree in Electrical Engineering and a Ph.D., both from Technische Universität München (Technical University of Munich).

John A. McFarland, age 63, has been a director since July 1, 2014. Mr. McFarland served as Chairman of the Board of Directors of Baldor Electric Company from 2005 until 2011 (NYSE:BEZ, acquired by ABB Ltd in 2011). Mr. McFarland also served as Chief Executive Officer of Baldor Electric Company from 2000 until 2011, and as President of Baldor Electric Company from 1996 through 2004. Mr. McFarland currently serves as a Member of the Board of Directors of Weldon, Williams & Lick, Inc., a company specializing in security printing, a member of the Board of Directors of the Ft. Smith Boys and Girls Club and a Member of the Foundation Board of the University of Arkansas At Fort Smith. He is a past Chairman of the Ft. Smith Regional Chamber of Commerce. Mr. McFarland received a B.S. in Organizational Management from John Brown University.

Joseph Scaminace, age 62, has been a director and our Chief Executive Officer since June 2005 and Chairman of our Board since August 2005. From 1999 to June 2005, Mr. Scaminace was the President, Chief Operating Officer and a board member of The Sherwin-Williams Company, a manufacturer and distributor of coatings. Mr. Scaminace currently is a member of several boards of directors, including Parker-Hannifin Corporation (NYSE: PH), a global producer of fluid power systems, electromechanical controls and related components; Cintas Corporation (NASDAQ: CTAS), which designs, manufactures and implements corporate identity uniform programs and provides other highly specialized services, where he is the Lead Director, Chairman of the Executive Committee and Chairman of the Nominating and Corporate Governance Committee; and The Cleveland Clinic, a nonprofit multispecialty academic medical center that integrates clinical and hospital care with research and education, where he is the Vice Chair.

Continuing Directors Whose Terms of Office Expire in 2016

Katharine L. Plourde, age 63, has been a director since 2002. Ms. Plourde was a Principal and analyst at the investment banking firm of Donaldson, Lufkin & Jenrette, Inc., New York, New York, until November 1997. Since that time she has engaged in private investing. Ms. Plourde is a director of two other publicly traded companies, Pall Corporation (NYSE: PLL), a global producer of filtration and separation products and systems, where she is Chair of the Nominating and Governance Committee and Albany International Corp. (NYSE: AIN), a global advanced textiles and materials processing company. Ms. Plourde also serves as a director of a private corporation and on the board of a mutual fund.

Table of Contents

Patrick S. Mullin, age 66, has been a director since 2011. Mr. Mullin served as the Managing Partner for the Northeast Ohio practice of Deloitte & Touche LLP from 1999 until 2011. Mr. Mullin joined a predecessor organization to Deloitte & Touche in 1970. Mr. Mullin is a certified public accountant and has over 40 years of public accounting experience. He serves on the board of directors of The Andersons, Inc. (NASDAQ: ANDE), a diversified company rooted in agriculture, where he is Chairman of the Audit Committee. He also serves on the boards of several community organizations including Case Medical Center University Hospitals of Greater Cleveland and the Cleveland Scholarship Program.

PROPOSAL 2: APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC

ACCOUNTING FIRM

The Audit Committee has appointed Ernst & Young LLP to serve as our independent registered public accounting firm for 2015 and requests that stockholders confirm such appointment. Ernst & Young audited our consolidated financial statements and management's report on internal control over financial reporting for 2014. Representatives of Ernst & Young will be present at the annual meeting and will have an opportunity to make a statement if they so desire and to respond to appropriate questions by stockholders. If our stockholders do not confirm Ernst & Young as our independent registered public accounting firm, the Audit Committee will reconsider the appointment of our independent registered public accounting firm.

*THE BOARD OF DIRECTORS RECOMMENDS THAT YOU CONFIRM THE APPOINTMENT
OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING
FIRM FOR 2015.*

PROPOSAL 3: ADVISORY VOTE ON COMPENSATION OF NAMED

EXECUTIVE OFFICERS

Our stockholders will have the opportunity at the 2015 annual meeting to consider on an advisory basis the compensation of our named executive officers, which we are providing pursuant to Section 14A of the Securities Exchange Act of 1934. As recommended by our stockholders in 2011, we provide this opportunity annually, and the next advisory vote on the compensation of our named executive officers will occur at our 2016 annual meeting. Our compensation for our named executive officers received strong support from our stockholders in our Say on Pay vote at our May 2014 annual meeting.

