

POLYONE CORP  
Form DEF 14A  
March 28, 2019

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, DC 20549**  
**SCHEDULE 14A**  
**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under §240.14a-12

**POLYONE 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:



**NOTICE OF 2019**

**ANNUAL MEETING OF SHAREHOLDERS**

**AND PROXY STATEMENT**

PolyOne Corporation

<u>MESSAGE FROM OUR CEO</u>	i
<u>NOTICE OF 2019 ANNUAL MEETING OF SHAREHOLDERS</u>	ii
<u>PROXY SUMMARY</u>	1
<u>PROXY STATEMENT</u>	7
<u>PROPOSAL 1 ELECTION OF BOARD OF DIRECTORS</u>	8
<u>PROPOSAL 2 ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION</u>	13
<u>PROPOSAL 3 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	14
<u>CORPORATE GOVERNANCE</u>	17
<u>2018 NON-EMPLOYEE DIRECTOR COMPENSATION</u>	23
<u>OWNERSHIP OF POLYONE SHARES</u>	25
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	27
<u>Executive Summary</u>	27
<u>Executive Compensation Philosophy and Objectives</u>	30
<u>What We Pay and Why: Elements of Compensation</u>	32
<u>Other Aspects of Our Compensation Programs</u>	37
<u>EXECUTIVE COMPENSATION</u>	40
<u>2018 Summary Compensation Table</u>	40
<u>2018 Grants of Plan-Based Awards</u>	42
<u>Outstanding Equity Awards at 2018 Fiscal Year-End</u>	44
<u>2018 Option Exercises and Stock Vested</u>	47
<u>2018 Nonqualified Deferred Compensation</u>	47
<u>Potential Payments Upon Termination or Change of Control</u>	48
<u>CEO Pay Ratio Disclosure</u>	52
<u>Compensation Committee Interlocks and Insider Participation</u>	53
<u>Policy on Related Person Transactions</u>	53
<u>Risk Assessment of the Compensation Programs</u>	53
<u>Compensation Committee Report</u>	54
<u>MISCELLANEOUS PROVISIONS</u>	55
<u>APPENDIX A</u>	A-1

**MESSAGE FROM OUR CEO**

March 28, 2019

Dear Fellow Shareholder:

You are cordially invited to attend the PolyOne Corporation Annual Meeting of Shareholders (the Annual Meeting ), which will be held at 9:00 a.m. on Thursday, May 16, 2019, at PolyOne Corporation s corporate headquarters located at PolyOne Center, 33587 Walker Road, Avon Lake, Ohio 44012.

A Notice of the 2019 Annual Meeting of Shareholders, a proxy summary and the Proxy Statement follows. Please review this material for information concerning the business to be conducted at the Annual Meeting and the nominees for election to our Board of Directors (the Board ).

You will also find enclosed a proxy and/or voting instruction card and an envelope in which to return the card. Whether or not you plan to attend the Annual Meeting, please complete, sign, date and return your enclosed proxy and/or voting instruction card, or vote by telephone or over the Internet, as soon as possible so that your shares can be voted at the meeting in accordance with your instructions. **Your vote is very important.** You may, of course, withdraw your proxy and change your vote prior to or at the Annual Meeting by following the steps described in the Proxy Statement.

I appreciate the strong support of our shareholders over the years and look forward to seeing you at the meeting.

Sincerely,

**Robert M. Patterson**

Chairman, President and Chief Executive Officer

PolyOne Corporation

**Please refer to the accompanying materials for voting instructions.**

**NOTICE OF 2019 ANNUAL MEETING OF SHAREHOLDERS**

**Thursday, May 16, 2019**

**9:00 a.m. Eastern Time**

PolyOne Center, 33587 Walker Road, Avon Lake, Ohio 44012

We are pleased to invite you to join our Board, senior leadership and other associates of PolyOne Corporation ( PolyOne or the Company ) for the Annual Meeting. The purposes of the Annual Meeting are to:

1. Elect ten nominees to our Board;
2. Approve, on an advisory basis, our Named Executive Officer compensation;
3. Ratify the appointment of Ernst & Young LLP ( EY ) as our independent registered public accountants for 2019; and
4. Consider and transact any other business that may properly come before the Annual Meeting.

The Board set March 19, 2019 as the record date for the Annual Meeting and owners of record of shares of common stock of PolyOne as of the close of business on that date are eligible to:

Receive this notice of the Annual Meeting; and

Vote at the Annual Meeting and any adjournments or postponements of the Annual Meeting.

Please ensure that your shares are represented at the Annual Meeting by promptly voting and submitting your proxy by telephone or over the Internet, or by completing, signing, dating and returning your proxy form in the enclosed envelope.

March 28, 2019

For the Board of Directors

**Lisa K. Kunkle**

**Important Notice Regarding the Availability of Proxy Materials for the  
Annual Meeting to be held on May 16, 2019:**

The proxy statement, proxy card and annual report to shareholders for the fiscal year ended  
December 31, 2018 are available at our Internet website, [www.polyone.com](http://www.polyone.com), on the  
**Investor Relations** page.



---

**PROXY SUMMARY**

**PROXY SUMMARY**

This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

**VOTING AND MEETING INFORMATION**

Your vote is important to the future of the Company. Please carefully review the proxy materials for the Annual Meeting, which will be held on Thursday, May 16, 2019 at 9:00 a.m. Eastern Time at PolyOne Center, 33587 Walker Road, Avon Lake, Ohio 44012. Follow the instructions below to cast your vote on all of the voting matters.

We are mailing this proxy statement and the enclosed proxy card and, if applicable, the voting instruction card, to shareholders on or about March 28, 2019. Our telephone number is (440) 930-1000.

**Who is Eligible to Vote**

You are entitled to vote if you were a shareholder of record at the close of business on March 19, 2019, the record date for the Annual Meeting. Each share of common stock is entitled to one vote for each Board of Director nominee and one vote for each of the other proposals to be voted on.

**Advance Voting Methods**

Even if you plan to attend our Annual Meeting in person, if you are a registered holder, please cast your vote as soon as possible using one of the following advance voting methods:

Visit [www.proxyvote.com](http://www.proxyvote.com) to vote your proxy **OVER THE INTERNET** until 11:59 p.m. (ET) on May 15, 2019.

Call 1-800-690-6903 to vote your proxy **BY TELEPHONE** until 11:59 p.m. (ET) on May 15, 2019.

Sign, date and return your proxy card/voting instruction form to vote **BY MAIL**.

**Each shareholder's vote is important. Please submit your vote and proxy by telephone or over the Internet, or complete, sign, date and return your proxy or voting instruction form.**

**Attending and Voting at the Annual Meeting**

All registered holders may vote in person at the Annual Meeting. Beneficial owners may vote in person at the meeting if they have a legal proxy.

**PROXY SUMMARY****Company Operating Performance**

PolyOne again delivered both revenue and earnings growth in 2018, growing revenue 9% and expanding adjusted earnings per share ( EPS ) 10%, representing the ninth consecutive year of adjusted EPS growth. Our Color, Additives and Inks ( CAI ) segment led the way, increasing revenue and operating income 17% and 14%, respectively. Our investments in commercial resources and specialty acquisitions, guided by our four-pillar strategy, helped us overcome significantly higher raw material and logistics costs and a demand slowdown in certain end markets and geographies during the year. Additional 2018 Company financial performance highlights include:

Our investment in commercial resources fueled 5% organic revenue growth, while the acquisition of two highly innovative companies during the year, contributed 3% revenue growth in 2018.

Full year 2018 Generally Accepted Accounting Principles ( GAAP ) EPS was \$2.00 in 2018, compared to \$2.11 in 2017. 2018 EPS was impacted by pension and environmental related charges.

Strong balance sheet and cash generation, as total cash and liquidity ended the year at \$171 million and \$452 million, respectively.

Adjusted EPS in 2018 increased to \$2.43, a 10% increase from \$2.21 in 2017.<sup>(1)</sup>

Our Company has delivered nine consecutive years of significant adjusted EPS growth.

We continued to return cash to shareholders by increasing the dividend for the seventh consecutive year and by repurchasing 3.4 million shares of PolyOne stock.

Record performance in our CAI segment in 2018, with over \$1 billion in sales for the first time in our history and operating income of \$158.5 million, a 14% increase from 2017.

Since 2011, we have returned over \$1.1 billion to shareholders through dividends and share repurchases.

(1) Adjusted EPS reported in this proxy statement differs from what is reported under United States GAAP. See Appendix A for an explanation of management's use of non-GAAP financial measures and a reconciliation of non-GAAP financial measures to our results as reported under GAAP.

**Our Company Culture**

Our strong performance reflects the Company culture we strive to create, which is made possible through the dedication and hard work of our global associates. Our mission is to become the world's premier provider of

specialized polymer materials, services and solutions, as we execute our proven four-pillar strategy of Specialization, Globalization, Commercial Excellence and Operational Excellence. We, in turn, support our associates' efforts by investing in them and aligning compensation accordingly.

Our core values of Collaboration, Innovation and Excellence, and our personal values of Integrity, Honesty and Respect, are critical to our culture and underpin all that we do.

A continuous focus on safety is one way we can take care of our people. Our 0.51 injury incidence rate last year was the safest year in the history of PolyOne and was more than seven times better than the plastics and rubber products manufacturing industry average. And, in 2018, we were certified as an ACC Responsible Care® organization for outstanding environmental, health and safety performance.

While we are proud of our safety and financial performance, we welcome the challenge of continually building upon our positive momentum, which is why we are always refining our culture. We do this by hiring the best and brightest people through robust campus and experienced recruiting, as well as by developing talent from within through unique leadership development opportunities. One such initiative is LEAD by Women, a leadership development initiative with the goal of advancing diversity and inclusion at all levels of the Company. In 2018, we were excited to launch two additional resource groups. PRIDE at PolyOne was created to ensure our LGBT community and its supporters can confidently bring their true selves to work each day and maximize their contributions with the full support of all PolyOne associates. We also launched HYPE, which is building a collaborative network of PolyOne's young professionals, eager to innovate and impact our customers with the support of existing cross-generational

**PROXY SUMMARY**

expertise. All combined, the actions to build our culture resulted in a milestone recognition at PolyOne: in 2018, we were very proud to be certified as a Great Place to Work® in the U.S. from the Great Place to Work Institute.

More commentary on our work in culture and in our four cornerstones of Sustainability (People, Products, Planet and Performance) can be found in the Letter to Shareholders in our 2018 Annual Report.

**Impact of Our Performance on Named Executive Officer 2018 Compensation**

Our 2018 compensation reflected our pay-for-performance philosophy of aligning executive compensation directly with our financial performance.

**Annual Incentive Plan**

We set aggressive goals for each of our performance measures in our 2018 annual cash incentive program (the 2018 Annual Incentive Program) under the PolyOne Corporation Senior Executive Annual Incentive Plan, as amended and restated (the Annual Plan). Our operational performance in 2018 resulted in the executive officers named in the 2018 Summary Compensation Table of this proxy statement (the Named Executive Officers) earning essentially a target payout under the 2018 Annual Incentive Program.

Our Named Executive Officers for 2018 are: Robert M. Patterson, Bradley C. Richardson, Mark D. Crist, Michael A. Garratt and Lisa K. Kunkle. Mr. Patterson, Mr. Richardson, Mr. Garratt, and Ms. Kunkle's 2018 Annual Incentive Program opportunities were based on consolidated results. Mr. Crist's 2018 Annual Incentive Program opportunity was based on business unit-specific results. While the adjusted operating income performance goals for Mr. Crist's opportunities were weighted 60% overall, the opportunities were based two-thirds on business unit-specific results and one-third on consolidated PolyOne adjusted operating income results.

The following table shows, for each Named Executive Officer, the target 2018 Annual Incentive Program payout opportunity, the percentage of such payout opportunity earned based on 2018 performance, and the dollar value of the actual payout.

**2018 Annual Incentive Program Payouts**

Named Executive Officer	2018		
	Target Opportunity (\$)	Payout (%)	Payout (\$)
Mr. Patterson	\$1,204,615	99.2%	\$1,194,978
Mr. Richardson	\$384,000	99.2%	\$380,928
Mr. Crist	\$219,788	95.4%	\$209,678
Mr. Garratt	\$232,904	99.2%	\$231,041
Ms. Kunkle	\$223,173	99.2%	\$221,388

**Long-Term Incentive Program**

In 2018, the Named Executive Officers earned a 105% cash-settled performance unit payout under the Amended and Restated PolyOne Corporation 2010 Equity and Performance Incentive Plan. The payout was earned based on

PolyOne adjusted EPS performance over four equally-weighted performance periods as noted below.

### 2016 2018 Cash-Settled Performance Units

#### Performance Measure: Adjusted EPS

Performance Periods	Weighting	Target	Result	Payout %
January 1, 2016 – December 31, 2016	25%	\$2.16	\$2.13	89%
January 1, 2017 – December 31, 2017	25%	\$2.20	\$2.18	97%
January 1, 2018 – December 31, 2018	25%	\$2.25	\$2.43	123%
January 1, 2016 – December 31, 2018	25%	\$6.61	\$6.74	109%
Total Attainment				105%

**PROXY SUMMARY**

All financial measures (threshold, target and maximum levels, and results) with respect to the incentives described above were calculated with adjustments for acquisitions, divestitures and special items pursuant to the terms of the 2018 Annual Incentive Program and 2016 to 2018 long-term incentive program (the 2016-2018 Long-Term Incentive Program ) and as approved by the Compensation Committee.

For information on the terms and conditions of these incentive programs, see the What We Pay and Why: Elements of Compensation section of this proxy statement.

**Our Director Nominees and Committee Membership**

You are being asked to vote on the election of ten Directors. Detailed information about each Director Nominee's background, qualifications, attributes, skills and experience can be found beginning on page 9.

Name	Age	Director Since	Principal Position	Notable Skills and Experiences	Independent	Committee Membership* (M=Member, C=Chair)			
						AC	CC	N&GC	EH&SC
Robert E. Abernathy	64	2018	Retired Chairman and Chief Executive Officer, Halyard Health, Inc.	Financial, International, Industry Experience, Regulatory, Technology, HR, Operations, Environmental, Corporate Governance	Yes	M	M		
Richard H. Fearon	63	2004	Lead Director  Vice Chairman and Chief Financial and Planning	Financial, International, Industry Experience, Regulatory, Technology, HR, Operations, Corporate Governance	Yes		M	C	

Edgar Filing: POLYONE CORP - Form DEF 14A

Officer,  
Eaton  
Corporation

Gregory J. Goff	62	2011	Executive Vice Chairman, Marathon Petroleum Corporation	Financial, International, Industry Experience, Technology, HR, Operations, Environmental, Corporate Governance	Yes		M	C
William R. Jellison	61	2015	Retired Vice President, Chief Financial Officer, Stryker Corporation	Financial, International, Industry Experience, Regulatory, Technology, Operations, Corporate Governance	Yes	C		M
Sandra Beach Lin	61	2013	Retired President, Chief Executive Officer and Director of Calisolar, Inc.	Financial, International, Industry Experience, Regulatory, Technology, HR, Operations, Environmental, Corporate Governance	Yes	M	M	
Kim Ann Mink	59	2017	Chairman, President and Chief Executive Officer, Innophos Holdings, Inc.	Financial, International, Industry Experience, Regulatory, Technology, HR, Operations, Corporate Governance	Yes	M		M
	46	2014			No			M



Robert M.  
Patterson

Chairman, Financial,  
President and International,  
Chief Industry  
Executive Experience, HR,  
Officer, Operations,  
PolyOne Corporate  
Governance

## PROXY SUMMARY

Name	Age	Director Since	Principal Position	Notable Skills and Experiences	Independent	Committee Membership* (M=Member, C=Chair)			
						AC	CC	N&GC	EH&SC
Kerry J. Preete	58	2013	Retired Executive Vice President, Chief Strategy Officer, Monsanto Company	International, Industry Experience, Regulatory, Technology, HR, Operations, Environmental	Yes		C	M	
Patricia Verduin	59	2019	Chief Technology Officer, Colgate-Palmolive Company	International, Industry Experience, Regulatory, Technology, HR, Operations, Environmental, Corporate Governance	Yes			M	M
William A. Wulfsohn	57	2011	Chairman and Chief Executive Officer, Ashland Global Holdings Inc.	Financial, International, Industry Experience, Technology, HR, Operations, Environmental, Corporate Governance	Yes	M	M		

\* Reflects expected Committee membership immediately following the Annual Meeting.

Our ten Director nominees exhibit an effective mix of diversity, experience and fresh perspective:

<b>Average Tenure</b>	<b>Average Age</b>	<b>Gender Diversity</b>
<b>5.25</b>	<b>59</b>	<b>30%</b>
Years	Years	Women

**Governance Highlights**

As part of our commitment to overall excellence, our Company's governance practices include the following:

**Director Independence**

Strong commitment to Director independence: Nine out of our ten Director nominees are independent  
The independent Directors regularly hold executive sessions, led by the independent Lead Director

**Independent Lead Director**

The independent Directors have selected Richard H. Fearon to serve as independent Lead Director  
Among other responsibilities, the independent Lead Director:

- Chairs executive sessions of the non-employee Directors and provides feedback and perspective to the Chief Executive Officer ( CEO ) regarding discussions at these sessions
- Facilitates communications between the Chairman of the Board and other members of the Board
- Provides input from the Directors to the Chairman of the Board with regard to agendas and schedules for Board meetings
- Advises the Chairman of the Board as to the quality, quantity and timeliness of the flow of information from management to the Board and regarding the effectiveness of Board meetings
- Interviews all Board candidates, and provides the Nominating and Governance Committee with recommendations on each candidate

**PROXY SUMMARY**

Maintains close contact with the Chair of each standing committee and assists in maintaining communications between each committee and the Board

Considers the retention of advisers and consultants who report directly to the Board

Chairs Board meetings when the Chairman of the Board is unable to do so

**Board Oversight of Risk Management**

The Board oversees risk management, setting appropriate tone at the top

The Board assesses and analyzes the most likely areas of current and future risk for the Company on an on-going basis

The Board regularly communicates with management regarding material risks and to convey its expectations clearly

**Stock Ownership Requirements**

We maintain robust stock ownership requirements

The stock ownership requirement for our CEO is 125,000 shares and for all other directors is 12,500 shares (within five years of onboarding)

**Board Practices**

Our Board annually conducts an evaluation of its performance, which includes a peer evaluation of each Director

The Nominating and Governance Committee reviews criteria for Board membership and considers changes as needed so that the Board continues to reflect the appropriate mix of skills and experience

Non-employee Directors may not stand for re-election following the date of the Director's 7<sup>th</sup> birthday, although the Board may waive this limitation if it determines such waiver to be in the best interests of the Company

All Directors stand for election annually

We maintain a majority voting policy for uncontested Director elections

**PROXY STATEMENT**

**POLYONE CORPORATION**

**PolyOne Center**

**33587 Walker Road**

**Avon Lake, Ohio 44012**

**PROXY STATEMENT**

**Dated March 28, 2019**

Our Board respectfully requests your proxy for use at the Annual Meeting to be held at PolyOne's corporate headquarters located at PolyOne Center, 33587 Walker Road, Avon Lake, Ohio 44012 at 9:00 a.m. on Thursday, May 16, 2019, and at any adjournments of that meeting. This proxy statement is to inform you about the matters to be acted upon at the meeting.

If you attend the meeting, you may vote your shares by ballot. If you do not attend, your shares may still be voted at the meeting if you vote by telephone or over the Internet, or sign and return the enclosed proxy card, in each case, as described below.

The telephone and Internet voting procedures are designed to authenticate votes cast by use of a personal identification number. These procedures allow shareholders to appoint a proxy to vote their shares and to confirm that their instructions have been properly recorded. Instructions for voting by telephone and over the Internet are printed on the proxy cards.

You may revoke your proxy before it is voted by giving notice to us in writing or orally at the meeting. Persons entitled to direct the vote of shares held by the PolyOne Retirement Savings Plan and the PolyOne Canada Inc. Retirement Savings Program will also receive a proxy and voting instruction card. If you receive a proxy and voting instruction card for one of these plans, you must sign and return the card as indicated on the card in order to instruct the trustee on how to vote the shares held under the respective plan. You may revoke your proxy and voting instruction card before the trustee votes the shares held by it by giving notice in writing to the trustee.