We remain committed to creating long-term, sustainable value for all of our stockholders. Our strategy includes optimizing the performance of the Company's portfolio of attractive businesses, building out our existing growth platforms and continuing to return capital to our stockholders through dividend and share repurchase programs. We are executing our strategic plan and taking the right steps to accelerate the pace of change throughout the organization. Consistent with this plan, in 2014 we utilized our strong cash flows to support a number of strategic actions, including expanding our successful Battery Technologies platform with a complementary acquisition, initiating a regular cash dividend that paid over \$9 million to stockholders, and returning \$35 million in capital in the form of share repurchases. In 2014, we also sharpened our focus on improving the operating performance of the company, recruiting new business leaders in 4 of our 5 business units and announcing decisive competitive repositioning and cost optimization opportunities across the company to improve our ability to serve customers, better compete in global markets and deliver stronger financial performance. We have structured our compensation program and policies to motivate us to achieve positive results for all stockholders. We encourage you to review the complete Compensation Discussion and Analysis contained in pages 18-35 of this proxy statement for complete details regarding our compensation decisions for 2014.

We ask that you support our named executive officers' compensation as set forth in this proxy statement, and approve, on an advisory basis, the compensation paid to the named executive officers of OM Group, Inc., as disclosed in this proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and the related narrative disclosure.

Table of Contents

This proposal is intended to relate to the overall compensation of our named executive officers, rather than any specific item of compensation. This stockholder vote is advisory in nature and is not binding upon our Compensation Committee or our Board of Directors. However, our Compensation Committee and our Board of Directors will review the results of this advisory vote and will consider such results when determining future compensation for our named executive officers.

*THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE **FOR** APPROVAL, ON AN
ADVISORY BASIS, OF THE COMPENSATION OF THE NAMED EXECUTIVE OFFICERS AS
DISCLOSED IN THIS PROXY STATEMENT.*

Table of Contents

CORPORATE GOVERNANCE AND BOARD MATTERS

The Board of Directors

Our Board of Directors has four to five regularly scheduled meetings per year. These meetings are usually held in Cleveland, Ohio, where our headquarters are located. Directors are expected to attend Board meetings, our annual meeting of stockholders, and the meetings of the committees on which he or she serves. During 2014, the Board met for four regular meetings and two special meetings. All directors attended 100% of those meetings and 100% of the meetings of the committees on which he or she served, except for Dr. Betz and Mr. Blackburn who each missed one committee meeting. Each director attended our annual meeting of stockholders held in May 2014. Mr. McFarland's term began on July 1, 2014 and, accordingly, he did not attend any meeting held prior to July 1, 2014.

Director Independence

In addition to the independence criteria under the NYSE listing standards, our Board of Directors has adopted additional standards to determine director independence. These standards are located in our Corporate Governance Principles for Board of Directors, which can be found in the Investor Relations Corporate Governance portion of our website (www.omgi.com).

The Board affirmatively determined that Dr. Hans-Georg Betz, Richard W. Blackburn, Carl R. Christenson, Steven J. Demetriou, Joseph M. Gingo, David A. Lorber, John A. McFarland, Patrick S. Mullin, Katharine L. Plourde and William J. Reidy (who retired from the Board effective May 13, 2014) met these standards of independence. In assessing each director's or nominee's independence, the Board reviewed responses from each director or nominee on questions intended to determine independence. The Board undertook a further review and discussion of the following:

All commercial transactions between the Company and any other company with which each director had a relationship, either as an executive or as a director. In each case, the Board determined that the director had no involvement with any commercial transaction, the commercial transactions were immaterial, and they did not impact the director's independence or affect his or her ability to exercise independent judgment as our director.