Common shares represented by a properly signed proxy card will be voted in accordance with the choices marked on the card. If no choices are marked, the shares will be voted: (1) to elect the nominees listed in the Proposal 1 Election of Board of Directors section of this proxy statement; (2) to approve, on an advisory basis, our Named Executive Officer compensation; and (3) to ratify the appointment of EY as our independent registered public accounting firm for the fiscal year ending December 31, 2019.

---

## ELECTION OF BOARD OF DIRECTORS

### PROPOSAL 1 ELECTION OF BOARD OF DIRECTORS

Our Board currently consists of 11 Directors. Pursuant to the Director retirement policy contained in our Corporate Governance Guidelines, which is described below, William H. Powell will not stand for re-election at our Annual Meeting. Thus, following the Annual Meeting and, assuming the election of all of the Board nominees, our Board will consist of ten Directors.

Each Director serves for a one-year term until a successor is duly elected and qualified, subject to the Director's earlier death, retirement or resignation. Our Corporate Governance Guidelines provide that all non-employee Directors will retire from the Board not later than the Annual Meeting immediately following the Director's 7<sup>th</sup> birthday, although the Board may waive this limitation if it determines that such a waiver is in PolyOne's best interests. Last year, the Board approved a resolution waiving this policy for Mr. Powell for one year while a search was conducted for a new independent director. As explained below, the Board elected Patricia Verduin in March, and, as contemplated by the Board when it waived the retirement policy for one year, Mr. Powell will not stand for re-election at our Annual Meeting.

A shareholder who wishes to nominate a person for election as a Director must provide written notice to our Secretary in accordance with the procedures specified in Regulation 12 of our Code of Regulations ( Regulations ). Generally, the Secretary must not receive the notice less than 60 nor more than 90 days prior to the first anniversary of the date on which we first mailed our proxy materials for the preceding year's Annual Meeting. The notice must set forth, as to each nominee, among other things, the name, age, and other identifying information, principal occupation and employment during the past five years, name and principal business of any corporation or other organization in which such occupation and employment were carried on, certain information regarding Company securities ownership, and a brief description of any arrangement or understanding between such person and any others pursuant to which such person was selected as a nominee. The notice must include the nominee's signed consent to serve as a Director if elected. The notice must set forth the name and address of, and the number of our common shares owned by, the shareholder giving the notice and the beneficial owner on whose behalf the nomination is made and any other shareholders believed to be supporting such nominee.

Following are the nominees for election as Directors for terms expiring in 2019, a description of the business experience of each nominee and the names of other publicly-held companies for which he or she currently serves as a director or has served as a director during the past five years. Each nominee for election as Director was previously elected by our shareholders, other than Patricia Verduin. Dr. Verduin was recommended to our Nominating and Governance Committee for election to the Board by a third-party search firm, Russell Reynolds Associates. Dr. Verduin was subsequently recommended by our Nominating and Governance Committee to the Board for election as a Director, and the Board elected Dr. Verduin as a Director on March 6, 2019. The composition of the Board is intended to reflect an appropriate mix of skill sets, experience and qualifications that are relevant to PolyOne's business and governance over time.

In addition to the information presented below regarding each nominee's specific experience, qualifications, attributes and skills that led our Board to the conclusion that the nominee should serve as a Director, the Board also believes that all of our Director nominees are individuals of substantial accomplishment with demonstrated leadership capabilities. Each of our Director nominees also has the following personal characteristics, which are required attributes for all Board nominees: high ethical standards, integrity, judgment and an ability to devote sufficient time to the affairs of our Company. The information below is current as of March 19, 2019.

**Our Board recommends a vote FOR  
all the nominees listed below.**

## ELECTION OF BOARD OF DIRECTORS

**Robert E. Abernathy**

Retired Chairman and Chief Executive Officer of Halyard Health, Inc., a medical technology company that focuses on eliminating pain, speeding recovery, and preventing infection for healthcare providers and patients worldwide. Mr. Abernathy served as Chief Executive Officer of Halyard Health from its spinoff from Kimberly-Clark in October 2014 until his retirement in June 2017, during which time he also served as Chairman. He continued as Chairman until September 2017. Prior to that, he worked for Kimberly-Clark, a global personal care products company. He joined Kimberly-Clark in 1982 and served in numerous roles of increasing responsibility, including President, Global Healthcare from June 2014 until October 2014 and Executive Vice President, from November 2013 to June 2014.

**Qualifications, Attributes, Skills and Experience:** We believe that our Company can capitalize on Mr. Abernathy's significant global experience, particularly in developing markets. Further, Mr. Abernathy's prior role as a Chief Executive Officer of a publicly traded company and service on several other external boards will enable him to provide relevant and topical advice on issues affecting public companies. Mr. Abernathy's unique perspective gained while working in the healthcare and consumer products industries can add value when evaluating our commercial relationships in those industries.

**Current Directorships:** Haemonetics Corporation

**Former Directorships:** Halyard Health, Inc., RadioShack Corp., Lubrizol Corp., Kimberly-Clark de Mexico

**Age:** 64

**Director since:** 2018

**Richard H. Fearon**

Lead Director of our Board since May 14, 2015. Chief Financial and Planning Officer of Eaton Corporation, a global manufacturing company since April 2002 and Vice Chairman since January 2009. Mr. Fearon is responsible for the accounting, control, corporate development, information systems, internal audit, investor relations, strategic planning, tax and treasury functions of Eaton. Prior to Eaton, Mr. Fearon worked at several large diversified companies, including Transamerica Corporation, NatSteel Limited and The Walt Disney Company. He also serves on the boards of the Cleveland Museum of Art and Manufacturers Alliance, a trade organization of leading manufacturing companies.

**Qualifications, Attributes, Skills and Experience:** We believe that Mr. Fearon's years of experience as Eaton's Chief Financial Officer provide the Board with important insight. He has comprehensive knowledge of financial accounting standards and extensive experience in financial statement preparation, corporate finance, corporate development, risk management, and investor relations. As a sitting executive and leader at a multi-national corporation, Mr. Fearon is particularly equipped to advise our Board on current issues facing our Company. Further, given that he has served as Lead Director since 2015, he also provides significant governance expertise.



**Current Directorships:** Eaton Corporation plc

**Former Directorships:** Southern Steel Bhd, Centurion Industries Ltd.

**Age:** 63

**Director since:** 2004

**Gregory J. Goff**

Executive Vice Chairman of Marathon Petroleum Corporation, a leading, integrated, downstream energy company, since October 2018. Prior to joining Marathon, Mr. Goff served as President and Chief Executive Officer of Andeavor from 2010 to 2018, and as Chairman from December 2014 to 2018, of Andeavor (formerly Tesoro Corporation), a leading company in the independent refining and marketing business. He also served as Chairman and Chief Executive Officer of Andeavor Logistics LP (formerly Tesoro Logistics LP), a NYSE-listed master limited partnership that owns, operates and develops crude oil and refined products and logistics assets, from April 2011 to 2018. Prior to joining Tesoro in 2010, Mr. Goff worked for ConocoPhillips Corporation, an integrated energy company, where he held a number of senior leadership positions, most recently Senior Vice President Commercial from 2008 to 2010.

**Qualifications, Attributes, Skills and Experience:** We believe that, as a Board member with proven leadership capabilities and as an executive who has extensive international business experience across Europe, Asia and Latin America, Mr. Goff provides a unique perspective on our strategy and operations. Mr. Goff's deep understanding of the energy industry and specialty chemical businesses provides valuable insight into PolyOne's strategic planning. His experience as the Chief Executive Officer of a large, independent refining and petroleum products marketing company and his participation as a member of national trade associations provide him with valuable experience that can enhance our Board.

**Current Directorships:** Marathon Petroleum Corporation, Andeavor Logistics GP, LLC (the general partner of Andeavor Logistics LP), Marathon Logistics GP, LLC (the general partner of Marathon Logistics LP)

**Former Directorships:** Andeavor, DCP Midstream CP, LLC

**Age:** 62

**Director since:** 2011

**ELECTION OF BOARD OF DIRECTORS****William R. Jellison**

Retired Vice President, Chief Financial Officer of Stryker Corporation, one of the world's leading medical technology companies. Mr. Jellison served in this capacity from 2013 to 2016. Prior to joining Stryker, Mr. Jellison served as the Senior Vice President and Chief Financial Officer of Dentsply International, the world's largest manufacturer of professional dental products, from 1998 to 2013, except for a roughly two-year period of time between 2002 and 2005 when he was a Senior Vice President with full P&L responsibilities for some of Dentsply's operating divisions located in the U.S., Europe and Asia. Mr. Jellison began his career with the Donnelly Corporation, a publicly traded international automotive parts supplier, where he served in several senior leadership roles, advancing to Vice President of Finance. Mr. Jellison is also currently a Senior Advisor for Astor Place Holdings, the Private Equity arm of Select Equities, and consults with other private equity and investment management firms in the medtech industry.

**Qualifications, Attributes, Skills and Experience:** We believe that Mr. Jellison brings a unique perspective, especially with respect to opportunities to further specialize in the healthcare industry. In addition, Mr. Jellison brings substantial financial experience from a large, publicly-traded company to the Board. And, his experience abroad provides him with diverse operating experiences in international markets, which provides the Board with a meaningful global business perspective. Mr. Jellison is able to use his experience in serving as an executive at a respected medtech company to guide our Board in driving further specialization.

**Current Directorships:** Young Innovations

**Former Directorships:** None

**Age:** 61

**Director since:** 2015

**Sandra Beach Lin**

Retired President, Chief Executive Officer and Director of Calisolar, Inc. (now Silicor Materials Inc.), a solar silicon company, from 2010 to 2011. She was Executive Vice President, then Corporate Executive Vice President, at Celanese Corporation, a global hybrid chemical company, from 2007 to 2010. Prior to Celanese, Ms. Lin held global senior executive positions at Avery Dennison Corporation, Alcoa and Honeywell International.

**Qualifications, Attributes, Skills and Experience:** We believe that Ms. Lin's extensive senior executive experience, including as a Chief Executive Officer, leading global businesses in multiple industries provides her with valuable skills to serve on our Board. She has a deep understanding of the specialty chemicals industry, a strong operational foundation and wide-ranging international experience. Ms. Lin also serves as a director for two other public companies and one privately-held biomedical polymer company, which provides her with additional experience she utilizes while serving as a valued member of our Board. Furthermore, we believe that Ms. Lin, as a woman, enhances gender diversity of the Board and that having a more diverse Board leads to greater innovation, unique thinking and better governance.

**Current Directorships:** WESCO International, Inc., American Electric Power Company, Inc., and Interface Biologics Inc.

**Former Directorships:** None

**Age:** 61

**Director since:** 2013

**Kim Ann Mink**

Chairman, President and Chief Executive Officer, Innophos Holdings, Inc., a leading international producer of performance-critical and nutritional functional ingredients, with applications in food, health and industrial specialties markets, since 2015. Prior to joining Innophos, Dr. Mink served as Business President of Elastomers, Electrical and Telecommunications at the Dow Chemical Company, a specialty chemicals provider, from September 2012 to December 2015. She joined Dow in April 2009 as Global General Manager, Performance Materials and President and Chief Executive Officer of ANGUS Chemical Co. (then a fully-owned subsidiary of Dow Chemical). Prior to joining Dow, she was Corporate Vice President and Global General Manager, Ion Exchange Resins at the Rohm and Haas Company (now a fully-owned subsidiary of Dow), where she spent more than 20 years serving in numerous senior roles with increasing responsibilities.

**Qualifications, Attributes, Skills and Experience:** We believe Dr. Mink provides us with valuable counsel related to her chemical and advanced materials background. Further, her experience as a Chief Executive Officer of a public company provides PolyOne with a diverse perspective when forming strategies to guide the direction of our Company. PolyOne also benefits from her experience and expertise in technology and varied end markets. Furthermore, we believe that Ms. Mink, as a woman, enhances gender diversity of the Board and that having a more diverse Board leads to greater innovation, unique thinking and better governance.

**Current Directorships:** Innophos Holdings, Inc., Eastman Chemical Company

**Former Directorships:** None

**Age:** 59

**Director since:** 2017

## ELECTION OF BOARD OF DIRECTORS

**Robert M. Patterson**

Chairman, President and Chief Executive Officer of PolyOne since May 2016. Mr. Patterson served as President and Chief Executive Officer of PolyOne from May 2014 until May 2016, as Executive Vice President and Chief Operating Officer from March 2012 until May 2014, as Executive Vice President and Chief Financial Officer from January 2011 until March 2012, and as PolyOne's Senior Vice President and Chief Financial Officer from May 2008 until January 2011. Prior to joining PolyOne, Mr. Patterson served in leadership roles at Novelis, Inc., an aluminum rolled products manufacturer, and SPX Corporation, a multi-industry manufacturer and developer, after starting his career at Arthur Andersen LLP.

**Qualifications, Attributes, Skills and Experience:** We believe that, as our Chief Executive Officer and in light of his prior executive experience, Mr. Patterson is particularly well qualified to serve on our Board and as our Chairman, as his past and future service enables him to develop comprehensive knowledge of the various segments of our industry and business and of the critical internal and external challenges we face. His responsibility for developing and executing the annual operating plans and strategic plans provides him with the knowledge and experience needed to offer unique and valuable input to our Board.

**Current Directorships:** None

**Former Directorships:** None

**Age:** 46

**Director since:** 2014

**Kerry J. Preete**

Retired Executive Vice President, Chief Strategy Officer for Monsanto Company, a leading global provider of technology-based solutions and agricultural products that improve farm productivity and food quality, since 2010. Mr. Preete was Monsanto Company's President, Global Crop Protection Division from 2009 to 2010 and Vice President, International Commercial Business from 2008 to 2009. From 1985 to 2008, Mr. Preete served in various roles of increasing responsibility at Monsanto.

**Qualifications, Attributes, Skills and Experience:** Because of his broad experience at a leading, well-known company, we believe Mr. Preete brings an insightful perspective on running a successful, innovative company. Mr. Preete is specifically adept in not only thinking strategically, but also tactically, and these traits will be valuable to PolyOne as it continues into the future. Further, his global experience and understanding will assist PolyOne in its plans to operate in different regions and cultures, and we believe his global business acumen is relevant and transferable across industries. Mr. Preete's operational foundation, strategic expertise, and global experience are assets to PolyOne's Board.

**Current Directorships:** Univar Inc.

**Former Directorships:** None

**Age:** 58

**Director since:** 2013

**Patricia Verduin**

Chief Technology Officer for Colgate-Palmolive Company, a leading consumer products manufacturer, since 2011. Dr. Verduin was Colgate-Palmolive Company's Vice President, Research and Development from 2007 to 2011. Prior to joining Colgate-Palmolive, Dr. Verduin served as Senior Vice President and Chief Science Officer, Grocery Manufacturers Association from 2006 to 2007, as Senior Vice President of Product Quality and Development, ConAgra Foods, Inc. (now Conagra Brands, Inc.) from 2002 to 2006, and as Senior Vice President of Research and Development, Grocery Products Development, ConAgra Foods, Inc. from 2000 to 2002.

**Qualifications, Attributes, Skills and Experience:** As our newest Board member, we believe that Dr. Verduin's experience leading large global science, technology and innovation teams in the corporate setting will provide a unique perspective to our Board. Her current role as a Chief Technology Officer and prior roles in science, innovation and product development will provide valuable insight into leading an innovative company and will allow her to provide expert guidance to our management and Board on our technology and innovation strategies. Furthermore, we believe that Dr. Verduin, as a woman, enhances gender diversity of the Board and that having a more diverse Board leads to greater innovation, unique thinking and better governance.

**Current Directorships:** None

**Former Directorships:** Monsanto Company

**Age:** 59

**Director since:** 2019

---

**ELECTION OF BOARD OF DIRECTORS**

**William A. Wulfsohn**

Chairman and Chief Executive Officer of Ashland Global Holdings Inc., a global leader in providing specialty chemical solutions to customers in a wide range of customer and industrial markets, since January 2015. He was also a Director and Non-Executive Chairman of Valvoline Inc., a majority-owned subsidiary of Ashland Global Holdings and a leading worldwide producer and distributor of premium-branded automotive, commercial and industrial lubricants and automotive chemicals, from September 2016 until January 2018. From July 2010 until December 2014, Mr. Wulfsohn was President and Chief Executive Officer of Carpenter Technology Corporation, a manufacturer of stainless steel, titanium and other specialty metals and engineered products, and was a director of Carpenter from April 2009 until December 2014.

**Qualifications, Attributes, Skills and Experience:** We believe that Mr. Wulfsohn is a valuable addition to our Board. He is a proven leader, with deep and varied experience in technology and successful business operations. His background in managing operations in Europe and Asia/Pacific provides him with international expertise that can be of value to PolyOne. Further, we believe his experience as a Chief Executive Officer of publicly-traded specialty companies has given him unique skills to assist in providing guidance on PolyOne's continuing transformation.

**Current Directorships:** Ashland Global Holdings Inc.

**Former Directorships:** Carpenter Technology Corporation, Valvoline Inc.

**Age:** 57

**Director since:** 2011

**ADVISORY VOTE****PROPOSAL 2 ADVISORY VOTE TO APPROVE NAMED****EXECUTIVE OFFICER COMPENSATION**

As required under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act ) and Section 14A of the Securities Exchange Act of 1934 (the Exchange Act ), our Board is submitting a Say on Pay proposal for shareholder consideration. While the vote to approve Named Executive Officer compensation is non-binding and solely advisory in nature, our Board and the Compensation Committee will review the voting results. If there is a significant number of negative votes, we will seek to understand the concerns that influenced the vote and expect to address them in making future decisions about our executive compensation programs.

Currently, advisory Say on Pay votes are scheduled to be held once every year. It is anticipated that the next Say on Pay vote will occur at our 2020 Annual Meeting.

As described more fully in the Compensation Discussion and Analysis section of this proxy statement, the Compensation Committee of our Board has structured our executive compensation program to achieve the following key objectives:

<b>Objective</b>	<b>How Our Executive Compensation Program Achieves this Objective</b>
Attract, Motivate and Help Retain Management Pay-For-Performance	Competing effectively to attract, motivate and help retain a management team that leads in setting and achieving the overall goals and objectives of PolyOne
Align Executive Compensation with Shareholders' Interests	Setting a significant portion of each Named Executive Officer's total compensation in the form of variable compensation that is earned when pre-established financial performance goals are achieved
	Focusing incentive programs on the critical performance measures that determine PolyOne's overall success and reward executives for the attainment of short-term results, balanced with the need for sustainable long-term success

We urge shareholders to read the Compensation Discussion and Analysis section of this proxy statement, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives. We also encourage you to review the 2018 Summary Compensation Table and other related compensation tables and narratives in the Executive Compensation section of this proxy statement, which provide detailed information regarding the compensation of our Named Executive Officers. The Board and the Compensation Committee believe that the policies and procedures described and explained in the Compensation Discussion and Analysis section of this proxy statement are effective in achieving our business goals and the compensation of our Named Executive Officers reported in the Executive Compensation section of this proxy statement has supported and contributed to the Company's recent and long-term success.

**Our Board recommends a vote FOR Proposal 2 to**

**approve, on an advisory basis, our Named Executive Officer compensation.**

We believe you should vote **FOR** our Named Executive Officer compensation program and approve the following resolution because the compensation actually earned by our Named Executive Officers for our 2018 performance was aligned with our pay-for-performance objectives, our Company's performance and shareholder interests:

RESOLVED, that the compensation paid to PolyOne's Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and related narrative discussion, is hereby APPROVED.



### **PROPOSAL 3 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has appointed EY as our independent registered public accounting firm to audit our consolidated financial statements for the fiscal year ending December 31, 2019. The Board recommends ratification of the Audit Committee's appointment of EY.

The selection of EY as our independent registered public accounting firm is not required to be submitted to a vote of our shareholders for ratification. The Sarbanes-Oxley Act of 2002 requires that the Audit Committee be directly responsible for the appointment, compensation and oversight of our independent auditor. The Board is submitting the appointment to our shareholders for ratification as a matter of good corporate practice. If our shareholders fail to vote on an advisory basis in favor of the selection, the Audit Committee will reconsider whether to retain EY and may retain that firm or another firm without re-submitting the matter to our shareholders. Even if our shareholders ratify the appointment, the Audit Committee may, in its discretion, direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in our best interests and the best interests of our shareholders. The affirmative vote of a majority of the shares voting on this proposal is required for ratification.