All commercial transactions between the Company and any other company with which each director had a relationship through family connections. The Board considered that Mr. Blackburn's son is employed by Marsh & McLennan. Marsh & McLennan serves as the Company's property insurance broker. The Board noted that Marsh & McLennan provides limited services to the Company and that Mr. Blackburn's son does not work on any matters involving the Company. As a result, the Board determined that the relationship did not impact Mr. Blackburn's independence or affect his ability to exercise independent judgment as our director.

All professional transactions between the Company and any other service provider with which each director has a current or recent past affiliation. The Board considered Mr. Mullin's former affiliation with Deloitte & Touche LLP. Deloitte & Touche LLP occasionally provides tax and transaction related work for us. For 2014, Deloitte & Touche LLP's total fees were less than \$75,000. The Board determined that the Mr. Mullin had no involvement with any professional work performed by Deloitte & Touche LLP, the amount of work undertaken by Deloitte for us was immaterial and that the relationship between Deloitte and us did not impact Mr. Mullin's independence or affect his ability to exercise independent judgment as our director.

Board Committees

The Board has a standing Audit Committee, Compensation Committee, and Nominating and Governance Committee, each composed solely of independent directors as defined by the NYSE listing standards and our Corporate Governance Principles. Each Committee has a charter. See Code of Conduct and Ethics, Corporate Governance Principles and Committee Charters on page 12 for information regarding the electronic availability of these charters.

The Audit Committee, composed of Ms. Plourde, Dr. Betz, Messrs. Blackburn and Mullin and, as of August 12, 2014, Mr. McFarland, met 8 times during 2014. Mr. Mullin is the committee chairperson. The Audit Committee is responsible for, among other things:

Table of Contents

appointing our independent registered public accounting firm and monitoring our financial reporting process and internal control system;

reviewing and approving in advance any non-audit services provided by the independent registered public accounting firm;

overseeing the internal audit and risk management functions; and

recording, reviewing and resolving as appropriate concerns reported to us regarding accounting, auditing matters or suspected fraud. In performing its functions, the Audit Committee acts in an oversight capacity for our management processes and systems, internal control structure, financial reporting and risk management. It is not responsible for preparing or assuring the accuracy of our financial statements or filings, or conducting audits of financial statements. The Board has determined that each member of the Audit Committee is independent as defined by Rule 10A-3 of the Securities Exchange Act of 1934. The Board also has determined that each Audit Committee member is financially literate and has designated Ms. Plourde and Mr. Mullin as the Audit Committee financial experts. The Audit Committee's report can be found under Audit Committee Report in this proxy statement.

The Nominating and Governance Committee, composed of Ms. Plourde, Dr. Betz, and Messrs. Demetriou and Christenson, met 4 times during 2014. Ms. Plourde is the committee chairperson. The Nominating and Governance Committee is responsible for, among other things:

recommending to the Board corporate governance principles;

advising the Board on other matters relating to the affairs or governance of the Board;

recommending to the Board criteria and qualifications for new Board members;

recommending to the Board nominees for appointment or election as directors;

recommending to the Board the establishment of committees; and

recommending to the Board the composition and the chairpersons of each committee.

The process followed by the Nominating and Governance Committee for selecting and nominating directors is explained below under Process for Selecting and Nominating Directors.

The Compensation Committee, composed of Messrs. Blackburn, Demetriou, Mullin, Christenson and, as of August 12, 2014, Mr. McFarland, met 4 times during 2014. Mr. Demetriou is the committee chairperson. The Compensation Committee is responsible for, among other things:

considering and authorizing the compensation philosophy for our personnel;

reviewing and evaluating the chief executive officer's performance in light of corporate goals and objectives and, together with any outside directors not on the Compensation Committee, setting the chief executive officer's compensation, and approving perquisites for executives;

Edgar Filing: OM GROUP INC - Form DEF 14A

reviewing and evaluating the performance of executives and setting rates of executive compensation;

designating those employees and non-employee directors who will receive awards under our incentive compensation plans, together with the type and size of such grants;

determining the bonus levels for key executives and middle management employees under our bonus program;

participating in the analysis of our executive compensation programs as described under "Compensation Discussion and Analysis" in this proxy statement; and

researching, evaluating and recommending to the Board rates of compensation for directors.