A representative of EY is expected to be present at the Annual Meeting. The representative will be given an opportunity to make a statement if desired and to respond to questions regarding EY's examination of our consolidated financial statements and records for the year ended December 31, 2018.

**Our Board recommends a vote FOR Proposal 3 to ratify the Audit  
Committee's appointment of EY as our independent registered public  
accounting firm for 2019.**

#### **Independent Registered Public Accountant Services and Related Fee Arrangements**

Services provided by EY, our independent registered public accounting firm, and related fees in each of the last two fiscal years were as follows:

Audit Fees. Audit services include the annual audit of the consolidated financial statements, the audit of internal controls over financial reporting, the reviews of our quarterly reports on Form 10-Q, the issuance of comfort letters and consents, review of registration statements filed with the Securities and Exchange Commission ( SEC ), accounting and financial reporting consultations and international statutory audits. Fees for audit services totaled \$3.7 million and \$3.5 million in 2018 and 2017, respectively. The full Audit Committee or the Chair of the Audit Committee pre-approved all audit services and related fee arrangements for 2018 in accordance with the Audit Committee Pre-Approval Policy for all Audit and Non-Audit Services and Related Fee Arrangements.

Audit-Related Fees. Audit-related services principally include employee benefit plan audits, accounting consultations, attest services that are not required by statute or regulation and other international attest services not classified as audit fees. Fees for audit-related services totaled \$0.1 million in both 2018 and 2017. The Audit Committee pre-approved all audit-related fee arrangements billed for 2018.

Tax Fees. Tax services include tax compliance, tax advice and tax planning. Fees for tax services totaled \$1.1 million in 2018 and \$3.1 million in 2017. The Audit Committee pre-approved all tax fee arrangements billed in 2018.

All Other Fees. No fees for other services were billed in 2018 and 2017.

Our Audit Committee Pre-Approval Policy for all Audit and Non-Audit Services and Related Fee Arrangements (the Pre-Approval Policy ) requires our Audit Committee to pre-approve all audit and non-audit services performed by EY in order to assure that the provision of such services and related fee arrangements do not impair EY's independence. Under the Pre-Approval Policy, the Audit Committee may delegate pre-approval authority to one or

more of its members, and the member or members to whom the Audit Committee delegates such authority must report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee has formally delegated this pre-approval authority to its Chair. Management has no authority to approve services performed by EY that have not been pre-approved by the Audit Committee. The term of any pre-approval is 12 months from the date of pre-approval, unless the Audit Committee specifically provides for a different period.

EY will provide us a description of work scope and supporting back-up documentation regarding the specific services they will provide. At each meeting of the Audit Committee, the current year's previously pre-approved independent auditor fees along with any proposed revisions will be presented for approval. Any interim requests between Audit Committee meetings to provide services that require separate pre-approval will be submitted to the Audit Committee or the Audit Committee Chair by EY and our Chief Financial Officer, or Controller, and must include a statement as to whether, in each of their respective views, the request is consistent with the Commission's rules on auditor independence.

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

The Audit Committee assists the Board in fulfilling its oversight responsibilities to shareholders relating to the integrity of the Company's consolidated financial statements, the Company's compliance with legal and regulatory requirements, the independent registered public accounting firm's qualifications and independence, and the performance of the Company's internal and independent auditors. The Audit Committee's specific responsibilities are described in its charter, which is available on the Company's website at: [www.polyone.com](http://www.polyone.com) under the heading "Investors" and the subheading "Governance."

The Audit Committee currently consists of four directors, each of whom our Board has determined to meet the New York Stock Exchange (the "NYSE") requirements for independence and financial literacy. All members of the Audit Committee also meet the requirements of an "audit committee financial expert" as defined by the SEC.

The Audit Committee approves, subject to shareholder ratification, the appointment of the Company's independent registered public accounting firm and pre-approves all audit and non-audit services to be performed by the firm. The Audit Committee has retained Ernst & Young LLP ("EY") as the Company's independent registered public accounting firm for 2019. The Audit Committee through its Chair is also directly involved in the selection of EY's lead engagement partner, which occurs every five years. The last lead engagement partner rotation occurred in 2017 and is expected to occur next in 2022.

PolyOne's Audit Committee believes that the continued retention of EY to serve as PolyOne's independent registered public accounting firm is in the best interests of PolyOne and its shareholders. In making such determination, the Audit Committee considers, among other things, an evaluation of EY's performance, qualifications, independence, tenure, and appropriateness of fees, as well as the potential impact of changing auditors. EY has been retained as independent registered public accounting firm for PolyOne and its predecessor company, The Geon Company, continuously since 1993.

Management has the primary responsibility for the completeness and accuracy of the Company's consolidated financial statements and disclosures, the financial reporting process and the effectiveness of the Company's internal control over financial reporting. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited consolidated financial statements in the Annual Report with management and the independent registered public accounting firm, including any significant changes in the Company's selection or application of

accounting principles.

The Audit Committee also reviewed and discussed with management and the independent registered public accounting firm management's report on internal control over financial reporting, including the significance and status of control deficiencies identified and the results of remediation efforts undertaken, to determine the effectiveness of internal control over financial reporting at December 31, 2018. The Audit Committee reviewed with the independent registered public accounting firm, which has the responsibility for expressing an opinion on the conformity of the consolidated financial statements with generally accepted accounting principles and applicable rules and regulations, their judgments as to the quality, not just the acceptability, of PolyOne's critical accounting principles and estimates and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards. The Audit Committee also reviewed with the independent registered public

accounting firm its report on the Company's internal control over financial reporting at December 31, 2018, including the basis for its conclusions.

The Audit Committee reviewed and discussed with the independent registered public accounting firm all communications required by applicable auditing standards. In addition, EY has provided the Audit Committee with the written disclosures and the letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and the Audit Committee has discussed with EY their firm's independence from management and PolyOne. The Audit Committee has approved all audit, audit-related and non-audit services and fees provided to the Company by the independent registered public accounting firm in accordance with its pre-approval process. Based upon the Audit Committee's considerations, the Committee has concluded that EY is independent.

The Audit Committee discussed with PolyOne's internal and independent auditors the overall scope and audit plans and evaluated their performance. The Audit Committee meets with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of PolyOne's internal control over financial reporting, and the overall quality of PolyOne's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board (and the Board has approved) that the audited consolidated financial statements and management's assessment of the effectiveness of the Company's internal control over financial reporting be included in the Annual Report on Form 10-K for the year ended December 31, 2018, for filing with the Securities and Exchange Commission.

All members of the Audit Committee concur with this report.

**The Audit Committee of  
the Board of Directors**

Robert E. Abernathy

William R. Jellison, Chair

Sandra B. Lin

William A. Wulfsohn

February 11, 2019



---

**CORPORATE GOVERNANCE**

**CORPORATE GOVERNANCE**

**Director Independence**

Our Corporate Governance Guidelines provide that a substantial majority of the members of our Board should be independent. To be considered independent, the Board, with input and a recommendation from the Nominating and Governance Committee, must affirmatively determine that a given Director is free from any business, family or other relationship that would reasonably be expected to interfere with the exercise of independent judgment as a Director. Under categorical independence standards adopted by our Board, the Board must determine that a Director is not independent if he or she fails to meet the independence standards under the listing standards of the NYSE.

In addition, our categorical independence standards provide that the following categories of relationships between an outside Director and the Company will be treated as immaterial for purposes of determining a Director's independence.

If the Director is, or has an immediate family member who is, a partner (general or limited) in, or a controlling stockholder, equity holder, executive officer, other employee or director of any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years where the amount involved in such transaction in any such fiscal year was less than the greater of \$1 million or 2% of the organization's consolidated gross revenues for that year;

If the Director is, or has an immediate family member who is, a director or trustee of any organization to which the Company has made, or from which the Company has received payments for property or services, and the Director (or his or her immediate family member) was not involved in the negotiations of the terms of the transaction, did not, to the extent applicable, provide any services directly to the Company, and did not receive any special benefits as a result of the transaction; or

If the Director, or an immediate family member of the Director, serves as an officer, director or trustee of a foundation, university, charitable or other not-for-profit organization, and the Company's discretionary charitable contributions to the organization, in the aggregate are less than the greater of \$1 million or 2% of that organization's latest publicly available annual consolidated gross revenues.

Our categorical independence standards and the material relationship considerations set forth above are found within our Corporate Governance Guidelines, which are available on our website at [www.polyone.com](http://www.polyone.com), under Governance on our investor relations page.

Our Board performed its independence review earlier this year. In applying the categorical standards set forth above and assessing the materiality of any relationships, the Board affirmatively determined that each of our directors, with the exception of Mr. Patterson, is independent and meets the categorical independence standards described above, has no material relationship with the Company other than that arising solely from the capacity as a Director and, in addition, satisfies the independence requirements of the NYSE, including the NYSE independence standards applicable to the committees on which each such Director serves.

**Lead Director**

Our independent Directors meet regularly in executive sessions. Our Corporate Governance Guidelines provide that the independent Directors are to select a Lead Director to preside at executive sessions. The Lead Director acts as the key liaison between the independent Directors and Mr. Patterson, as Chairman of our Board and our CEO. The Lead Director is also responsible for coordinating the activities of the other independent Directors and for performing various other duties as may from time to time be determined by the independent Directors. Mr. Fearon has served as our Lead Director since May 2015.



---

## CORPORATE GOVERNANCE

### **Board Leadership Structure**

Mr. Patterson is the Chairman of our Board and our President and CEO. The Board believes that this leadership structure is appropriate for our Company given the experience and active involvement of our independent Directors, our corporate governance practices and our Lead Director's role. Having a Lead Director role helps to ensure greater communication between management and the independent Directors, increases the independent Directors' understanding of management decisions and Company operations and provides an additional layer of independent oversight of PolyOne. The Board believes that this approach serves to strike an effective balance between management and independent Director participation in the Board process.

### **Board's Oversight of Risk**

Our Board oversees a company-wide approach to risk management that is designed to support the achievement of our strategic objectives and improve long-term organizational performance, which we believe will enhance shareholder value. The Board believes that risk management is not only understanding the risks we face and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for PolyOne overall.

Our Board administers its risk oversight function directly and through its Audit Committee and Environmental, Health and Safety Committee. The Audit Committee discusses with management our major financial risk exposures and the steps management has taken to monitor and control such exposures, including our risk assessment and risk management policies. In addition, the Audit Committee regularly reviews issues that present particular risks to the Company, including those involving information technology and cyber security. The Environmental, Health and Safety Committee periodically reviews with management the significant risks or exposures faced by PolyOne relating to safety, health, environmental, security and product stewardship standards and practices. Our Board oversees and monitors these committees in exercising their responsibilities relating to risk. Our Board also provides direct oversight on risk management as it relates to our capital structure, our borrowing and repayment of funds, financial policies, management of foreign exchange risk and other matters of financial risk management, including the utilization of financial derivative products, insurance coverage strategies, banking relationships and other financial matters.

Our Board sets the appropriate tone at the top when it comes to risk tolerance and management. Our Board ensures that the risk management processes designed and implemented by our management team are adapted to the Board's corporate strategy and are functioning as directed. The Board also participates in an ongoing effort to assess and analyze the most likely areas of future risk for the Company by asking our management team to discuss the most likely sources of material future risks and how we are addressing any significant potential vulnerability.

The Board as a group is regularly updated on specific risks in the course of its review of corporate strategy, business plans and reports to the Board by management and its respective committees. The Board believes that certain important categories of risk are assigned to committees that consist of independent Directors. These committees receive, review and evaluate management reports on risk, thereby preserving the benefit of independent risk oversight. The Board believes that the leadership structure of our Board is appropriate given the Board's oversight of risk as described above.

### **Code of Ethics, Code of Conduct and Corporate Governance Guidelines**

In accordance with applicable NYSE listing standards and SEC regulations, the Board has adopted a Code of Ethics, Code of Conduct and Corporate Governance Guidelines. These are also posted and available on our website at [www.polyone.com](http://www.polyone.com), under Governance on our investor relations page.

Our Corporate Governance Guidelines contain a policy relating to majority voting. Pursuant to the policy, any nominee for election as a Director of the Board who receives a greater number of votes withheld from his or her election than votes for his or her election in an election of Directors that is not a contested election is expected to tender his or her resignation as a Director to the Board promptly following the certification of the election results. Neither abstentions nor broker non-votes will be deemed to be votes for or withheld from a Director's election for purposes of the policy, regardless of the rules treating broker non-votes as withheld in uncontested elections of Directors. The Nominating and Governance Committee (without the participation of the affected Director) will

---

## CORPORATE GOVERNANCE

consider each resignation tendered under the policy and recommend to the Board whether to accept or reject it. The Board will then take appropriate action on each tendered resignation, taking into account the Nominating and Governance Committee's recommendation. The Nominating and Governance Committee, in making its recommendation, and the Board, in making its decision, may consider any factors or other information that it considers appropriate, including the reasons (if any) given by shareholders as to why they withheld their votes, the qualifications of the tendering Director and his or her contributions to the Board and to PolyOne, and the results of the most recent evaluation of the tendering Director's performance by the other members of the Board. The Board will promptly disclose its decision whether to accept or reject the Director's tendered resignation and, if applicable, the reasons for rejecting the tendered resignation.

### **Communication with Board**

Shareholders and other interested parties who wish to communicate directly with the Board as a group, the non-management or independent Directors as a group, or with any individual Director may do so by writing to the Secretary, PolyOne Corporation, 33587 Walker Road, Avon Lake, Ohio 44012. The mailing envelope and letter must contain a clear notation indicating that the enclosed letter is either a Shareholder-Board of Directors Communication or an Interested Party-Board of Directors Communication, as appropriate.

The Secretary will review all such correspondence and regularly forward to the Board a log and summary of all such correspondence and copies of all correspondence that, in the opinion of the Secretary, deals with the functions of the Board or committees of the Board or that she otherwise determines requires their attention. Directors may at any time review a log of all correspondence we receive that is addressed to members of the Board and request copies of any such correspondence. Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of our internal audit department and handled in accordance with procedures established by the Audit Committee for such matters.

### ***Board and Committees***

#### **Board Attendance**

The Board met six times during 2018, the calendar year being our fiscal year. Each member of our Board attended at least 75% of the meetings held by our Board and the meetings held by the committees of our Board on which such member served during the period for which he or she served as a Director. Each Director is expected to attend the Annual Meeting. In 2018, all of our Directors serving at that time attended the Annual Meeting.

#### **Board Committees**

As of the date of this proxy statement, our Board has 11 Directors and the following four committees: Audit, Compensation, Nominating and Governance, and Environmental, Health and Safety. Each committee meets periodically throughout the year, reports its actions and recommendations to the Board, receives reports from senior management, annually evaluates its performance and has the authority to retain outside advisors in its discretion. The primary responsibilities of each committee are summarized below and set forth in detail in each committee's written charter, which is located on our website at [www.polyone.com](http://www.polyone.com) under Governance on our investor relations page.



**CORPORATE GOVERNANCE****Audit Committee Primary Responsibilities and Requirements**

Meets with appropriate financial and legal personnel and independent auditors to review corporate accounting, internal controls, financial reporting and compliance with legal and regulatory requirements	<b>NUMBER OF MEETINGS IN 2018:</b> <b>9</b>
Exercises oversight of our independent auditors, internal auditors and financial management	<b>COMMITTEE MEMBERS:*</b> R.E. Abernathy W.R. Jellison (C) S.B. Lin W.A. Wulfsohn
Appoints the independent auditors to serve as auditors in examining our corporate accounts	
All members of the Audit Committee meet (1) the financial literacy and independence requirements as set forth in the NYSE listing standards; and (2) the requirements of an audit committee financial expert as defined by the SEC	

C = Chair of the Committee

\* Kim Ann Mink will serve as a member of the Audit Committee following the 2019 Annual Meeting.

**Compensation Committee Primary Responsibilities and Requirements**

Reviews and approves the compensation and other benefits provided to our executive officers and other highly-compensated personnel, and has similar responsibilities with respect to non-employee Directors, except that the Compensation Committee's actions and determinations for non-employee Directors are subject to the approval of the Board	<b>NUMBER OF MEETINGS IN 2018:</b> <b>5</b>
Works with PolyOne senior management in human resources, legal and finance departments to provide oversight for all of our broad-based compensation and benefit programs and provides policy guidance and oversight on selected human resource policies and practices	<b>COMMITTEE MEMBERS: *</b> R.H. Fearon W.H. Powell (C)* K.J. Preete W.A. Wulfsohn
Directly engages the resources of one or more independent outside compensation consultants to assess the competitiveness and overall appropriateness of our executive compensation programs**	
Assesses the independence of its consultants ***	
Oversees the process by which the Board annually evaluates the performance of the CEO	
All members of the Compensation Committee have been determined to be independent as defined by the NYSE listing standards	
May delegate responsibilities (including ministerial duties) from time to time, as necessary, to subcommittees or management, but is limited in its ability to delegate authority with respect to matters impacting executive officers and non-employee directors	

C = Chair of the Committee

\* Kerry Preete will serve as Chair of the Compensation Committee and Robert E. Abernathy will serve as a member of the Compensation Committee following the 2019 Annual Meeting.

\*\*In 2018, Willis Towers Watson (the Consultant ) provided the Compensation Committee with comparative compensation information with respect to base salaries and annual and long-term incentive targets to provide the Compensation Committee with a general understanding of current compensation practices in the market. More detailed information about the compensation awarded to our Named Executive Officers in 2018, and the role of the Consultant and management in determining or recommending the amount or form of executive compensation, is provided in the Compensation Discussion and Analysis section of this proxy statement. The Consultant regularly attends Compensation Committee meetings, maintains regular contact with the Compensation Committee, and interacts with management to gather the data needed to prepare reports for Compensation Committee review.

\*\*\*The Compensation Committee periodically reviews the relationship with the Consultant including the level and quality of services provided, as well as fees for those services. In addition, expenses for other consulting services

**CORPORATE GOVERNANCE**

provided to PolyOne by the Consultant that are not related to executive compensation are monitored to ensure that executive compensation consultant independence is maintained. The Consultant provided us with services less than \$120,000 that were in addition to the services provided in connection with its advice and recommendations on the amount or form of executive and Director compensation.

The Compensation Committee considered all relevant factors, specifically including six consultant independence factors under Rule 10C-1(b)(4)(i) through (vi) under the Exchange Act, in assessing the independence of the Consultant. The Compensation Committee reviewed each factor as well as information provided by the Consultant that related to and was responsive to each factor, which assisted in the assessment. Upon completing this assessment, the Compensation Committee also determined that no conflicts of interest have been raised by the work performed by the Consultant.

<b>Nominating and Governance Committee Primary Responsibilities and Requirements</b>	
Identify individuals qualified to become Board members, consistent with criteria approved by the Board**	<b>NUMBER OF MEETINGS IN 2018:</b> 4
Select, or recommend that the Board select, the Director nominees for the next Annual Meeting	<b>COMMITTEE MEMBERS:*</b>
Consider and recommend to the Board annual Committee assignments	
Develop, review and recommend to the Board corporate governance guidelines applicable to PolyOne and directorship practices	R.H. Fearon (C)
Oversee the annual evaluation of the Board	G.J. Goff
All members of the Nominating and Governance Committee have been determined to be independent as defined by the NYSE listing standards	S.B. Lin
	K.J. Preete

C = Chair of the Committee

\* Patricia Verduin will serve as a member of the Nominating and Governance Committee following the 2019 Annual Meeting.

\*\* The Nominating and Governance Committee will consider shareholder suggestions for nominees for election to our Board. A shareholder that wishes to suggest a Director candidate for consideration by the Nominating and Governance Committee should follow the procedures described for shareholder nominations for Director in the Proposal 1 Election of Board of Directors section of this proxy statement. The Nominating and Governance Committee uses a variety of methods for identifying and evaluating nominees for Directors, including third-party search firms, recommendations from current Board members and recommendations from shareholders. Nominees for election to the Board are selected on the basis of the following criteria:

- Business or professional experience;
- Knowledge and skill in certain specialty areas such as accounting and finance, international markets, physical sciences and technology or the polymer or chemical industry;

Personal characteristics such as ethical standards, integrity, judgment, leadership and the ability to devote sufficient time to our affairs;

Substantial accomplishments with demonstrated leadership capabilities;

Freedom from outside interests that conflict with our best interests;

The diversity of backgrounds and experience each member will bring to the Board; and

Our needs from time to time.

The Nominating and Governance Committee believes that having a diverse Board leads to more innovation, unique thinking and better governance. We consider diversity to include differences in race, gender and national origin, as well as differences in viewpoint, background, experience and skills. Diversity is a key characteristic that we will consider, and instruct any third-party search firm we use to consider, in searches for future Board members.

The Nominating and Governance Committee also considers such other relevant factors as it deems appropriate, including the current composition of the Board, the balance of management and independent Directors, the need for Audit Committee expertise and the evaluations of other prospective nominees. The Nominating and Governance



**CORPORATE GOVERNANCE**

Committee has established these criteria that any Director nominee, whether suggested by a shareholder or otherwise, should satisfy. A nominee for election to the Board who is suggested by a shareholder will be evaluated by the Nominating and Governance Committee in the same manner as any other nominee for election to the Board. Finally, if the Nominating and Governance Committee determines that a candidate should be nominated for election to the Board, the Nominating and Governance Committee will present its findings and recommendation to the full Board for approval.

The Nominating and Governance Committee is responsible for ensuring that the Board evaluates its performance on an annual basis. The Director evaluation process includes self-evaluation of the Board as a whole and of each Board committee, as well as a peer evaluation. In addition, the Lead Director discusses overall Board effectiveness with each individual Director on an annual basis.

<b>Environmental, Health and Safety Committee</b>	<b>Primary Responsibilities and Requirements</b>	<b>NUMBER OF MEETINGS IN 2018:</b>
	Exercise oversight with respect to our environmental, health, safety, security and product stewardship policies and practices and our compliance with related laws and regulations	<b>3</b>
	Review significant risks and exposures regarding environmental, health and safety concerns with management.	<b>COMMITTEE MEMBERS:*</b>
		G.J. Goff (C)
		K.A. Mink
		R.M. Patterson
		W.H. Powell
		P. Verduin

C = Chair of the Committee

\* William R. Jellison will serve as a member of the Environmental, Health and Safety Committee following the 2019 Annual Meeting.

**Board Refreshment**

The Nominating and Governance Committee is charged with reviewing the composition of the Board and refreshing the Board as appropriate. In the past five years, the Committee has brought on five new independent Directors. The chart below shows the percentage of our Directors following the Annual Meeting (assuming all nominees are elected) who have tenure in each of the following categories: five or fewer years of service; six to ten years of service; and more than ten years of service.

Our Corporate Governance Guidelines provide that non-employee Directors may not stand for re-election following the date of the Director's 7<sup>th</sup> birthday, although the Board may waive this limitation if it determines such waiver to be in the best interests of the Company. In accordance with this policy, we are not nominating William H. Powell for re-election as a Director at the Annual Meeting. Further, the Board annually assesses its effectiveness through a robust evaluation process, as described above.

**NON-EMPLOYEE DIRECTOR COMPENSATION****2018 NON-EMPLOYEE DIRECTOR COMPENSATION**

In the first half of 2018, we paid our non-employee Directors a retainer at an annual rate of \$210,000 (payable in quarterly installments in arrears) consisting of \$95,000 in cash and \$115,000 in value of fully vested common shares. In 2018, the Compensation Committee analyzed competitive market data provided by the Consultant relating to both the cash retainer (including the additional cash retainers for the Lead Director and committee chairs, and unscheduled meeting fees) and the equity award value. These compensation elements were compared against PolyOne's peer group as well as a general industry group consisting of 165 comparably-sized general industry (excluding financial services) companies based on median revenues. This analysis demonstrated that the non-employee Directors' compensation was below the median of our peer group. As a result, and effective as of the third quarter of 2018, the Board increased the annual retainer to \$230,000 (payable in quarterly installments in arrears) consisting of \$100,000 in cash and \$130,000 in value of fully vested common shares, to better align the Directors' cash retainer and equity award value with current market levels.

We pay individual meeting fees only as follows: \$2,000 for each unscheduled Board and committee meeting attended; and \$1,000 for participation in each unscheduled significant telephonic Board and committee meeting. In addition, the Lead Director and chair of the following committees receive the additional fixed annual cash retainers (payable in quarterly installments in arrears) listed below, which were not increased in 2018. We also reimburse Directors for expenses associated with each meeting attended.

<b>Role</b>	<b>Annual Cash Retainers</b>
Lead Director	\$25,000
Chair, Audit Committee	\$20,000
Chair, Compensation Committee	\$15,000
Chair, Environmental, Health and Safety Committee	\$10,000
Chair, Nominating and Governance Committee	\$10,000

Non-employee Directors may defer payment of all or a portion of their annual cash retainer under our Deferred Compensation Plan for Non-Employee Directors ( "Deferred Compensation Plan" ), which was amended and restated in 2014. Directors may also elect to have their cash retainer converted into our common shares. These shares, as well as the annual retainer consisting of fully vested common shares, may also be deferred under the Deferred Compensation Plan. In 2018, we awarded shares to Directors under our Long-Term Incentive Plan. Deferred compensation, whether in the form of cash or common shares, is held in trust for the participating Directors. Interest is earned on the cash amounts and dividends, if any, on the deferred common shares are accrued for the benefit of the participating Directors.

**2018 Director Compensation Table**

<b>Name</b>	<b>Fees Earned or Paid in Cash</b>	<b>Stock Awards</b>	<b>Total</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>

Edgar Filing: POLYONE CORP - Form DEF 14A

	(\$)	(\$)	(\$)
R.E. Abernathy	80,347	101,729	182,076
R.H. Fearon	132,500	122,502	255,002
G.J. Goff	107,500	122,502	230,002
W.R. Jellison	109,944	122,502	232,446
S.B. Lin	97,500	122,502	220,002
R.A. Lorraine <sup>(1)</sup>	43,599	43,606	87,205
K.A. Mink	97,500	122,502	220,002
W.H. Powell	112,500	122,502	235,002
K.J. Preete	97,500	122,502	220,002
W.A. Wulfsohn	97,500	122,502	220,002

(1) Mr. Lorraine retired from service on the Board in 2018.

**NON-EMPLOYEE DIRECTOR COMPENSATION****Fees Earned or Paid in Cash (column (a))**

Non-employee Directors may defer payment of all or a portion of their annual cash retainer (payable in quarterly installments in arrears), as well as meeting, Lead Director, and committee chair fees, into the Deferred Compensation Plan. Fees are prorated based upon time served as a Director, Lead Director, or committee chair in any applicable quarter.

**Stock Awards (column (b))**

Our non-employee Directors' stock compensation consisted of an annual award (payable in quarterly installments in arrears) of fully vested common shares, which the Directors could elect to defer. We determined the number of shares to be granted each quarter by dividing the applicable dollar value by the arithmetic average of the high and low stock price on the last trading day of each quarter and rounding to a whole share as partial shares are not issued. We used the following quarterly per share fair market values, calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ( FASB ASC Topic 718 ), in calculating the number of shares: March 31, 2018 \$42.480 (677 shares); June 30, 2018 \$43.540 (660 shares); September 30, 2018 \$43.595 (745 shares); and December 31, 2018 \$28.31 (1,149 shares). The value of the stock award is prorated based upon time served as a Director in any applicable quarter.

**Option Awards Outstanding and Fully-Vested Deferred Shares**

As of December 31, 2018, there were no outstanding stock options held by non-employee Directors. The number of fully-vested deferred shares held in an account for each Director at the end of the fiscal year is set forth below:

Name	Number of Deferred Shares <sup>(1)</sup> (#)
R.E. Abernathy	-
R.H. Fearon	-
G.J. Goff	-
W.R. Jellison	19,679
S.B. Lin	21,358
R.A. Lorraine	-
K.A. Mink	5,641
W.H. Powell	53,188
K.J. Preete	16,261
W.A. Wulfsohn	27,821

- (1) Dividends paid on shares held in the Deferred Compensation Plan are reinvested in shares of PolyOne stock through a dividend reinvestment feature of the Deferred Compensation Plan. The number of deferred shares includes shares acquired through dividend reinvestment from 2011 through 2018 (including the fourth quarter

dividend declared on October 11, 2018 to shareholders of record on December 14, 2018, which was paid on January 9, 2019).

**OWNERSHIP OF POLYONE SHARES****OWNERSHIP OF POLYONE SHARES****Beneficial Ownership of Our Common Shares**

The following table shows the number of our common shares beneficially owned on February 28, 2019 (including shares the individuals have a right to acquire within 60 days of that date) by each of our Directors, each of the executive officers named in the 2018 Summary Compensation Table below and by all Directors and executive officers as a group.

Name	Number of Shares Owned <sup>(1)</sup>	Right to Acquire Shares	Total Beneficial
			Ownership
Robert E. Abernathy	12,742	-	12,742
Richard H. Fearon	96,437	-	96,437
Gregory J. Goff	26,347	-	26,347
William R. Jellison	26,679 <sup>(2)</sup>	-	26,679
Sandra B. Lin	23,362 <sup>(2)</sup>	-	23,362
Kim Ann Mink	5,641 <sup>(2)</sup>	-	5,641
William H. Powell	68,270 <sup>(2)</sup>	-	68,270
Kerry J. Preete	22,949 <sup>(2)</sup>	-	22,949
Patricia Verduin	<sup>(3)</sup>	-	-
William A. Wulfsohn	27,821 <sup>(2)</sup>	-	27,821
Robert M. Patterson	287,481	24,639 <sup>(4)</sup>	312,120
Bradley C. Richardson	39,430	5,890 <sup>(4)</sup>	45,320
Mark D. Crist	28,697	4,708 <sup>(4)</sup>	33,405
Michael A. Garratt	12,680	3,021 <sup>(4)</sup>	15,701
Lisa K. Kunkle	66,011	22,552 <sup>(4)</sup>	88,563
22 Directors and executive officers as a group	801,414	79,434 <sup>(4)</sup>	880,848

- (1) Except as otherwise stated in the following notes, beneficial ownership of the shares held by each individual consists of sole voting power and sole investment power, or of voting power and investment power that is shared with the spouse or other immediate family member of the individual or with certain trusts. It includes an approximate number of shares credited to the Named Executive Officers' accounts in our Retirement Savings Plan (as defined herein), a tax-qualified defined contribution plan. The number of common shares allocated to these individuals from the Retirement Savings Plan is provided by the administrator in a statement for the period ending February 28, 2019, based on the market value of the applicable units held by the individual. Additional common shares may have been allocated to the accounts of participants in the Retirement Savings Plan since the date that the last statement was received from the administrator. No Director or executive officer beneficially owned, on February 28, 2019, more than 1% of our outstanding common shares. As of that date, the Directors and executive officers as a group beneficially owned approximately 1.1% of the outstanding common shares.

- (2) With respect to the Directors, beneficial ownership includes shares held under the Deferred Compensation Plan for Non-Employee Directors as follows: W.R. Jellison, 19,679 shares; S.B. Lin, 21,358 shares; K.A. Mink, 5,641 shares; W.H. Powell, 53,188 shares; K.J. Preete, 16,261 shares; and W.A. Wulfsohn, 27,821 shares.
- (3) Dr. Verduin was elected to the Board of Directors on March 6, 2019 (after the date used in this table for determination of ownership).
- (4) Includes the number of shares that would be acquired if the individuals' outstanding and exercisable stock-settled stock appreciation rights were exercised within 60 days of February 28, 2019 at \$32.62, the closing market price of PolyOne's common shares on February 28, 2019.

The following table shows information relating to all persons who, as of February 28, 2019, were known by us to beneficially own more than five percent of our outstanding common shares based on information provided in Schedule 13Gs and 13Ds filed with the SEC:



**OWNERSHIP OF POLYONE SHARES**

<b>Name and Address</b>	<b>Number of Shares</b>	<b>% of Shares</b>
BlackRock, Inc. 55 East 52nd Street New York, New York 10055 <sup>(1)</sup>	9,464,231	11.9%
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, Pennsylvania 19355 <sup>(2)</sup>	7,660,196	9.59%

- (1) As of December 31, 2018, based upon information contained in an amendment to the Report on Schedule 13G filed with the SEC by BlackRock, Inc., which reported that BlackRock, Inc., together with certain of its affiliates, had sole voting power with respect to 9,218,984 of these shares and sole dispositive power with respect to all of these shares.
- (2) As of December 31, 2018, based upon information contained in an amendment to the Report on Schedule 13G filed with the SEC by The Vanguard Group, Inc., which reported that The Vanguard Group, Inc., together with certain of its affiliates, had sole voting power with respect to 161,227 of these shares, sole dispositive power with respect to 7,497,185 of these shares, shared voting power with respect to 10,249 of these shares and shared dispositive power with respect to 163,011 of these shares.

**Stock Ownership Guidelines for Non-Employee Directors**

The purpose of our stock ownership guidelines (referred to as the Guidelines) is to better align our Directors financial interests with those of our shareholders by requiring our Directors to own a minimum level of our shares. In order to reflect the Board's commitment to share ownership, the required share ownership level for non-employee Directors is a minimum of 12,500 shares.

The Directors are expected to make continuing progress towards compliance with the Guidelines and to comply fully within five years of becoming subject to the Guidelines. For purposes of our Guidelines, the following types of share ownership and equity awards are included as shares owned: shares directly and indirectly held; shares and phantom shares held in our deferral plans; and restricted stock units. As of the date of this proxy statement, all Directors either meet, or are on track to meet, the Guidelines. All Directors are required to retain 100% of all shares obtained through us, as compensation for services provided to us, with such percentage to be calculated after any reduction in the number of shares to be delivered as a result of any taxes and exercise costs relating to the shares (if applicable). This requirement to retain 100% of all shares obtained from us ceases once the Director has met the Guidelines, as long as the Guidelines continue to be met. Similar policies, as they relate to our Named Executive Officers, are set forth in the Other Aspects of Our Compensation Programs section of this proxy statement.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires that certain of our officers, our Directors and persons who own more than 10% of a registered class of our equity securities file reports of ownership and changes in ownership with the SEC. These officers, Directors and greater than 10% shareholders are required by SEC rules to furnish us with copies of all forms they file. Based solely on our review of the copies of such forms received by us and written representation from

certain reporting persons, we believe that during 2018 and until the date of this proxy statement, all Section 16(a) filing requirements applicable to those officers, Directors and 10% shareholders were satisfied, except for one Form 4 filing for each of our executive officers relating to the vesting of an award of restricted stock units on February 10, 2019, which were each made one day after the due date.

---

**COMPENSATION DISCUSSION AND ANALYSIS**
**COMPENSATION DISCUSSION AND ANALYSIS****Executive Summary**

PolyOne Corporation is a premier provider of specialized polymer materials, services and solutions with operations in specialty engineered materials, advanced composites, color and additive systems and polymer distribution. We are also a highly specialized developer and manufacturer of performance enhancing additives, liquid colorants and fluoropolymers, and silicone colorants. Headquartered in Avon Lake, Ohio, we have employees at sales, manufacturing and distribution facilities in North America, South America, Europe and Asia.

This section highlights significant Compensation Committee and Company executive compensation actions that occurred in 2018. In addition, it illustrates the relationship between the compensation of our Named Executive Officers and how we measure Company performance. Our Named Executive Officers for 2018 were:

<b>Name</b>	<b>Title</b>
Robert M. Patterson	Chairman, President and Chief Executive Officer
Bradley C. Richardson	Executive Vice President, Chief Financial Officer
Mark D. Crist	Senior Vice President, President of Color, Additives and Inks ( CAI )
Michael A. Garratt	Senior Vice President, Chief Commercial Officer
Lisa K. Kunkle	Senior Vice President, General Counsel & Secretary

**How Pay is Tied to Company Performance.** Our compensation programs are designed to: (1) attract and help retain talented executives; (2) reward employees for generating consistent improvement in Company performance; and (3) align compensation with the interests of our shareholders with the ultimate goal of improving long-term shareholder value. We believe that executive compensation, including both pay opportunities and pay actually earned, should be tied to Company performance, which we view in two primary ways:

The Company's operating performance, including results against both our long-term and short-term growth targets; and

Return to shareholders over time.

How our compensation programs contribute to our Company's success is described below.

**Key 2018 Company Performance Results.** Revenue growth of 9% in 2018 was driven by our continued investment in commercial resources and the impact of specialty acquisitions, with CAI's record performance leading the way. EPS and operating income were down slightly or flat as total revenue growth and record CAI performances were offset by the unfavorable impact of our pension mark-to-market charge, and higher environmental costs. Adjusted EPS and adjusted operating income, which exclude the impact of the pension mark-to-market and environmental charges, grew 10% and 5%, respectively. Other operational and key milestones accomplished include:

Reduced associate injuries by 19% (we had the safest year in the company's history);

Certified as an ACC Responsible Care® organization for outstanding environmental, health and safety performance;

Delivered our ninth consecutive year of adjusted EPS growth;

Increased our dividend by 11% (we have increased our dividend for seven consecutive years);

Re-purchased 3.4 million shares of PolyOne stock;

Acquired two specialty companies, IQAP and PlastiComp, and completed a third acquisition, Fiber-Line, in January of 2019; and

Achieved a milestone recognition as a Great Place to Work® in the U.S. from the Great Place to Work Institute.

## COMPENSATION DISCUSSION AND ANALYSIS

While some of these achievements don't always grab the same headlines as do stock price appreciation and financial metrics performance, we believe that these significant accomplishments position us well for long-term growth and creation of future shareholder value. Creating a safe and healthy work environment, returning cash to shareholders, expanding the overall size of the business and being recognized as a great place to work – these are results that we work hard every day to achieve, and these results are what we believe will drive the success of our business for years to come. In 2018, we also outlined how PolyOne defines sustainability and the progress we're making in each of our four focus areas: People, Products, Planet and Performance. This focus on sustainability will allow us to achieve our goals today, while also ensuring our ability to do the same in the future.

We believe that our investors will appreciate that the compensation of our Named Executive Officers was commensurate with our performance results. The Company has been highly effective at driving growth in the transformation of PolyOne to a high performing global specialty company. By refocusing the sales force on value and profits versus volumes, and emphasizing specialty businesses versus those more commodity in nature, Mr. Patterson and our senior management team have driven substantial EPS growth.

The chart below sets forth key Company results over the previous calendar year (dollar amounts below are in millions, except per share amounts).

Measure	2018	2017	Change
Revenue	\$3,533.4	\$3,229.9	9.4%
Working Capital as a Percentage of Sales	10.7%	10.3%	0.4%
EPS from Continuing Operations	\$2.00	\$2.11	-5.2%
Adjusted EPS from Continuing Operations <sup>(1)</sup>	\$2.43	\$2.21	10.0%
Operating Income	\$273.7	\$272.8	0.3%
Adjusted Operating Income <sup>(1)</sup>	\$316.9	\$302.0	4.9%

(1) Adjusted EPS and adjusted operating income for consolidated PolyOne reported in this proxy statement differ from what is reported under United States GAAP. See Appendix A for a reconciliation of non-GAAP financial measures to our results as reported under GAAP.

**Return to Shareholders.** Delivering nine consecutive years of adjusted EPS expansion, driven by investments in commercial resources and specialty acquisitions, has created shareholder value. EPS expansion was the result of our aggressive goal setting and relentless efforts to execute our proven four-pillar strategy of Specialization, Globalization, Commercial Excellence and Operational Excellence.

**Pay-for-Performance: 2018 Compensation Outcomes.** Our 2018 compensation results continued to reflect our pay-for-performance philosophy of aligning executive compensation directly with our operational and financial performance:

**2018 Annual Incentive Program:** The 2018 Annual Incentive Program used adjusted operating income, working capital as a percentage of sales and revenue to drive desired behavior that impacts shareholder value. Our 2018 financial performance resulted in varying levels of achievement and, as a result, the Named

Executive Officers participating in the 2018 Annual Incentive Program received near target-level payouts based on the attainment rates below. The description set forth in the *What We Pay and Why: Elements of Compensation* section of this proxy statement highlights the key financial results that were used in determining payouts to our Named Executive Officers under our 2018 Annual Incentive Program.

Corporate Plan Attainment (Patterson, Richardson, Garratt, Kunkle)	99.2%
CAI Plan Attainment (Crist)	95.4%

**2016-2018 Long-Term Incentive Program:** We used adjusted EPS as the performance measure for our 2016-2018 Long-Term Incentive Program cash-settled performance units in order to drive improvements in shareholder value. The Named Executive Officers received a payout under this award based on 105% attainment. The description set forth in the *What We Pay and Why: Elements of Compensation* section of

---

**COMPENSATION DISCUSSION AND ANALYSIS**

this proxy statement highlights the key financial results that were used in determining payouts to our Named Executive Officers for 2018.