Each member of the Compensation Committee qualifies as a "non-employee director" under Rule 16b-3 promulgated under the Securities Exchange Act of 1934, an "outside director" under Section 162(m) of the

Table of Contents

Internal Revenue Code, and an independent director as such term is defined in the NYSE listing standards and under our corporate governance principles. The Compensation Committee has issued a report regarding the Compensation Discussion and Analysis portion of this proxy statement, which report can be found immediately following the Director Compensation Table in this proxy statement.

Board Leadership Structure and Risk Oversight

The leadership structure of our Board of Directors has been uniform since Mr. Scaminace became our chief executive officer, with our chief executive officer also serving as the chairman of our Board. We believe this unified structure is appropriate for our company. The structure permits one person to be clearly responsible for leading us in implementing our business strategy and otherwise set the tone for our activities and behavior.

Our Board currently is composed of our chief executive officer and seven independent directors. Pursuant to our Corporate Governance Principles for the Board of Directors, the Board has the responsibility for selecting the chairman of the Board, which may be the chief executive officer or a director other than the chief executive officer. If the same person is the chief executive officer and the chairman of the Board, the independent directors are required to elect a lead independent director, and the lead independent director serves for a three-year term. Under our Corporate Governance Principles, the duties of the lead independent director include, among others, (a) developing Board meeting agendas with the chief executive officer and, if requested, assisting in developing agendas for meetings of Board committees, (b) facilitating communication and exchanges of views between the chief executive officer and the independent directors, (c) serving as an independent contact point for stockholders, and (d) with the chairperson of the Compensation Committee, overseeing the annual Board evaluation of the chief executive officer. Our independent directors meet in executive session during each regularly scheduled Board meeting, and our lead independent director presides at those executive sessions.

We have had a lead independent director since 2005. Our current lead independent director, Richard W. Blackburn, was re-elected as lead independent director in 2012 for a three-year term. Mr. Blackburn's term will be completed in June 2015 and a new lead independent director will be elected for a three-year term commencing on the date of this year's Annual Meeting of Stockholders and ending in 2018. Historically, the lead director and our chief executive officer have had a strong working relationship, meeting one-on-one at least quarterly and speaking informally on a regular basis. We believe that the combination of assigned duties of a lead independent director as set forth in our Corporate Governance Principles and the working relationship between our chief executive officer and our lead independent director provides a board leadership structure that is in the best interests of our stockholders.

Risk oversight is carried out at the Board level and by each of our standing committees. The Audit Committee is responsible for overseeing the risk management as it relates to financial reporting, internal control matters, auditing and overall financial risk. The Compensation Committee considers any risks that potentially could arise from our compensation programs and policies, and the Nominating and Governance Committee considers any risks that could arise in connection with matters within its area of responsibility. In addition to these risk oversight activities at the committee level, the entire Board engages in overall risk oversight on both an external and internal basis. As part of this process, management undertakes an overall risk assessment, including at an operational level, and presents its comprehensive assessment to the Board for consideration and discussion among the directors. This risk assessment process is completed on an annual basis, is updated as operating conditions and circumstances change and key risks are monitored and addressed quarterly. We believe our Board leadership structure, including the presence of a lead independent director, is consistent with and supportive of the risk oversight function carried out by the Board.

Compensation Committee Interlocks and Insider Participation

None of our directors who served on our Compensation Committee during 2014 was a current or former officer or employee of ours or had any relationship with us that would be required to be disclosed by us under applicable related party requirements. There are no interlocking relationships between our executive officers or directors and the Board or compensation committee of another entity.

Table of Contents

Process for Selecting and Nominating Directors

In its role as the nominating body for the Board, the Nominating and Governance Committee is responsible for identifying, considering and recommending candidates to fill new or vacant Board positions, reviewing candidates recommended by stockholders, conducting inquiries into the backgrounds and qualifications of director candidates, and recommending director candidates for approval by the Board and the stockholders. As part of this process, the Committee conducts interviews and a conflicts-of-interest assessment of each director candidate.