Looking back, we believe that our Named Executive Officers' incentive compensation results are aligned with the operational performance that we achieved for 2018.

**Listening to Shareholders.** At the 2018 Annual Meeting, we held our annual advisory vote on Named Executive Officer compensation. Over 95% of the votes cast were in favor of this advisory proposal. The Compensation Committee considered the voting results as well as other input from conversations held with investors and viewed them as continued support of our executive compensation programs. As a result, the Compensation Committee made no material changes in the structure of our compensation programs or pay-for-performance philosophy based on the voting results for the proposal. At the 2019 Annual Meeting, we will again hold an advisory vote to approve Named Executive Officer compensation. The Compensation Committee expects to consider the results from this year's and future advisory votes on Named Executive Officer compensation.

**Executive Compensation Practices and Programs.** The executive compensation practices and programs described below and in the accompanying tables played a vital role in driving our financial results and aligning pay with performance for 2018 and are intended to attract and help retain a highly experienced, successful team to manage PolyOne. Our practices and programs are directly linked to our key business objectives and are designed to create value for our shareholders, including when we achieve positive operational performance.

We align executive compensation with shareholder interests	Ensure that the majority of executive pay is based on objective, challenging financial goals and Company performance
We avoid excessive risk while fostering sustainable Company growth	Utilize maximums on potential payments, include retention vehicles in our compensation programs, provide multiple performance targets and maintain robust Board and management processes to identify risk, including a risk assessment of compensation programs that is performed each year Maintain stock ownership guidelines required for all Named Executive Officers Evaluate annual and aggregate dilution from stock awards prior to our annual equity award grants
We adhere to executive compensation best practices	Do not provide for excise tax gross-up for excess parachute payments under Section 280G of the Internal Revenue Code of 1986, as amended ( Code ) in any new management continuity agreements or for financial planning benefits Maintain a clawback policy applicable to all executive officers Prohibit Named Executive Officers from hedging or pledging our securities  Utilize an independent consultant to help the Compensation Committee understand compensation practices that impact Named Executive Officer compensation

Provide for minimum required vesting periods for our equity awards.



---

## COMPENSATION DISCUSSION AND ANALYSIS

### Executive Compensation Philosophy and Objectives

Our executive compensation programs reward our officers' performance, are specifically linked to our achievement of strategic operating and financial goals, and are designed to be competitive in the marketplace. We reward our executives for performance that meets or exceeds our strategic goals, without encouraging excessive risk-taking that could have a detrimental impact on our long-term results and the interests of our shareholders. We believe the design of our compensation plans and the relative mix of compensation elements successfully motivate our executives to improve our overall corporate performance and the profitability of the specific business units for which they are responsible, thus maximizing shareholder value. The main objectives of our executive compensation programs are to:

Attract, motivate and help retain a highly qualified and successful management team to lead PolyOne in setting and effectively executing upon our strategic goals and objectives;

Foster a pay-for-performance culture by rewarding the achievement of specified strategic operating and financial objectives that maximize shareholder value; and

Help ensure our goals and objectives are aligned with the interests of our shareholders by recognizing and rewarding business results and the growth of our stock price through incentive programs.

**Compensation Consultant.** Our executive compensation programs are approved and overseen by the Compensation Committee, which is composed entirely of independent Directors. The Compensation Committee retained the Consultant in 2018 to assist with assessing the competitiveness and overall appropriateness of our executive compensation programs. The Compensation Committee worked with the Consultant and considered input from members of senior management to help ensure that our executives, including our Named Executive Officers, receive market competitive compensation programs that reward business results.

As described below, the Consultant assisted the Compensation Committee by (1) providing comparative compensation information so it could consider base salaries, annual incentive targets and long-term incentive targets in the context of a general understanding of current compensation practices in the market, (2) providing guidance on incentive plan design, (3) monitoring and communicating trends in executive compensation to the Compensation Committee, (4) assisting with our proxy statement disclosures and (5) assessing our Board's compensation.

**Competitive Market Pay Information.** We designed our compensation programs to be competitive with companies of comparable size and industry with whom we compete for executive talent. We review competitive market compensation data annually relating to salary, annual incentives and long-term incentives. The Compensation Committee recognizes that over-reliance on benchmarking and external comparisons is not prudent, and the Compensation Committee is mindful of the value and limitations of comparative data. As a result, although the Compensation Committee includes market data and its general understanding of current compensation practices in the market in the overall mix of factors it considers in assessing Named Executive Officer compensation, it does not target specific market levels. Rather, the Compensation Committee considers other factors as well, such as the responsibilities, performance, contributions and experience of each Named Executive Officer and compensation in relation to other employees, to determine final total compensation amounts. As a result, we do not set total direct compensation or the component parts at levels to achieve a mathematically precise market position. The

Compensation Committee also obtains advice and recommendations from the Consultant regarding retirement benefits and other areas of total compensation.

In reviewing competitive market data for 2018, we drew from two independent sources. We first reviewed proxy statement disclosures of a peer group of similarly-sized United States chemical and plastics companies as a market check with respect to the compensation for our senior executives. This approach provided insight into current compensation practices at business competitors or companies facing similar operating challenges.

We annually evaluate the composition of our compensation peer group, giving specific consideration to company size, global presence, and specialty chemical focus. We also look at the frequency with which these companies were used as peers by other companies in our industry and which companies had identified PolyOne as a

## COMPENSATION DISCUSSION AND ANALYSIS

peer. Financial and operating statistics for our peer group referenced during 2018 compensation decisions are summarized below:

Factor	Median Peer Group	
	Comparator 2017 Financials*	2018 PolyOne Results
Company Revenue	\$3.2 billion	\$3.5 billion
Total Asset Size	\$4.8 billion	\$2.7 billion
Employee Numbers	6,400	6,600

\* Excludes Valspar Corporation as it was acquired in June 2017 and did not file consolidated financial statements for 2017.

Each of the companies constituting our peer group for 2018 compensation consideration met a majority of the primary criteria that were established. As Axiall Corporation was acquired in August 2016, it was removed from the peer group and therefore not included in 2018 compensation considerations. The group consisted of the following 15 companies:

PolyOne Peer Group for 2018 Compensation Decisions		
Albemarle Corporation	Celanese Corporation	International Flavors & Fragrances Inc.
A. Schulman, Inc.	Eastman Chemical Company	RPM International Inc.
Ashland Global Holdings Inc.	FMC Corporation	The Scotts Miracle-Gro Company
Avery Dennison Corporation	H.B. Fuller Company	The Valspar Corporation*
Cabot Corporation	Hexcel Corporation	Trinseo S.A.

\*The Valspar Corporation was acquired in June 2017 but filed a 2017 proxy statement, allowing their inclusion in the group for 2018 compensation decisions.

The second independent source of data that we used to augment the peer proxy analysis was the Consultant's analysis of competitive market data relating to other applicable general industries. The Consultant specifically used the Consultant's executive compensation database and Mercer's Executive Compensation Survey. To obtain comparability based on company size, the Consultant's analysis either referenced a specific sample of comparably-sized companies or calibrated the pay of a broad sample of companies against company size. PolyOne did not select the companies that comprise any of these survey groups, and the component companies' identities were not a material factor in this analysis.

**Review of 2018 Named Executive Officer Compensation.** Management and the Compensation Committee annually review the specific pay disclosures of our peer group and the broad-based survey data provided by the Consultant. Management uses this data to develop recommendations for the Compensation Committee's review regarding eligibility and award opportunities as well as performance measures and goals for our long-term and short-term incentive plans commencing in the following year. The Compensation Committee also considers this information when making compensation decisions and aligning each of the pay elements with our compensation objectives.

The Compensation Committee and management annually review and consider tally sheets, which are developed by our human resources department to provide greater context for the compensation of our Named Executive Officers. The tally sheets provide information regarding each Named Executive Officer's base salary, annual incentives, and long-term incentives, and are reviewed by the Consultant.

Annually, the CEO recommends, for the Compensation Committee's review and approval, specific base salary and incentive target opportunity adjustments for the Named Executive Officers other than himself, if an adjustment is warranted. The CEO makes his recommendations in conjunction with the marketplace data. He does not participate in any discussions with the Compensation Committee involving his own compensation. With guidance from the Consultant regarding market pay levels and based on a rigorous review of 2017 performance and our compensation philosophy, the Compensation Committee determined the appropriate pay levels for Mr. Patterson for 2018. As a general matter, the Compensation Committee made its decisions regarding year-over-year increases in Mr. Patterson's salary, annual incentive opportunity, and long-term incentive opportunity from 2017 (further described below) with guidance from the Consultant regarding market pay levels and based on a review of 2017 performance.

---

## COMPENSATION DISCUSSION AND ANALYSIS

### What We Pay and Why: Elements of Compensation

Our executive compensation programs are designed to recognize an executive's scope of responsibilities, leadership ability and effectiveness in achieving key performance goals and objectives. As an executive's level of responsibility within PolyOne increases, so does the percentage of total compensation that is linked to performance in the form of variable compensation. Thus, the majority of the total direct compensation is performance-based and not guaranteed. We also provide various retirement and benefit programs and modest, business-related benefits. The chart below provides a picture of all elements of the total direct compensation provided to our Named Executive Officers (also referred to as NEOs). Detailed information follows the chart below.

While the Compensation Committee does consider comparative compensation information to gain a general understanding of current compensation practices in the market, it does not benchmark or ultimately target a specific percentile or data point in assessing competitiveness for base pay or our incentive programs. Individual opportunities vary based on length of time with PolyOne, individual performance and level of leadership responsibility within the Company. This strategy is consistent with our competitive market pay philosophy discussed in the Executive Compensation Philosophy and Objectives section of this proxy statement.

**2018 Base Salary.** Base salaries for our Named Executive Officers in 2018 were individually determined by the Compensation Committee after consideration of: (1) the CEO's recommendations (for all Named Executive Officers other than the CEO); (2) breadth, scope and complexity of the executive's role; (3) internal equity; (4) current compensation; (5) tenure in position; (6) market pay levels and trends around merit increases; and (7) individual performance.

After consideration of the factors above, the Compensation Committee made the following decisions related to base salaries for our Named Executive Officers in 2018: Mr. Patterson's base salary was increased from \$990,000 to \$1,050,000; Mr. Richardson's base salary was increased from \$585,000 to \$610,000; Mr. Crist's base salary was increased from \$395,000 to \$415,000; Mr. Garratt's base salary was increased from \$420,000 to \$435,000; and Ms. Kunkle's base salary was increased from \$400,000 to \$425,000.

The amounts listed above were base salaries in effect on December 31, 2017 and December 31, 2018, respectively, and the actual salary received by each as shown in the 2018 Summary Compensation Table of this proxy statement was prorated based on base salary rates in effect before and after the effective dates of the changes.

**2018 Annual Incentive.** We provided an annual incentive opportunity for 2018 under our Annual Plan to (1) reward our Named Executive Officers for achieving specific performance goals that would advance our



---

## COMPENSATION DISCUSSION AND ANALYSIS

profitability, (2) drive key business results, and (3) recognize individuals based on their contributions to those results. The Named Executive Officers' 2018 individual annual incentive opportunities (expressed as a percentage of base pay) that were approved by the Compensation Committee and effective for the 2018 Annual Incentive Program were as follows and were unchanged from 2017: Mr. Patterson 120%; Mr. Richardson 65%; and Messrs. Crist and Garratt, and Ms. Kunkle 55%.

The Compensation Committee determined, after a thorough evaluation of possible plan designs and performance measures (described below), that we would maintain the same fundamental annual incentive design in 2018 that we used in 2017. The Compensation Committee's evaluation demonstrated that the performance measures utilized for this program are the most critical elements of PolyOne's performance for 2018 and, when combined, contribute to sustainable growth. The 2018 Annual Incentive Program performance measures are described below:

Adjusted Operating Income. Adjusted operating income was defined as business unit and/or total Company operating income excluding special items (as noted on Appendix A).

Revenue. Revenue represented business unit sales or total Company net trade sales to third parties.

Working Capital as a Percentage of Sales. Working Capital as a Percentage of Sales was calculated by taking the average 13 months of business segment or total Company working capital divided by the sum of 12 months of 2018 business segment sales or total Company sales (where applicable), where working capital equals (1) trade accounts receivable (2) plus inventory (3) minus trade accounts payable.

The payouts under the 2018 Annual Incentive Program were based on attainment with respect to target goals set for each individual performance measure. Rewardable attainment with respect to these performance measures ranged from 50% (threshold) to 200% (maximum) of goal. If achievement with respect to any performance measure had fallen between the threshold and target, or between the target and maximum, earned award amounts for that particular performance measure would have been interpolated on a straight-line mathematical basis. If achievement with respect to any performance measure did not reach threshold, then that measure would have been deemed to have 0% attainment. The performance measures for the 2018 Annual Incentive Program were weighted as outlined in the charts below.





## COMPENSATION DISCUSSION AND ANALYSIS

The Annual Plan, as it relates to the Named Executive Officers, contained a negative discretion feature. If at least the threshold attainment level was achieved for any performance measure, then Named Executive Officers were eligible for payments up to the maximum permitted under the Annual Plan provisions. Payouts were capped at 200% of a participant's award amount at target. The Compensation Committee was permitted to use its negative discretion to make a final determination of the amount to be paid.

We set aggressive performance goals in 2018 under the 2018 Annual Incentive Program that focused our efforts on those factors that we believed were critical to our ongoing success, including revenue growth, earnings improvement, cash generation from working capital, efficiencies in our operations and the continued implementation of our overall four pillar strategy of Specialization, Globalization, Commercial Excellence and Operational Excellence. The 2018 performance goals for our performance measures were set in accordance with our strategic plan framework. We viewed the targeted level of performance for each measure as challenging to achieve. The threshold, target and maximum goals and attainment levels for each Named Executive Officer are set forth below (dollars in millions). Progress against the Working Capital as a Percentage of Sales metric is reflected by lower levels of working capital, so results that are less than target are viewed as exceeding target performance.

Messrs. Patterson, Richardson, and Garratt and Ms. Kunkle's 2018 Annual Incentive Program opportunities were based on consolidated results. Total attainment for consolidated PolyOne under the 2018 Annual Incentive Program was 99.2%, with the components consisting of (dollars in millions):

<b>2018 Corporate Plan (Patterson, Richardson, Garratt, Kunkle)</b>						
Measure	Weighting	Threshold	Target	Maximum	Results	Payout %
Adjusted Operating Income	60%	\$316.1	\$332.1	\$361.8	\$316.9	52.3%
Revenue	25%	\$3,273.7	\$3,378.0	\$3,3560.0	\$3,533.4	185.4%
Working Capital as a % of Sales	15%	11.2%	11.0%	10.3%	10.7%	142.9%
Total Attainment						99.2%

Mr. Crist's 2018 Annual Incentive Program opportunities were based on business unit-specific results and, while the adjusted operating income performance goals for such opportunities were weighted 60% overall, the opportunities related to adjusted operating income were based two-thirds (40%) on business unit-specific results and one-third (20%) on consolidated PolyOne adjusted operating income results. Total attainment for CAI under the 2018 Annual Incentive Program was 95.4%, with the components consisting of (dollars in millions):

<b>2018 CAI Plan (Crist)</b>						
Measure	Weighting	Threshold	Target	Maximum	Results	Payout %
Adjusted Operating Income (Business Unit)	40%	\$147.3	\$157.6	\$179.2	\$155.3	88.5%
Adjusted Operating Income (Consolidated)	20%	\$316.1	\$332.1	\$361.8	\$316.9	52.3%

Edgar Filing: POLYONE CORP - Form DEF 14A

Revenue (Business Unit)	25%	\$970.6	\$1,006.0	\$1,069.5	\$1,031.9	140.7%
Working Capital as a % of Sales						
(Business Segment)	15%	12.3%	12.0%	11.4%	12.0%	95.3%
Total Attainment						95.4%

All 2018 Annual Incentive Program awards aligned with the performance achieved. The awards have been made in accordance with the Annual Plan, which was unanimously approved and adopted by our Board on March 6, 2015 and approved by shareholders at the Annual Meeting in May 2015. For information regarding the ultimate payouts under the 2018 Annual Incentive Program, see the 2018 Summary Compensation Table.

**Long-Term Incentive.** We provide long-term incentive compensation to our Named Executive Officers to directly tie the interests of these individuals to the interests of our shareholders. We also believe that long-term incentive compensation is an important retention tool. In 2017, our Board unanimously approved and adopted the PolyOne Corporation 2017 Equity and Incentive Compensation Plan (the Long-Term Incentive Plan ) which was also

---

## COMPENSATION DISCUSSION AND ANALYSIS

approved by shareholders at the Annual Meeting in May 2017. The 2018-2020 long-term incentive program awards were granted under the Long-Term Incentive Plan.

The individual long-term incentive target opportunities provided to our Named Executive Officers, which are reflected as a percentage of base salary, were established with consideration of our competitive market pay philosophy discussed in the Executive Compensation Philosophy and Objectives section of this proxy statement and were intended to reward the Named Executive Officers for achieving specific performance objectives. The awards granted for 2018 under the Long-Term Incentive Plan are based upon our closing stock price on February 14, 2018. The accounting value of each award was determined using the grant date of the award. The value of the grant varies as the stock price increases or decreases in the interim.

The Compensation Committee approved the following decisions with respect to the individual long-term incentive opportunities (expressed as a percentage of base salary) of the Named Executive Officers for 2018, which were in effect as of February 14, 2018 (the grant date of our annual long-term incentive awards) to reflect market data and tenure in the role: Mr. Patterson's opportunity continued to be 400%; Mr. Richardson's opportunity was increased from 140% to 150%; Messrs. Crist and Garratt's opportunities were increased from 105% to 110%; and Ms. Kunkle's opportunities were increased from 105% to 120%.

**Awards Granted in 2018.** After a thorough evaluation of other possible vehicles, the Compensation Committee elected to retain the same three compensation vehicles and weightings that we used in 2017 for the 2018 long-term incentive awards, which are listed below. We maintained this program design to continue to provide a balance between the relative values of the three compensation vehicles while efficiently using the shares available under the Long-Term Incentive Plan. Of these three vehicles, the cash-settled performance units and the stock appreciation rights (SARs) have performance conditions, as described in detail below. Both the cash-settled performance units and the SARs are additionally subject to time-based vesting as described in detail below. The restricted stock units (RSUs) are time-based awards that generally vest in their entirety on the third anniversary of the grant date.

On February 14, 2018, we granted awards under the Long-Term Incentive Plan to all our Named Executive Officers. Details regarding these awards are described below.

*Cash-Settled Performance Units.* Cash-settled performance units provide an opportunity for employees to receive a cash bonus if specified performance measures are met for pre-defined performance periods. The Compensation Committee maintained adjusted EPS as the 2018 performance measure in order to drive improvements in shareholder value. We will use the four performance periods and relative weightings listed below to drive annual



---

**COMPENSATION DISCUSSION AND ANALYSIS**

performance as well as cumulative performance. Requiring annual, as well as cumulative, performance goals helps ensure that adjusted EPS growth is a constant and visible incentive goal for our Named Executive Officers to achieve each year.

<b>Performance Period</b>	<b>Weighting</b>
January 1, 2018 through December 31, 2018	25%
January 1, 2019 through December 31, 2019	25%
January 1, 2020 through December 31, 2020	25%
January 1, 2018 through December 31, 2020	25%

The attainment level for the cash-settled performance units will be certified at the end of the total three-year performance period. We established threshold, target and maximum adjusted EPS goals for each of the above listed performance periods. Participants will earn, for the applicable performance period: (1) 100% of the target award of cash-settled performance units upon attainment of the target performance level; (2) 50% of the target award upon attainment of the threshold performance level; or (3) 200% of the target award upon attainment of the maximum (or greater) performance level. If final performance falls between the threshold and target or between target and maximum, earned award amounts will be interpolated. If threshold performance is not achieved for a particular performance period, then no award will be paid to the participants for such performance period. The cash-settled performance units do not pay out until the payment date in order to serve as a retention vehicle and participants must generally be employed on the payment date to receive payment. The payment date will be a date in 2021 determined by the Compensation Committee (or its authorized delegate), which shall occur no later than March 15, 2021.