In making its recommendations, the Nominating and Governance Committee considers a variety of factors, including skills, experience with business and other organizations of comparable size, the interplay of the candidate's experience with the backgrounds of other Board members, the extent to which the candidate would be a desirable addition to the Board and any committees of the Board, and such other factors as it deems appropriate and in the best interests of us and our stockholders. As part of its considerations, the Nominating and Governance Committee places a high value upon having directors with experiences and expertise that are diverse from those of other Board members. In addition, the Nominating and Governance Committee has established the following minimum criteria for Board membership. Director candidates must have demonstrated integrity and ethics both personally and professionally and have a record of professional accomplishment. Each candidate must be objective, inquisitive, practical, and possess mature judgment, as well as be prepared to apply sound and independent business judgment, assume broad fiduciary responsibility and represent the long-term interests of all our stockholders. Directors are required to commit the requisite time for preparation and attendance at Board and committee meetings, as well as be able to participate in other matters necessary to ensure good corporate governance is practiced. Each candidate may serve on up to three publicly or privately held company boards (including ours), and should not be an executive of a company on which one of our executives is a board member. With the advance consent of the Chairman of the Board of Directors in consultation with the Chair of the Nominating and Governance Committee, a candidate may serve on up to five publicly or privately held company boards (including ours). Further, each candidate (or immediate family member, affiliate or associate) may not have any material personal, financial or professional interest in any present or potential competitor of ours.

When the Nominating and Governance Committee is considering whether to nominate a sitting director for reelection, the director completes a self-evaluation of his or her performance and each of the other directors completes a peer-evaluation of that director. Completed results of the evaluations are provided to the Committee (and to the Board) and are used as part of the analysis of the Committee to determine whether that director should be re-nominated. Pursuant to our director retirement policy, a director may not stand for reelection following his or her 75th birthday.

The Nominating and Governance Committee will consider candidates for director who are recommended by stockholders. Stockholder recommendations should be submitted in writing to: Chairperson of the Nominating and Governance Committee, OM Group, Inc., Flats East Bank Building, 950 Main Avenue, Suite 1300, Cleveland, Ohio 44113 USA. The recommendation letter shall include the candidate's name, age, business address, residence address, and principal occupation, as well as the number of shares of our common stock owned by the candidate. The recommendation letter should provide all of the information that would need to be disclosed in the solicitation of proxies for the election of directors under federal securities laws as well as other information necessary to determine if the recommended candidate is qualified to be a director. Finally, the stockholder should also submit the recommended candidate's written consent to be elected and commitment to serve if elected. The Nominating and Governance Committee may also require a candidate to furnish additional information regarding his or her eligibility and qualifications. A complete copy of our Policies and Procedures for Stockholders to Propose Candidates for Directors is available by writing to our Nominating and Governance Committee Chairperson.

Majority Vote Provision and Director Resignation Policy

Our By-Laws provide for a majority vote standard for uncontested elections of directors in which the only nominee for a director position is the nominee recommended by the Board or a committee of the Board. We also

Table of Contents

have a policy that requires a nominee in an uncontested election who receives a greater number of withheld votes than for votes to promptly tender his or her resignation to the Board following certification of the stockholder vote.

Under the policy adopted by the Board, the Nominating and Governance Committee will promptly consider any tendered resignation and will recommend to the Board whether to accept any tendered resignation or to take some other action, such as rejecting a tendered resignation and addressing the apparent underlying causes of the withheld votes. In making its recommendation, the Committee may consider all factors deemed relevant by its members. The Board will act upon the Committee's recommendation no later than at its first regularly scheduled meeting following certification of the stockholder vote, but in any case within 120 days following such stockholder vote certification. The Board will review the factors considered by the Committee and may take into account such additional information and factors as the Board believes to be relevant. The policy also contains governance provisions with respect to the status of a director who has tendered his or her resignation following a majority withheld vote and the process for committee action if multiple directors are so affected. The policy requires us to report the Board's decision in a report filed with the Securities and Exchange Commission. The complete policy is contained in our Corporate Governance Principles for Board of Directors which is posted in the Investor Relations Corporate Governance portion of our web-site (www.omgi.com).