We do not disclose the specific, forward-looking adjusted EPS goals that we established for the cash-settled performance units granted in 2018 in this proxy statement because (1) these goals relate to executive compensation to be earned and/or paid in future years and do not affect a fair understanding of the Named Executive Officers compensation for 2018 and (2) we believe that disclosure of such goals while the applicable performance period is ongoing would cause us competitive harm. However, we disclose such goals in future proxy statements once the applicable performance periods have ended as part of our discussion and analysis about the amounts earned by the Named Executive Officers under these awards. In setting the applicable target levels, the Compensation Committee considered how achievement of the performance goals could be impacted by events expected to occur in the coming years. When establishing the specific goals for the adjusted EPS performance measure, we specifically considered how likely it will be for us to achieve the goals. We believe that the threshold goals have been established at levels that should be appropriately difficult to attain, and that the target goals will require considerable and increasing collective effort on the part of our employees, including our Named Executive Officers, to achieve. Achievement of the maximum goal is considered to be a stretch goal given current market conditions. The performance unit grants made in 2018 for the Named Executive Officers are set forth in the 2018 Grants of Plan-Based Awards table of this proxy statement.

*Stock-Settled Stock Appreciation Rights.* The SARs, when exercised by the Named Executive Officers, are settled in our common shares and have an exercise price equal to the closing market price of our common shares on the grant date. However, the SARs are subject to an appreciation cap of 200% of the initial grant date closing stock price. To continually reinforce our ongoing commitment to enhancing shareholder value, the 2018 awards vest one-third upon the later of: (1) achieving each of the following stock price hurdles and maintaining them for thirty consecutive trading days: 10%, 15% and 20% increase, respectively, over the initial grant date closing stock price of \$41.89; and (2) the satisfaction of time-based vesting requirements that lapse one-third on each of the first three anniversaries of

the grant date, generally subject to the Named Executive Officer's continued employment. No new performance hurdles were met in 2018. The SARs have an exercise term of ten years. The SARs granted in 2018 to the Named Executive Officers are set forth in the 2018 Grants of Plan-Based Awards table of this proxy statement.

*Restricted Stock Units.* RSUs are designed to promote share ownership and promote the retention of our executives. The RSUs generally vest on the third anniversary of the grant date and are set forth in the 2018 Grants of Plan-Based Awards table of this proxy statement.

**Actions Taken on Awards Granted in Prior Years.** In February 2019, the Compensation Committee reviewed, certified and approved the attainment level of cash-settled performance units granted at the start of 2016 for the

## COMPENSATION DISCUSSION AND ANALYSIS

three-year performance period of January 1, 2016 through December 31, 2018. The four, equally weighted performance periods listed below were used in order to drive annual as well as cumulative performance. The cash-settled performance units were earned by achieving performance goals related to our adjusted EPS over each performance period. For retention purposes, the performance units generally could not be paid until the payment date approximately three years following the date of grant as approved by Compensation Committee (or its authorized delegate). The Named Executive Officers received a cash payout based on achieving 105% of the target level performance for this goal, reflected below.

### 2016 2018 Cash-Settled Performance Units

#### Performance Measure: Adjusted EPS\*

Performance Periods	Weighting	Threshold	Target	Maximum	Result	Payout %
January 1, 2016						
December 31, 2016	25%	\$2.02	\$2.16	\$2.35	\$2.13	89%
January 1, 2017						
December 31, 2017	25%	\$1.91	\$2.20	\$2.65	\$2.18	97%
January 1, 2018						
December 31, 2018	25%	\$1.78	\$2.25	\$3.03	\$2.43	123%
January 1, 2016						
December 31, 2018	25%	\$5.71	\$6.61	\$8.03	\$6.74	109%
Total Attainment						105%

\* All financial measures (performance measures and results) reported in the table above were calculated with adjustments for acquisitions, divestitures and special items (as noted on Appendix A) pursuant to the terms of the plans and as approved by the Compensation Committee.

Actual payouts of the cash-settled performance units granted in 2016 to the Named Executive Officers under the Long-Term Incentive Plan are set forth in the Non-Equity Incentive Plan Compensation column of the 2018 Summary Compensation Table of this proxy statement.

All equity awards outstanding as of December 31, 2018 are set forth in the Outstanding Equity Awards at 2018 Fiscal Year-End table of this proxy statement.

### Other Aspects of Our Compensation Programs

The Compensation Committee, with support from management, also considers, adopts, reviews and revises executive officer benefit programs, promotions, and any individual agreements impacting the compensation and benefits of our Named Executive Officers. In addition, the Compensation Committee also oversees the governance of our compensation practices. The following section describes significant activities relating to the above that occurred in 2018.

**Retirement Benefits.** We offer the following retirement benefits to eligible employees and eligible Named Executive Officers as specified below. Additional details about these plans, as they apply to the Named Executive Officers, are included in the 2018 Nonqualified Deferred Compensation section of this proxy statement.

A defined contribution retirement benefit available to eligible United States employees (as defined in the plan document) through an Internal Revenue Code tax-qualified profit sharing/401(k) plan (referred to as the Qualified Savings Plan ); and

An unfunded, nonqualified plan that provides benefits similar to the Qualified Savings Plan (referred to as the PolyOne Supplemental Retirement Benefit Plan ), but without the Internal Revenue Code contribution and earnings limitations

**Other Benefits.** We provide other benefits to the Named Executive Officers that we believe are necessary to compete for executive talent. The additional benefits for the Named Executive Officers generally consist of a benefit allowance (for Messrs. Patterson and Crist only), limited reimbursement of expenses for financial planning and tax preparation, global travel health benefits and an annual physical examination. The specific amounts attributable to the 2018 other benefits provided to the Named Executive Officers are set forth in the All Other Compensation column of the 2018 Summary Compensation Table of this proxy statement. The benefit allowance and reimbursement of



---

## COMPENSATION DISCUSSION AND ANALYSIS

expenses for financial planning/tax preparation are treated as taxable income to the Named Executive Officers and are not grossed up by PolyOne. Tax gross-ups are provided for imputed income for spouse/guest travel, and certain expatriate assignment related expenses.

We also provide other benefits such as medical, dental, life insurance and disability coverage to each United States-based Named Executive Officer, which are identical to the benefits provided to all other eligible United States-based employees (as defined in the plan document). We provide vacation and paid holidays to all employees, including the Named Executive Officers. The Named Executive Officers were each eligible for four weeks of vacation in 2018.

We also provide additional benefits to our Named Executive Officers in special circumstances, such as the payment of relocation expenses, housing, and tax preparation fees and tax equalization costs in the event of an expatriate assignment. These expatriate benefits are provided to all employees who take an international assignment. In 2018, Mr. Crist was the only Named Executive Officer on an expatriate assignment and, as a result, received expatriate benefits under our Expatriate Policy consistent with benefits provided to other Company expatriates.

**Tax Considerations.** Cash compensation, such as base salary and annual incentive compensation, is taxable to the recipient as ordinary income when earned, unless deferred under a company-sponsored deferral plan. Deferrals under Internal Revenue Code tax-qualified plans, such as a 401(k) plan, do not affect our current tax deduction. Deferrals under supplemental executive deferral plans delay our tax deduction until the deferred amount (and any accumulation thereon) is paid. Stock-settled SARs are generally taxable as ordinary income when exercised, RSUs are generally taxable as ordinary income when they vest, and cash-settled performance units are generally taxable when paid. We realize a tax deduction at those specified times. The Compensation Committee reviews at a very general level potential tax implications before making decisions regarding compensation.

Management and the Compensation Committee are aware of Code Section 162(m), which generally disallows a federal income tax deduction to publicly traded companies like PolyOne for compensation in excess of \$1 million per year paid to certain executive officers (and, beginning in 2018, certain former executive officers). Historically, the \$1 million deduction limit generally has not applied to compensation that satisfies Section 162(m)'s requirements for qualified performance-based compensation. The Compensation Committee has in the past provided compensation that may not meet the exemption criteria including if, in its sole discretion, it determined that doing so advances our business objectives. Effective for tax years beginning after December 31, 2017, the exemption for qualified performance-based compensation from the deduction limitation of Code Section 162(m) has been repealed, unless certain transition relief for certain compensation arrangements in place as of November 2, 2017 is available. As such, certain compensation paid to covered individuals in excess of \$1 million may not be deductible.

The Compensation Committee believes that Section 162(m) is only one of several relevant considerations in setting compensation. The Compensation Committee also believes that Section 162(m) should not be permitted to compromise its ability to design and maintain executive compensation arrangements that, among other things, are intended to attract, motivate and help retain a highly qualified and successful management team to lead PolyOne. As a result, the Compensation Committee retains the flexibility to provide compensation it determines to be in the best interests of PolyOne and its shareholders even if that compensation ultimately is not deductible for tax purposes. Moreover, even if we have in the past intended to grant compensation that qualified as performance-based compensation for purposes of Section 162(m), we cannot guarantee that such compensation will so qualify or ultimately will be deductible by us.

**Accounting Considerations.** When reviewing preliminary recommendations and in connection with approving the terms of a given incentive plan period, management and the Compensation Committee at a very general level review and consider the accounting implications of a given award, including the estimated expense and dilutive considerations. With consideration of the accounting treatment associated with an incentive plan design, management and the Compensation Committee may alter or modify the incentive award if the award (and the related accounting consequences) were to adversely affect our financial performance.

**Stock Ownership and Retention Guidelines.** In order to better align the financial interests of our executives with those of our shareholders, we believe our executives should own a meaningful number of shares of PolyOne

---

**COMPENSATION DISCUSSION AND ANALYSIS**

stock. We have adopted Guidelines specifying a minimum level of stock ownership for all executives, including all Named Executive Officers.

The current Guidelines require all executives, including the Named Executive Officers, to retain 100% of all net shares obtained through PolyOne as compensation for services provided. This requirement will cease when the Guidelines have been met, provided that an officer can only divest of a number of shares such that the Guidelines continue to be met. In general, shares counted toward required ownership include shares directly and indirectly held, shares and phantom shares held in our retirement or deferral plans, and RSUs and performance shares (if the applicable performance measures are met). The specific levels of stock ownership for the Named Executive Officers are noted in the following table. Executives are expected to accumulate the specified shares within five years of their becoming subject to the Guidelines. These policies, as they relate to our Directors, are discussed in the **Stock Ownership Guidelines for Directors** section of this proxy statement.

	<b>Stock Ownership Target</b>	<b>Total Share Ownership as of</b>
	<b>(in shares)</b>	<b>2/28/19</b>
R.M. Patterson	125,000	464,026
B.C. Richardson	45,000	66,198
M.D. Crist	20,000	52,214
M.A. Garratt	20,000	27,007
L.K. Kunkle	20,000	80,428

**Timing with Respect to Equity Award Grants.** We have adopted a policy with respect to the timing of the grant of equity awards, which provides that equity awards are granted pursuant to approval by the Board or the Compensation Committee or, pursuant to authority delegated by the Board or the Compensation Committee to the Chief Executive Officer. Such grants generally should be made at times when PolyOne is not in possession of material non-public information; and not made during a blackout period, which is the period of time that is in close proximity to the release of financial or material non-public information. The policy further provides that, to the extent practicable, annual grants to existing employees should be approved at regularly scheduled meetings and that the grant price for any stock option or SAR shall not be less than the fair market value of PolyOne's common shares on the grant date (which is defined as the closing price of our common shares on the grant date).

**Clawback Policy.** In 2015, our Board adopted a clawback policy that, upon any act of fraud, dishonesty or recklessness in the performance of an executive officer's duties that contributed to the Company's material noncompliance with any financial reporting requirements resulting in a material accounting restatement, would generally require such executive officer to repay all incentive-based compensation that he or she received in excess of what would have been paid if the restated financial statements had originally been prepared without such material accounting restatement. The Board expects to amend the clawback policy again when SEC or NYSE final clawback regulations become available.

**Prohibition on Hedging or Pledging Our Securities.** PolyOne's trading policy currently provides that, consistent with our philosophy to encourage long-term investments, Directors, officers and certain other employees of PolyOne are prohibited from hedging or pledging our securities.



**EXECUTIVE COMPENSATION****EXECUTIVE COMPENSATION**

The following tables, narrative and footnotes discuss in more detail the compensation of our Named Executive Officers.

**2018 Summary Compensation Table**

The following table sets forth the compensation for the fiscal years ended December 31, 2018, December 31, 2017 and December 31, 2016, as applicable, for our Chief Executive Officer and our Chief Financial Officer, and our three other most highly compensated executive officers serving as of December 31, 2018.

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive		Total (\$)
					Plan Compensation (\$)	All Other Compensation (\$)	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
<b>Robert M. Patterson, Chairman, President and Chief Executive Officer</b>	2018	1,003,846	1,386,559	1,399,340	2,187,228	150,947	6,127,920
	2017	959,231	1,331,605	1,419,188	1,862,317	114,564	5,686,905
	2016	911,538	868,055	871,757	1,033,315	120,506	3,805,171
<b>Bradley C. Richardson, Executive Vice President, Chief Financial Officer</b>	2018	590,769	307,892	310,060	618,228	57,212	1,884,161
	2017	569,615	277,915	295,964	576,063	55,718	1,775,275
	2016	558,846	207,334	208,410	543,840	58,902	1,577,332
<b>Mark D. Crist, Senior Vice President, President of Color, Additives and Inks (1)</b>	2018	399,615	152,899	153,920	307,328	160,225	1,173,987
	2017	374,231	515,385	139,277	311,080	52,686	1,392,659
<b>Michael A. Garratt, Senior Vice President,</b>	2018	423,462	163,371	163,540	352,841	62,355	1,165,569
	2017	408,462	150,040	159,088	331,619	50,549	1,099,758

**Chief Commercial Officer**

	2016	396,539	106,165	106,898	316,571	49,552	975,725
<b>Lisa K. Kunkle, Senior Vice President, General Counsel and Secretary<sup>(1)</sup></b>	2018	405,769	169,655	170,200	329,538	39,511	1,114,673

(1) Compensation for Mr. Crist is provided only for 2018 and 2017 because he was not a Named Executive Officer in 2016. Compensation for Ms. Kunkle is provided only for 2018 because she was not a Named Executive Officer in 2017 or 2016.

**Stock Awards (column (d))**

The amounts reported in the **Stock Awards** column relate to, for 2018, time-vested stock-settled RSUs granted to the Named Executive Officers. These awards are described more fully in the **What We Pay and Why: Elements of Compensation** section of this proxy statement.

The amounts reported for 2018 represent the aggregate grant date fair value of those stock awards determined pursuant to FASB ASC Topic 718. Accordingly, this column includes amounts for awards that have not yet vested. For information regarding the assumptions used in determining the fair value of these awards, please refer to Note 13, Share-Based Compensation, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

PolyOne cautions that the amounts reported for these awards may not represent the amounts that the Named Executive Officers will actually realize from these awards. To what extent a Named Executive Officer realizes value will depend on our stock price and continued employment. The value actually received upon a settlement of RSUs for the Named Executive Officers in 2018 is reflected in the 2018 Option Exercises and Stock Vested table of this proxy statement.

**Option Awards (column (e))**

The amounts reported in the **Option Awards** column consist of, for 2018, stock-settled SARs (with time and performance based vesting requirements as well as a SAR appreciation cap) that were granted to the Named Executive Officers. The amounts reported for 2018 represent the grant date fair value of the SARs granted to each of the Named Executive Officers, calculated in accordance with FASB ASC Topic 718. Accordingly, this column includes amounts for awards that have not yet vested. For information regarding the assumptions used in determining the fair value of these awards, please refer to Note 13, Share-Based Compensation, in our Annual Report on Form 10-K for the

**EXECUTIVE COMPENSATION**

fiscal year ended December 31, 2018. These awards are described more fully in the **What We Pay and Why: Elements of Compensation** section of this proxy statement.

PolyOne again cautions that the amounts reported for these awards may not represent the amounts that the Named Executive Officers will actually realize from the awards. To what extent a Named Executive Officer realizes value will depend on our stock price and continued employment. The value actually realized by the Named Executive Officers as a result of exercising SARs during 2018 is reflected in the 2018 Option Exercises and Stock Vested table of this proxy statement.

**Non-Equity Incentive Plan Compensation (column (f))**

The amounts reported in the **Non-Equity Incentive Plan Compensation** column for 2018 include amounts earned by Named Executive Officers (as applicable) under the 2018 Annual Incentive Program (and paid in February 2019), and for cash-settled performance units granted on February 10, 2016 under the 2016-2018 Long-Term Incentive Program (and paid in February 2019). The terms of the 2018 Annual Incentive Program and the 2016-2018 Long-Term Incentive Program cash-settled performance units are described more fully in the **What We Pay and Why: Elements of Compensation** section of this proxy statement. The payouts earned by the Named Executive Officers under both plans (as applicable) are below.

<b>Name</b>	<b>2018 Annual Incentive Program</b>	
	<b>(\$)</b>	<b>2016-2018 Cash-Settled Performance Units (\$)</b>
R.M. Patterson	1,194,978	992,250
B.C. Richardson	380,928	237,300
M.D. Crist	209,678	97,650
M.A. Garratt	231,041	121,800
L.K. Kunkle	221,388	108,150

**All Other Compensation (column (g))**

The amounts reported in the **All Other Compensation** column for 2018 reflect, for each Named Executive Officer, the sum of (1) the amounts contributed by PolyOne to the Qualified Savings Plan and the PolyOne Supplemental Retirement Benefit Plan, which are calculated on the same basis for all participants, including the Named Executive Officers, (2) limited tax gross-ups, and (3) the incremental cost to PolyOne of all other executive benefits that are required to be reported by SEC rules. The material provisions of the Qualified Savings Plan and the PolyOne Supplemental Retirement Benefit Plan are described in the **2018 Nonqualified Deferred Compensation** section of this proxy statement.

The narrative following the table below describes these components of All Other Compensation:

<b>Name</b>	<b>Company</b>	<b>Company Contributions</b>	<b>Tax</b>	<b>Standard</b>	<b>Other</b>
			<b>Gross-Ups</b>	<b>Expatriate</b>	<b>Benefits</b>

	<b>Contributions to Qualified Savings Plan (\$)</b>	<b>to PolyOne Supplemental Retirement Benefit Plan (\$)</b>	<b>(\$)</b>	<b>Benefits (\$)</b>	<b>(\$)</b>
R.M. Patterson	12,375	91,330	12,238	-	35,004
B.C. Richardson	12,375	33,037	-	-	11,800
M.D. Crist	12,375	16,820	28,194	80,505	22,331
M.A. Garratt	12,375	18,105	10,403	-	21,472
L.K. Kunkle	12,375	16,426	-	-	10,710

**Company Contributions to Qualified Savings Plan.** PolyOne makes certain contributions on behalf of all eligible participants, including Named Executive Officers, in accordance with the Qualified Savings Plan.

**Company Contributions to PolyOne Supplemental Retirement Benefit Plan.** PolyOne makes certain contributions on behalf of all eligible participants, including the Named Executive Officers, under the PolyOne Supplemental Retirement Benefit Plan.



## EXECUTIVE COMPENSATION

**Tax Gross-ups.** PolyOne provides a reimbursement for taxes incurred when a spouse/guest travels for business purposes as it is sometimes necessary for spouses to accompany the executives to business functions. These taxes are incurred because of the Internal Revenue Service's rules governing business travel by spouses/guests and PolyOne reimburses the associated taxes. In addition, certain expatriate allowances, relocation reimbursements, and tax equalization payments are made to employees assigned to work outside their home countries, and PolyOne will reimburse the income taxes due on these items in accordance with our expatriate policy because of the business purpose.

**Standard Expatriate Benefits.** PolyOne provides benefits to employees, including Named Executive Officers, related to expenses incurred in connection with expatriate assignments. Mr. Crist's benefits for expatriate assignment expenses resulted from his current assignment in Luxembourg, and included a housing allowance of \$47,494; relocation expenses of \$22,490; transportation related costs of \$9,334; and additional costs and expenses of \$1,187.