Director Qualifications and Attributes

Each of our directors brings a strong and unique background and set of skills to the Board of Directors, giving the Board as a whole competence and experience in a wide variety of areas, including corporate governance and board service, executive management, finance, accounting, operations, international business, and private equity. Set forth below are the attributes of each director and key factors that the Nominating and Governance Committee has considered important to their inclusion on our Board.

Hans-Georg Betz has extensive executive experience leading high technology and materials science companies on a global level. He brings strong industry experience in the specialty energy and power sectors that are important to our strategic focus, and his engineering skills and technical background are valuable assets to our Board. As a chief executive officer of three different companies, he has successfully managed under difficult economic conditions and has been instrumental in leading for transformative growth. He has significant professional experience in Europe, the United States and Asia and brings to our Board first-hand knowledge of operating businesses in those regions. He has public company experience as an executive and director, including as the non-executive chairman of the board for a NASDAQ traded company, which experience supplements and supports our Board's oversight and governance responsibilities and provides expertise to the committees on which he serves.

Carl Christenson brings extensive executive management and leadership experience to our Board. Mr. Christenson has a strong record of accomplishment in building industrial businesses and as a chief executive officer of a publicly traded company he understands capital markets and the investment community. He has thoughtfully and successfully led companies through both expansions and restructurings and is very familiar with international operating challenges and opportunities. His international experience along with his strong engineering, finance and strategic background are valuable additions to our Board skill set. He has been an active member of the Altra Industrial Motion Corp. Board of Directors and is very familiar with corporate governance and executive compensation issues and other public company priorities, which provides strong support and expertise to our Board and to the committees on which he serves.

Joseph Gingo has extensive operational and executive experience with two large and complex international companies, The Goodyear Tire & Rubber Company and A. Schulman, Inc. He understands global business environments, capital markets and corporate governance issues impacting public companies which are critical to the operation of our Board. He has demonstrated leadership success at both the executive and board levels and is a critical and independent thinker that will enhance our Board's oversight and governance responsibilities. With Mr. Gingo's business background and experiences, including his chemical engineering skills, financial acumen and a track record of delivering stockholder returns, he will be a valuable addition to the Board and to the committees on which he will serve.

Table of Contents

David Lorber has significant financial, investment and board experience. He understands capital markets, and has experience in corporate governance and business oversight as a result of having served on other public company boards, which will provide expertise and insight to our Board and to the committees on which he will serve.

John McFarland has extensive executive and operational experience and noted leadership skills. Mr. McFarland has a long-term and strong record of accomplishment in building a world-wide industrial business and delivering stockholder value. Having served in a number of operational roles, and ultimately as the chairman of the board and chief executive officer of Baldor Electric Company, Mr. McFarland has developed a broad array of business and finance skills and functional disciplines which he brings to our Board and which enhances its effectiveness. He is experienced with strategic and operational opportunities and challenges facing public companies and is also familiar with corporate governance issues of public companies. Through his successful business career and his service on public and private company boards and community organizations he has developed a disciplined and thoughtful approach to leadership and consensus building that are important to our Board and committee functions.

Patrick Mullin has extensive background in public accounting, with over thirty years focus on mergers and acquisitions, and contributes that expertise to our Board. He served as the Managing Partner of the Northeast Ohio practice of one of the world's largest accounting firms, Deloitte & Touche LLP, for over ten years. Mr. Mullin also holds other leadership roles, including serving on the board of another publicly traded company and on the boards of several community organizations from which he has developed leadership and oversight skills essential to an effective Board. In addition, Mr. Mullin is one of two directors who have been determined by our Board to be an Audit Committee financial expert, and provides that financial leadership and expertise to the Audit Committee, as its chairperson.

Katharine Plourde provides strong analytic and finance skills to our Board. She has long-term experience as a securities analyst, where she developed and published top-rated research on specialty chemical, specialty material and industrial gas companies. In addition to her industry specific expertise, she brings unique insights into individual and institutional investor issues through her nearly 16 years as a securities analyst. She also has a strong finance background, substantial other board experience and long-term experience on our Board. Ms. Plourde is one of two directors who have been determined by our Board to be an Audit Committee financial expert, and provides that financial expertise through her participation on the Audit Committee. She provides leadership to the Nominating and Governance Committee as its chairperson and in that role has worked with Mr. Scaminace to reconfigure and strengthen the membership of our Board.

Joseph Scaminace has significant experience managing publicly traded companies and has extensive experience in corporate governance and business oversight through his service on other public and private company boards. As our chief executive officer, Mr. Scaminace provides a critical management perspective to our Board.

Communications with the Board

You may contact the Board, the lead independent director or the independent directors as a group by sending a letter marked "Confidential" and addressed to Lead Independent Director, OM Group, Inc., c/o Valerie Gentile Sachs, Secretary, Flats East Bank Building, 950 Main Avenue, Suite 1300, Cleveland, Ohio 44113 USA.

Code of Conduct and Ethics, Corporate Governance Principles and Committee Charters

Our Code of Conduct and Ethics applies to all of our directors and employees, including our chief executive officer, our chief financial officer and our corporate controller. The Code of Conduct and Ethics, our Corporate Governance Principles and all committee charters are posted in the Investor Relations Corporate Governance portion of our web-site (www.omgi.com). A copy of any of these documents is available in print free of charge to any stockholder who requests a copy by writing to OM Group, Inc., Flats East Bank Building, 950 Main Avenue, Suite 1300, Cleveland, Ohio 44113 USA, Attention: Investor Relations.

Table of Contents**Certain Relationships and Related Transactions**

There were no reportable transactions between us and our officers, directors or any person related to our officers or directors, or with any holder of more than 5% of our common stock, either during 2014 or up to the date of this proxy statement.

We review all transactions between us and any of our officers and directors. Our Code of Conduct and Ethics, which applies to all directors and employees, emphasizes the importance of avoiding situations or transactions in which personal interests interfere with the best interests of us or our stockholders. In addition, our Corporate Governance Principles for the Board of Directors and Audit Committee Charter contain procedures for discussing and assessing relationships, including business, financial, familial and nonprofit, among us and our officers and directors and for approving reportable transactions. The Corporate Governance Principles require that directors discuss any potential conflict of interest, including a reportable transaction, with the chairman of the Board and the lead independent director, and that the chairman and lead independent director raise the issue with the Audit Committee or full Board, if appropriate, to determine whether a conflict of interest or reportable transaction exists. In accordance with its charter, the Audit Committee must consider and vote on all reportable transactions. The Board has delegated the task of discussing, reviewing and approving transactions between us and any of our officers to the Audit Committee.

SECURITY OWNERSHIP OF DIRECTORS,**EXECUTIVE OFFICERS AND CERTAIN BENEFICIAL OWNERS****Stock Ownership Guidelines**

Our stock ownership guidelines align the interests of our executives and non-employee directors with those of our stockholders. All of our named executive officers currently meet the applicable stock ownership guidelines. All of our non-employee directors currently meet the applicable stock ownership guidelines, except for Carl Christenson and John McFarland, who were appointed to the Board in 2014 and, therefore, are still working towards meeting the ownership requirement.

For executives, the required minimum stock ownership level is the lesser of an established minimum number of shares or a number of shares having a value that is a specified multiple of an executive's base salary, as follows:

	Minimum Number of Shares	Multiple of Base Salary
Chief Executive Officer	100,000	5x
Chief Operating Officer	50,000	4x
Chief Financial Officer	20,000	3x
Vice President (Executive level)	20,000	3x

Individuals becoming a covered executive are expected to meet the applicable stock ownership guidelines within five years of becoming a covered executive. Executives should hold at least the minimum number of shares for so long as they are covered executives. Executives who do not meet the guidelines may not sell any common stock they acquire through vesting of restricted stock or restricted stock unit awards or upon the exercise of stock options, except to pay applicable taxes or the option exercise price. Failure to meet the guidelines also may result in a reduction in a covered executive's future long-term incentive awards.

For non-employee directors, the required minimum stock ownership level is the lesser of 5,000 shares or a number of shares h