**Other Benefits.** Certain additional limited benefits are made available to executives, including the Named Executive Officers. The aggregate incremental value of those benefits is included for each Named Executive Officer in the All Other Compensation column of the 2018 Summary Compensation Table, but the individual values for each item are not required to be disclosed under SEC rules because none exceeded the greater of \$25,000 or 10% of the total amount of personal benefits for each Named Executive Officer. In general, these benefits include a nominal benefit allowance (provided to Messrs. Patterson and Crist), taxable reimbursement to the Named Executive Officers for financial planning and tax preparation (used by all Named Executive Officers) and the incremental value of spouse/guest travel expenses (used by Messrs. Patterson, Crist, and Garratt). PolyOne also makes available executive physicals to all Named Executive Officers (used by all Named Executive Officers). Global CARE Insurance (Critical Care Air Rescue and Evacuation), which provides supplemental medical services and medical transportation related to business travel, is also provided to all Named Executive Officers.

## 2018 Grants of Plan-Based Awards

Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards		All Other Stock Awards: Number of Shares of Stock or Units	Exercise or Base Price of Option Awards	Grants of Restricted Stock
	Threshold	Target	Maximum	Threshold	Target			
	(b)	(c)	(d)	(e)	(f)			
	(\$)	(\$)	(\$)	(#)	(#)	(#)	(\$/Sh)	
	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
	90,346 <sup>(1)</sup>	1,204,615 <sup>(1)</sup>	2,409,230 <sup>(1)</sup>	-	-	-	-	
	148,500 <sup>(2)</sup>	1,188,000 <sup>(2)</sup>	2,376,000 <sup>(2)</sup>	-	-	-	-	
2/14/2018	-	-	-	31,517	94,550 <sup>(3)</sup>	-	41.89	1,

Edgar Filing: POLYONE CORP - Form DEF 14A

2/14/2018	-	-	-	-	-	33,100 <sup>(4)</sup>	-	1,
n	28,800 <sup>(1)</sup>	384,000 <sup>(1)</sup>	768,000 <sup>(1)</sup>	-	-	-	-	
	33,000 <sup>(2)</sup>	264,000 <sup>(2)</sup>	528,000 <sup>(2)</sup>	-	-	-	-	
2/14/2018	-	-	-	6,984	20,950 <sup>(3)</sup>	-	41.89	3
2/14/2018	-	-	-	-	-	7,350 <sup>(4)</sup>	-	3
t	16,484 <sup>(1)</sup>	219,788 <sup>(1)</sup>	439,576 <sup>(1)</sup>	-	-	-	-	
	16,375 <sup>(2)</sup>	131,000 <sup>(2)</sup>	262,000 <sup>(2)</sup>	-	-	-	-	
2/14/2018	-	-	-	3,467	10,400 <sup>(3)</sup>	-	41.89	1
2/14/2018	-	-	-	-	-	3,650 <sup>(4)</sup>	-	1
	17,468 <sup>(1)</sup>	232,904 <sup>(1)</sup>	465,808 <sup>(1)</sup>	-	-	-	-	
	17,375 <sup>(2)</sup>	139,000 <sup>(2)</sup>	278,000 <sup>(2)</sup>	-	-	-	-	
2/14/2018	-	-	-	3,684	11,050 <sup>(3)</sup>	-	41.89	1
2/14/2018	-	-	-	-	-	3,900 <sup>(4)</sup>	-	1
	16,738 <sup>(1)</sup>	223,173 <sup>(1)</sup>	446,346 <sup>(1)</sup>					
	18,000 <sup>(2)</sup>	144,000 <sup>(2)</sup>	288,000 <sup>(2)</sup>					
2/14/2018				3,834	11,500 <sup>(3)</sup>		41.89	1
2/14/2018						4,050 <sup>(4)</sup>		1

---

**EXECUTIVE COMPENSATION****Estimated Future Payouts Under Non-Equity Incentive Plan Awards (columns (c), (d) and (e))**

(1) **2018 Annual Incentive Program Payments.** The amounts located in the first row for each Named Executive Officer represent the cash-based award opportunities granted to the Named Executive Officer in 2018 under the 2018 Annual Incentive Program. We established threshold, target and maximum goals for each of the three performance measures specified under the 2018 Annual Incentive Program. Participants earn, for the applicable performance measure: (1) 100% of the target award upon attainment of the target performance level; (2) 50% of the target award upon attainment of the threshold performance level; or (3) 200% of the target award upon attainment of the maximum (or greater) performance level. If final performance for any measure falls between the threshold and target or between target and maximum, earned award amounts for that measure will be interpolated on a straight-line mathematical basis. If threshold performance is not achieved for any one performance measure, then that performance measure will have an attainment of 0%. For purposes of this table and threshold level disclosure, we assumed that the lowest weighted of the three performance measures achieved the threshold level of attainment (in other words, 7.5% of the target award was earned). Additionally, negative discretion can be used to reduce the payment to zero. Annual Plan payments, if earned, are contingent upon the Named Executive Officer remaining in continuous employment through the payment date. The actual amount earned by each Named Executive Officer for 2018 is included in the Non-Equity Incentive Plan Compensation column of the 2018 Summary Compensation Table of this proxy statement.

(2) **Cash-Settled Performance Units.** The amounts located in the second row for each Named Executive Officer represent the cash-settled performance units granted to the Named Executive Officers on February 14, 2018 as part of our 2018 long-term incentive award under the Long-Term Incentive Plan. Each performance unit is equal in value to \$1.00. Payouts of these cash-settled performance units are subject to achieving four specified performance goals over the annual and cumulative performance periods from January 1, 2018 to December 31, 2020. We established threshold, target and maximum goals for each of the four performance periods. Participants earn, for the applicable performance period: (1) 100% of the target award upon attainment of the target performance level; (2) 50% of the target award upon attainment of the threshold performance level or (3) 200% of the target award upon attainment of the maximum (or greater) performance level. If final performance falls between the threshold and target or between target and maximum for any performance period, then the earned award amount for that performance period will be interpolated on a straight-line mathematical basis. If threshold performance is not achieved for any one performance period, then that performance period will have an attainment of 0%. For purposes of this table and threshold level disclosure, we assumed that only one of the four performance periods achieved the threshold level of attainment (in other words, 12.5% of the target award was earned). The cash-settled performance units will be paid in cash, if earned, contingent upon the Named Executive Officer remaining in continuous employment through the payment date, which shall be no later than March 15, 2021.

**Estimated Future Payouts Under Equity Incentive Plan Awards (columns (f) and (g))**

(3) **Stock Appreciation Rights.** These amounts represent stock-settled SARs granted to the Named Executive Officers on February 14, 2018 as part of our 2018 long-term incentive award under the Long-Term Incentive Plan. The SARs generally vest one-third upon the later of: (1) achieving each of the following stock price hurdles for thirty consecutive trading days: 10%, 15% and 20% increase, respectively, over the initial grant date closing stock price of \$41.89; and (2) time-based vesting, with restrictions lapsing in one-third increments on each of the first three anniversaries of the grant date, generally subject to the officer's continued employment, and have an exercise term of ten years. No stock price hurdles were achieved in 2018. The SARs are also subject to an appreciation cap of 200% of the initial grant date closing stock price.

Threshold refers to the minimum number of shares underlying the SAR award that will vest upon reaching the threshold level of performance, which is satisfaction of just the first stock price hurdle. Threshold equates to vesting in one-third of the SAR award. If threshold performance is not attained, then the participant will not vest in any of the SARs for the 2018 award. Target refers to the number of shares underlying the SARs that will vest upon satisfaction of all of the stock price hurdles under the 2018 grant. The SARs do not have a maximum level of attainment as a participant cannot receive SARs in excess of the initial award.

## EXECUTIVE COMPENSATION

**All Other Stock Awards: Number of Shares of Stock or Units (RSUs) (column (h))**

(4) *Annual Grant of RSUs.* These amounts represent stock-settled RSUs granted to the Named Executive Officers on February 14, 2018 as part of our 2018 annual long-term incentive award under the Long-Term Incentive Plan. The RSUs generally vest on the third anniversary of the grant date. The RSUs have dividend equivalent rights that entitle the grantee to dividend equivalents on each share of our common stock underlying the award equal to the dividend per share declared and paid on our issued and outstanding shares of common stock. The dividend equivalent rights are subject to the same restrictions as the underlying RSUs.

**Exercise or Base Price of Option Awards (column (i))**

In setting the base price of these SARs, we followed the practice of using our closing stock price on the grant date. This practice complies with the Long-Term Incentive Plan.

**Grant Date Fair Value of Stock and Option Awards (column (j))**

The amounts in this column represent the grant date fair value of each equity-based award, computed in accordance with FASB ASC Topic 718. For information regarding the assumptions used in determining the fair value of an award, please refer to Note 13, Share-Based Compensation, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

**Narrative Disclosure Relating to the 2018 Summary Compensation Table and the 2018 Grants of Plan-Based Awards Table**

For information regarding the amount of salary and bonus compensation in proportion to total compensation, see the What We Pay and Why: Elements of Compensation section of this proxy statement.

**Outstanding Equity Awards at 2018 Fiscal Year-End**

Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Awards Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options			Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights that Have Not Vested (#)	Equity Incentive Plan Awards: Market or P Value of Un Shares, Uni Other Right Have Not V
		(d)	(e)	(f)						
-	-	-	-	-	-	36,465 <sup>(1)</sup>	1,042,899	-	-	

Edgar Filing: POLYONE CORP - Form DEF 14A

on	-	-	-	-	-	40,372 <sup>(2)</sup>	1,154,639	-	-
	-	-	-	-	-	33,719 <sup>(3)</sup>	964,363	-	-
	-	-	-	-	-	53,504 <sup>(5)</sup>	1,530,214	-	-
	-	-	-	-	-	-	-	53,504 <sup>(5)</sup>	1,530,214
	44,467 <sup>(6)</sup>	-	22,233 <sup>(6)</sup>	38.27	2/4/2025	-	-	-	-
	70,134 <sup>(7)</sup>	35,066 <sup>(7)</sup>	-	24.98	2/10/2026	-	-	-	-
	39,400 <sup>(8)</sup>	78,800 <sup>(8)</sup>	-	34.10	2/15/2027	-	-	-	-
	-	-	94,550 <sup>(9)</sup>	41.89	2/14/2028	-	-	-	-
dson	-	-	-	-	-	8,714 <sup>(1)</sup>	249,220	-	-
	-	-	-	-	-	8,429 <sup>(2)</sup>	241,069	-	-
	-	-	-	-	-	7,489 <sup>(3)</sup>	214,185	-	-
	17,400	-	-	35.07	2/11/2024	-	-	-	-
	12,467 <sup>(6)</sup>	-	6,233 <sup>(6)</sup>	38.27	2/4/2025	-	-	-	-
	16,767 <sup>(7)</sup>	8,383 <sup>(7)</sup>	-	24.98	2/10/2026	-	-	-	-
	8,216 <sup>(8)</sup>	16,434 <sup>(8)</sup>	-	34.10	2/15/2027	-	-	-	-
	-	-	20,950 <sup>(9)</sup>	41.89	2/14/2028	-	-	-	-

## EXECUTIVE COMPENSATION

M.D.Crist	-	-	-	-	-	3,626 <sup>(1)</sup>	103,704	-	-
	-	-	-	-	-	3,984 <sup>(2)</sup>	113,942	-	-
	-	-	-	-	-	3,720 <sup>(3)</sup>	106,392	-	-
	-	-	-	-	-	10,263 <sup>(4)</sup>	293,522	-	-
	2,600	-	-	14.61	2/14/2022	-	-	-	-
	2,867	-	-	23.08	2/15/2023	-	-	-	-
	3,000	-	-	35.07	2/11/2024	-	-	-	-
	4,867 <sup>(6)</sup>	-	2,433 <sup>(6)</sup>	38.27	2/4/2025	-	-	-	-
	6,934 <sup>(7)</sup>	3,466 <sup>(7)</sup>	-	24.98	2/10/2026	-	-	-	-
3,866 <sup>(8)</sup>	7,734 <sup>(8)</sup>	-	34.10	2/15/2027	-	-	-	-	
-	-	10,400 <sup>(9)</sup>	41.89	2/14/2028	-	-	-	-	
M.A.Garratt	-	-	-	-	-	4,466 <sup>(1)</sup>	127,728	-	-
	-	-	-	-	-	4,552 <sup>(2)</sup>	130,187	-	-
	-	-	-	-	-	3,975 <sup>(3)</sup>	113,685	-	-
	7,800	-	-	35.07	2/11/2024	-	-	-	-
	6,134 <sup>(6)</sup>	-	3,066 <sup>(6)</sup>	38.27	2/4/2025	-	-	-	-
	8,600 <sup>(7)</sup>	4,300 <sup>(7)</sup>	-	24.98	2/10/2026	-	-	-	-
	4,416 <sup>(8)</sup>	8,834 <sup>(8)</sup>	-	34.10	2/15/2027	-	-	-	-
	-	-	11,050 <sup>(9)</sup>	41.89	2/14/2028	-	-	-	-
L.K.Kunkle	-	-	-	-	-	3,992 <sup>(1)</sup>	114,171	-	-
	-	-	-	-	-	4,140 <sup>(2)</sup>	118,404	-	-
	-	-	-	-	-	4,127 <sup>(3)</sup>	118,032	-	-
	12,300	-	-	14.81	2/16/2021	-	-	-	-
	18,300	-	-	14.61	2/14/2022	-	-	-	-
	10,400	-	-	23.08	2/15/2023	-	-	-	-
	7,100	-	-	35.07	2/11/2024	-	-	-	-
	5,667 <sup>(6)</sup>	-	2,833 <sup>(6)</sup>	38.27	2/4/2025	-	-	-	-
	7,667 <sup>(7)</sup>	3,833 <sup>(7)</sup>	-	24.98	2/10/2026	-	-	-	-
	4,033 <sup>(8)</sup>	8,067 <sup>(8)</sup>	-	34.10	2/15/2027	-	-	-	-
	-	-	11,500 <sup>(9)</sup>	41.89	2/14/2028	-	-	-	-

- (1) Represents a stock-settled RSU award that was granted on February 10, 2016 and generally vests in full on the third anniversary of the grant date. The award includes shares deemed purchased with reinvested dividend equivalents that are subject to the same forfeiture conditions as the shares to which the dividends relate.
- (2) Represents a stock-settled RSU award that was granted on February 15, 2017 and generally vests in full on the third anniversary of the grant date. The award includes shares deemed purchased with reinvested dividend equivalents that are subject to the same forfeiture conditions as the shares to which the dividends relate.
- (3) Represents a stock-settled RSU award that was granted on February 14, 2018 and generally vests in full on the third anniversary of the grant date. The award includes shares deemed purchased with reinvested dividend

equivalents that are subject to the same forfeiture conditions as the shares to which the dividends relate.

- (4) Represents a stock-settled RSU award that was granted on July 3, 2017 and generally vests in full on the third anniversary of the grant date. The award includes shares deemed purchased with reinvested dividend equivalents that are subject to the same forfeiture conditions as the shares to which the dividends relate.
- (5) Represents a grant of performance shares on May 15, 2014. The specified EPS goal was met by December 31, 2018. If Mr. Patterson remains in continuous employment with the Company, then 50,000 performance shares shall become non-forfeitable and fully vested on May 15, 2019. If a specified EPS goal is met by December 31, 2023 and Mr. Patterson has remained in continuous employment with the Company, then the remaining 50,000 performance shares shall become non-forfeitable and fully vested on May 15, 2024. Both awards include shares deemed purchased with reinvested dividend equivalents that are subject to the same forfeiture conditions as the shares to which the dividends relate.
- (6) Represents stock-settled SARs granted on February 4, 2015 that vest in increments upon the attainment of stock price hurdles (based on PolyOne's closing stock price and sustained for thirty consecutive trading days) for our common shares as follows: one-third at \$42.10; one-third at \$44.01; and one-third at \$45.92. The first two stock price hurdles were achieved in 2017. The SARs also were subject generally to time-based vesting in one-third increments on each of the first three anniversaries of the grant date.



---

**EXECUTIVE COMPENSATION**

- (7) Represents stock-settled SARs granted on February 10, 2016 that vest in increments upon the attainment of stock price hurdles (based on PolyOne's closing stock price and sustained for thirty consecutive trading days) for our common shares as follows: one-third at \$27.48; one-third at \$28.73; and one-third at \$29.98. The stock price hurdles were achieved in 2016. The SARs are also subject generally to time-based vesting in one-third increments on each of the first three anniversaries of the grant date.
- (8) Represents stock-settled SARs granted on February 15, 2017 that vest in increments upon the attainment of stock price hurdles (based on PolyOne's closing stock price and sustained for thirty consecutive trading days) for our common shares as follows: one-third at \$37.51; one-third at \$39.22; and one-third at \$40.92. The stock price hurdles were achieved in 2017. The SARs are also subject generally to time-based vesting in one-third increments on each of the first three anniversaries of the grant date.
- (9) Represents stock-settled SARs granted on February 14, 2018 that vest in increments upon the attainment of stock price hurdles (based on PolyOne's closing stock price and sustained for thirty consecutive trading days) for our common shares as follows: one-third at \$46.08; one-third at \$48.17; and one-third at \$50.27. No stock price hurdles were achieved in 2018. The SARs are also subject generally to time-based vesting in one-third increments on each of the first three anniversaries of the grant date.

**Number of Securities Underlying Unexercised Options (#) Exercisable (column (b))**

This column shows the fully vested and exercisable SARs held by the Named Executive Officers as of December 31, 2018.

**Number of Securities Underlying Unexercised Options (#) Unexercisable (column (c))**

This column shows the unvested and unexercisable SARs held by the Named Executive Officers as of December 31, 2018.

**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (column (d))**

This column shows shares underlying unexercised SARs awarded under the Long-Term Incentive Plan that have not been earned as an applicable stock price hurdle has not been met as of December 31, 2018.

**Option Exercise Price (column (e))**

This column shows the base price for each SAR reported in columns (b), (c) and (d).

**Option Expiration Date (column (f))**

This column shows the expiration dates for each SAR reported in columns (b), (c) and (d).

**Number of Shares or Units of Stock That Have Not Vested (column (g))**

This column shows the unvested RSUs held by the Named Executive Officers as of December 31, 2018. The RSUs have dividend equivalent rights that entitle the grantee to dividend equivalents on each share of our common stock underlying the award equal to the dividend per share declared and paid on our issued and outstanding shares of common stock. The amounts in this column include all dividend equivalents declared from 2016 through 2018 attributable to the awards (including the fourth quarter dividend declared on October 11, 2018 to shareholders of record on December 14, 2018, which was paid on January 9, 2019).

**Market Value of Shares or Units of Stock That Have Not Vested (column (h))**

The market value is determined based on the closing stock price of our common shares on December 31, 2018 (\$28.60).

**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (column (i))**

This column shows the performance shares held by the Named Executive Officers as of December 31, 2018 that have not vested and have not been earned. The performance shares have dividend equivalent rights that entitle the grantee to dividend equivalents on each share of our common stock underlying the award equal to the dividend per share declared and paid on our issued and outstanding shares of common stock. The amounts in this column include all dividend equivalents declared from 2016 through 2018 attributable to the awards (including the fourth quarter

**EXECUTIVE COMPENSATION**

dividend declared on October 11, 2018 to shareholders of record on December 14, 2018, which was paid on January 9, 2019).

**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (column (j))**

The market value is determined based on the closing stock price of our common shares on December 31, 2018 (\$28.60).

**2018 Option Exercises and Stock Vested**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
	(#)	(\$)	(#)	(\$)
(a)	(b)	(c)	(d)	(e)
R.M. Patterson	130,500	3,040,216	25,039	1,073,672
B.C. Richardson	-	-	6,996	299,988
M.D. Crist	-	-	2,718	116,548
M.A. Garratt	-	-	3,447	147,807
L.K. Kunkle	-	-	3,241	138,974

**Option Awards (columns (b) and (c))**

Column (b) reports exercises of SARs during 2018 on an aggregate basis. The value realized on exercise (column (c)) was computed by determining the difference between the closing stock price of the underlying securities at exercise and the base price of the SARs.

**Stock Awards (columns (d) and (e))**

Column (d) reports the vesting of RSUs during 2018 on an aggregate basis. For all Named Executive Officers the stock awards include RSUs that were granted on February 4, 2015 and vested on February 4, 2018. The amounts in these columns include shares awarded through a dividend equivalent feature under the Long-Term Incentive Plan.

The value realized on vesting (column (e)) was computed by multiplying the number of vested RSUs, including the corresponding dividend equivalents, by the closing stock price of the underlying securities on the trading day prior to the vesting date.

**2018 Nonqualified Deferred Compensation**

We offer a defined contribution retirement benefit to all eligible PolyOne participants through the Qualified Savings Plan. The Qualified Savings Plan provides employees with individual retirement accounts funded by contributions including an employer-paid match on employee contributions dollar-for-dollar on the first 3% of earnings the employee contributes plus \$0.50 per dollar on the next 3% of earnings the employee contributes. The Internal Revenue Code limits employee contributions to the Qualified Savings Plan to \$18,500 (\$24,500 for participants over

age 50), and earnings upon which employee/employer contributions may be made are limited to \$275,000 in 2018.

We currently offer participation in a nonqualified deferred compensation retirement plan, called the PolyOne Supplemental Retirement Benefit Plan, to specified employees that include the Named Executive Officers. This plan is an unfunded, nonqualified plan that provides benefits similar to our Qualified Savings Plan, but without Internal Revenue Code contribution and earnings limitations. The Named Executive Officers are permitted to elect to defer up to 90% of their salary and annual bonus into the plan. The amounts deferred are credited to accounts selected by the Named Executive Officer that mirror the investment alternatives available in our Qualified Savings Plan, except that they cannot elect the PolyOne stock fund with respect to amounts deferred under the PolyOne Supplemental Retirement Benefit Plan. Each Named Executive Officer who participates in the PolyOne Supplemental Retirement Benefit Plan is 100% vested in that portion of their account that is attributable to elective deferrals and the Company match. A Named Executive Officer's vested accounts will commence to be paid to them within 30 days of the date of

**EXECUTIVE COMPENSATION**

their termination of employment with us in the form of payment they selected (lump-sum payment or payment in installments over a period not exceeding 10 years) on an election form received by us.

The PolyOne Supplemental Retirement Benefit Plan is subject to the rules of Code Section 409A, which restricts the timing of distributions. Thus, payment, or commencement of payment, to the Named Executive Officers of their accounts may need to be delayed by six months following their separation from service with us.

<b>Name</b>	<b>Aggregate Balance at 12/31/2017</b> (\$) <sup>(1)</sup>	<b>Executive Contributions in Last FY</b> (\$) <sup>(2)</sup>	<b>Registrant Contributions in Last FY</b> (\$) <sup>(3)</sup>	<b>Aggregate Earnings in Last FY</b> (\$) <sup>(4)</sup>	<b>Aggregate Withdrawals/ Distributions</b> (\$)	<b>Aggregate Balance at Last FYE</b> (\$) <sup>(1)(5)</sup>
R.M. Patterson	3,458,183	327,184	91,330	(22,344)	-	3,854,353
B.C. Richardson	793,074	183,330	33,037	(37,370)	-	972,071
M.D. Crist	128,581	20,427	16,820	(13,648)	-	152,180
M.A. Garratt	335,614	99,104	18,105	(23,746)	-	429,077
L.K. Kunkle	510,087	19,902	16,426	(50,928)	-	495,487

- (1) Includes the following amounts reported as Salary, Non-Equity Incentive Plan Compensation, or All Other Compensation for the Named Executive Officers in our summary compensation tables for prior fiscal years: \$2,272,627 for Mr. Patterson, \$698,595 for Mr. Richardson, \$20,429 for Mr. Crist, \$155,464 for Mr. Garratt, and \$0 for Ms. Kunkle.
- (2) These reflect actual amounts earned by the Named Executive Officers in 2018 that have been deferred on a voluntary basis. All amounts reflected in this column are included in the 2018 Summary Compensation Table of this proxy statement as Salary or Non-Equity Incentive Plan Compensation.
- (3) This column contains contributions by us in the last fiscal year under the PolyOne Supplemental Retirement Benefit Plan, which provides for benefits in excess of amounts permitted to be contributed under our Qualified Savings Plan. All of the amounts in this column are included in the All Other Compensation column of the 2018 Summary Compensation Table of this proxy statement.
- (4) Because amounts included in this column do not include above-market or preferential earnings, none of these amounts are included under the Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the 2018 Summary Compensation Table of this proxy statement.
- (5) A portion of the balance reflected in the table represents amounts earned by the Named Executive Officers, which they have elected to defer on a voluntary basis.

**Potential Payments Upon Termination or Change of Control**

### **Summary of Potential Payments**

Our plans, agreements, arrangements or typical practices would provide severance benefits to our Named Executive Officers in varying amounts to the executive under certain scenarios. We do not have employment agreements with our Named Executive Officers. We do have management continuity agreements ( Continuity Agreements ) with each of our other Named Executive Officers that provide for specified benefits upon a termination of employment following a change of control, and each of our Named Executive Officers participate in our Executive Severance Plan. Further, other Company plans, agreements and arrangements may provide for specified benefits upon a change of control (or for acceleration of such benefits). Severance and other benefits that are payable upon a termination of employment or upon a change of control are described below. The table following this narrative discussion summarizes the amounts payable upon termination or a change of control under certain circumstances to our Named Executive Officers, assuming that the executive s employment terminated on December 31, 2018.

---

## EXECUTIVE COMPENSATION

### Management Continuity Agreements

We have entered into Continuity Agreements with all of our elected corporate officers, including each of the Named Executive Officers. The Continuity Agreements serve to encourage these key executives to carry out their duties and provide continuity of management in the event of a change of control of PolyOne. The Named Executive Officers are provided with severance protection for a period of three years (for Mr. Patterson and Ms. Kunkle) and two years (for Messrs. Richardson, Crist and Garratt) should their employment be terminated either by us without cause or by the executive for good reason following a change of control. The Continuity Agreements are automatically renewed each year unless we give prior notice of termination and do not provide any assurance of continued employment. For these purposes, change of control, cause and good reason have the meanings ascribed to such terms in the Continuity Agreements.

If a change of control occurs and the Named Executive Officer's employment is terminated by us or a successor for reasons other than cause or is terminated voluntarily by the individual for good reason, in each case during the severance protection period, then the Continuity Agreements generally provide that the individual would be entitled to receive:

A lump-sum payment equal to two or three years (depending on the executive) of the base salary in effect immediately prior to the change of control, or if greater, on the termination date;

A lump-sum payment equal to two or three times (depending on the executive) the executive's targeted Annual Incentive Amount, as that term is defined in the Continuity Agreement, in effect prior to the change of control;

Employee health and welfare benefits (excluding the long-term disability plan) for up to two or three years (depending on the executive) at active employee rates;

An allowance equal to one year of financial planning/tax preparation that the executive was entitled to receive prior to the change of control;

A lump-sum payment equal to the employer contributions required to be made to certain retirement plans on behalf of the executive for the year of the change of control or the year of termination; and

None of the agreements contain a single trigger or a modified single trigger for benefits. The Continuity Agreements do not provide for benefits upon death or disability following a change of control. The Continuity Agreements also do not provide for tax gross-ups for any excise taxes due under the Internal Revenue Code for any so-called golden parachute payments made under the agreements (except for Named Executive Officers with grandfathered Continuity Agreements).

To the extent a payment or benefit that is paid or provided under a Continuity Agreement would also be paid or provided under the terms of another plan, program, agreement, arrangement or legal requirement, the executive would

be entitled to payment under the Continuity Agreement or such other applicable plan, program, agreement, arrangement or legal requirement, whichever provides for greater benefits, but would not be entitled to benefits under both the Continuity Agreement and such other plan, program, agreement, arrangement or legal requirement.

In addition, in order to receive payment and benefits under the Continuity Agreement, the Named Executive Officer must execute a release of claims against PolyOne and comply with confidentiality, non-compete and non-solicitation covenants for two or three years, depending on the executive.

### **Executive Severance Plan**

The Compensation Committee has adopted the Executive Severance Plan. The Executive Severance Plan provides for severance payments upon certain terminations of employment to our Named Executive Officers and other elected officers who are expected to make substantial contributions to our success and thereby provide for stability and continuity of operations.



---

## EXECUTIVE COMPENSATION

The Executive Severance Plan provides that, if PolyOne terminates the employment of a Named Executive Officer for any reason other than Cause (as defined in the Executive Severance Plan), death or disability, then the Named Executive Officer will be entitled to receive:

Salary continuation payments in an amount equal to two times the Named Executive Officer's base salary;

A payment in an amount equal to the Named Executive Officer's annual bonus under the Annual Plan as earned for the year in which the separation occurs;

Reimbursement for the costs previously paid by us for continued coverage for two years in our medical, dental and vision plans, plus any taxes imposed as a result of such reimbursement; and

Fees for outplacement benefits for a period of 12 months.

We do not have to make payments to Named Executive Officers under the Executive Severance Plan if they are entitled to receive payment under a Continuity Agreement discussed above. In addition, in order to receive payments under the Executive Severance Plan, the Named Executive Officer must execute a release of claims against us and is subject to confidentiality, non-compete, non-solicitation and non-disparagement covenants during the two-year severance period.

### **Annual Plan**

All of our Named Executive Officers participate in the Annual Plan. The Annual Plan provides that, if a change of control occurs, we are required to pay each participant an interim lump-sum cash payment equal to the product of the number of months that have elapsed in the calendar year in which the change of control occurs and one-twelfth of the participant's target annual incentive award opportunity in effect prior to the change of control. We have the obligation to make a final payment under the terms of the Annual Plan for the plan year in which the change of control occurs, but may offset the amount of any interim payment made. For these purposes "change of control" has the meaning ascribed to such term in the Annual Plan. In addition, participants receive a payout, as earned, upon their death, disability or retirement after the first quarter of the Annual Plan year.

### **Long-Term Incentive Awards**

Each of the grant agreements evidencing outstanding awards of RSUs, SARs, cash-settled performance units and performance shares provide that the vesting of such award will accelerate upon a change of control. In the event of a change of control, cash-settled performance units for which all performance periods are completed as of December 31, 2018 are valued at actual attainment, and cash-settled performance units for which all performance periods are not completed as of December 31, 2018 are valued at target attainment. For this purpose, a "change of control" is defined in the Long-Term Incentive Plan.

The grant agreements also provide for prorated vesting upon death, disability and retirement, as those terms are defined in the grant agreements. In the case of such prorated vesting, cash-settled performance units are generally

valued based on actual performance for the applicable performance period (which, for performance periods that were not completed as of December 31, 2018, we have assumed to be target performance for purposes of the table below). Also in the case of such prorated vesting, SARs generally only vest if the performance hurdles have been met as of the date of death, disability or retirement, except that SARs granted in 2018 remain eligible to vest if the performance hurdles are satisfied after such termination event.

**Retirement Benefits**

The PolyOne Supplemental Retirement Benefit Plan that is made available to all of our Named Executive Officers has provisions relating to the termination of employment with PolyOne. These payments are described more fully in the disclosure provided in the 2018 Nonqualified Deferred Compensation section of this proxy statement.

**Payments and Benefits Upon Termination As of the End of Fiscal Year 2018**

The following table summarizes the amounts payable to the Named Executive Officers upon termination under specified circumstances or upon a change of control. The data below assumes that each triggering event listed in the tables occurred on December 31, 2018 and that the stock price for our common shares was \$28.60, the closing stock price of our common shares on December 31, 2018.

## EXECUTIVE COMPENSATION

R.M. Patterson	Cash Severance Benefit (2)	-	-	-	-	-	3,294,978	6,930,000
	Annual Incentive for Year of Termination	-	-	1,194,978	1,194,978	-	-	1,204,615
	Cash-Settled Performance Units (3)	-	-	2,148,248	2,148,248	-	-	3,320,250
	Restricted Stock Units (4)	-	-	1,996,937	1,996,937	-	-	3,141,939
	Performance Shares (5)	-	-	2,113,311	2,113,311	-	-	3,041,152
	Unexercisable Stock Options/SARs (4)	-	-	122,305	122,305	-	-	126,939
	Health and Welfare Benefits (6)	-	-	-	-	-	36,576	54,848
	Financial Planning Services (7)	-	-	-	-	-	-	13,000
	Outplacement Benefits	-	-	-	-	-	8,300	-
	Lump Sum for Defined Contribution Plans	-	-	-	-	-	-	311,850
	Excise Tax Gross-up (8)	-	-	-	-	-	-	5,156,798
	B.C. Richardson	Cash Severance Benefit (2) (8)	-	-	-	-	-	1,600,928
Annual Incentive for Year of Termination		-	380,928	380,928	380,928	-	-	384,000
Cash-Settled Performance Units (3)		-	483,966	483,966	483,966	-	483,966	739,300
Restricted Stock Units (4)		-	450,764	450,764	450,764	-	450,764	699,985
Unexercisable Stock Options/SARs (4)		-	29,239	29,239	29,239	-	29,239	30,346

Edgar Filing: POLYONE CORP - Form DEF 14A

	Health and Welfare Benefits (6)	-	-	-	-	-	24,624	24,618
	Financial Planning Services (7)	-	-	-	-	-	-	10,000
	Outplacement Benefits	-	-	-	-	-	8,300	-
	Lump Sum for Defined Contribution Plans	-	-	-	-	-	-	93,330
M.D. Crist	Cash Severance Benefit (2) (8)	-	-	-	-	-	1,039,678	1,286,500
	Annual Incentive for Year of Termination	-	209,678	209,678	209,678	-	-	219,788
	Cash-Settled Performance Units (3)	-	215,982	215,982	215,982	-	215,982	340,650
	Restricted Stock Units (4)	-	346,633	346,633	346,633	-	346,633	613,614
	Unexercisable Stock Options/SARs (4)	-	12,091	12,091	12,091	-	12,091	12,547
	Health and Welfare Benefits (6)	-	-	-	-	-	98,208	98,218
	Financial Planning Services (7)	-	-	-	-	-	-	10,000
	Outplacement Benefits	-	-	-	-	-	8,300	-
	Lump Sum for Defined Contribution Plans	-	-	-	-	-	-	59,760
M.A. Garratt	Cash Severance Benefit (2) (8)	-	-	-	-	-	1,101,041	1,272,829
	Annual Incentive for Year of Termination	-	-	231,041	231,041	-	-	232,904
	Cash-Settled Performance Units (3)	-	-	253,467	253,467	-	-	388,800
	Restricted Stock Units (4)	-	-	236,293	236,293	-	-	369,197
	Unexercisable Stock Options/SARs	-	-	14,998	14,998	-	-	15,566

	(4) Health and Welfare Benefits							
	(6) Financial Planning Services (7) Outplacement Benefits Lump Sum for Defined Contribution Plans	-	-	-	-	-	35,640	35,647
		-	-	-	-	-	-	10,000
		-	-	-	-	-	8,300	-
		-	-	-	-	-	-	62,640
L.K. Kunkle	Cash Severance Benefit (2) Annual Incentive for Year of Termination Cash-Settled Performance Units (3) Restricted Stock Units (4) Unexercisable Stock Options/SARs (4) Health and Welfare Benefits (6) Financial Planning Services (7) Outplacement Benefits Lump Sum for Defined Contribution Plans Excise Tax Gross-up (8)	-	-	-	-	-	1,071,388	1,976,250
		-	-	221,388	221,388	-	-	223,173
		-	-	234,149	234,149	-	-	369,150
		-	-	217,218	217,218	-	-	348,349
		-	-	13,369	13,369	-	-	13,875
		-	-	-	-	-	35,640	53,471
		-	-	-	-	-	-	8,000
		-	-	-	-	-	8,300	-
		-	-	-	-	-	-	91,800
		-	-	-	-	-	-	-

- (1) Retirement is generally defined as the executive's attainment of age 55 with 10 years of service or age 58 with five years of service.
- (2) Cash severance benefits are payable (a) in the event of an involuntary termination without cause, under the Executive Severance Plan or (b) in the event of an involuntary termination following a change of control, under the Continuity Agreement.

- (3) Cash-settled performance units granted in 2018 and 2017 reflect a prorated target amount in cases of retirement, disability or death. For cash-settled performance units granted in 2016, awards reflect actual attainment. In the case of involuntary termination following a change of control, awards granted in 2018 and 2017 reflect the full value award at target.

---

## EXECUTIVE COMPENSATION

- (4) RSUs and unexercisable stock options/SARs granted in 2018, 2017 and 2016 reflect a prorated amount of the award in cases of retirement, disability or death. In the case of involuntary termination following a change of control, all of these awards reflect their full value.
- (5) Performance shares granted in 2014 reflect a prorated amount in cases of disability or death. In the case of involuntary termination following a change of control, all awards reflect their full value.
- (6) Continuation of health and welfare benefits is provided under the Executive Severance Plan in the event of an involuntary termination without cause or the Continuity Agreement in the event of an involuntary termination following a change of control.
- (7) Continuation of financial planning benefits is provided under the terms of the Continuity Agreements.
- (8) For Mr. Patterson and Ms. Kunkle, this represents the amount of excise tax that would be imposed on the executive under Code Section 280G and a tax gross-up amount relating to the payment of such tax. Messrs. Richardson, Crist, and Garratt are not provided a Code Section 280G gross-up benefit under their Continuity Agreements; instead, their severance benefits will be reduced in the event that an excise tax would be imposed on them under Code Section 280G in an amount sufficient to eliminate the excise tax. Messrs. Richardson and Garratt's severance benefits in the event of a Termination without Cause or for Good Reason Following a Change of Control have been reduced by \$343,905 and \$75,671, respectively, as both were determined to be over the excise tax limit. Ms. Kunkle and Mr. Crist are under the excise tax limit and would not be subject to an excise tax.

### CEO Pay Ratio Disclosure

The SEC has adopted rules requiring annual disclosure of the ratio of the median employee's annual total compensation to the annual total compensation of the CEO. We note that our median employee remains unchanged from last year because there has been no change in our employee population or employee compensation arrangements that we reasonably believe would significantly impact our pay ratio disclosure.

**CEO Annual Total Compensation for 2018: \$6,127,920**

**Median Employee Annual Total Compensation for 2018: \$48,056**

**Ratio of CEO to Median Employee Annual Total Compensation for 2018: 128:1**

### How the Median Employee was Determined in 2017

In determining the median employee, we used a consistently applied compensation measure (CACM) for all employees (other than the CEO) included in the determination. Our CACM was eligible earnings (which includes base wages, overtime, shift differentials, lump sum merit payments, designated paid time off, including holiday pay, jury duty pay, military adjustment pay, and vacation pay, and any work day premiums earned and paid to an active employee during the period) plus annual target cash incentive. To determine the median employee, all global

employees as of December 31, 2017 were evaluated. This group of employees did not include any independent contractors or workers who provided leased services, and did not exclude any employees of businesses acquired by us or combined with us. Further, we did not utilize any statistical sampling or cost-of-living adjustments for purposes of determining our median employee. A portion of our employee workforce (full-time and part-time) identified above worked for less than the full fiscal year due to commencing employment after January 1, 2017. In determining the median employee, we annualized the total compensation for such individuals by extending their eligible earnings over the full 365-day annual period but avoided creating full-time equivalencies.

The global employee evaluation focused on each employee's eligible earnings and annual target cash incentive for the period January 1, 2017 to December 31, 2017. Eligible earnings for employees outside of the United States were converted to United States Dollars by applying the applicable exchange rates in effect on December 31, 2017. The eligible earnings and annual target cash incentive amounts were then added together to determine each employee's CACM and the median employee was selected. Due to the fact that we had an even number of employees on our determination date, we had two median employees. We chose the employee who received a 2017 annual incentive payout as we believe that receiving a payout more appropriately reflects what the median employee could be expected to receive in a normal year. We note that, due to our permitted use of reasonable estimates and assumptions in preparing this pay ratio disclosure, the disclosure may involve a degree of imprecision, and thus this



**EXECUTIVE COMPENSATION**

pay ratio disclosure is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K using the data and assumptions described above.

**Compensation Committee Interlocks and Insider Participation**

During 2018, Richard H. Fearon, Kerry J. Preete, William H. Powell, and William A. Wulfsohn served on the Compensation Committee. None of our executive officers was a member of the board of directors or compensation committee of any other company where the relationship would be construed to constitute a committee interlock within the meaning of the rules of the SEC during 2018.

**Policy on Related Person Transactions**

Under our Guidelines for Ethical Business Conduct, we prohibit all employees, including our officers and non-employee Directors from engaging in activities that would impact their ability to carry out their duties in an independent, objective fashion. We also have adopted a written Policy for Review of Transactions Between the Company and Its Directors, Executive Officers and Other Related Persons. This policy requires an initial review by our Chief Legal Officer, Chief Financial Officer and Ethics and Compliance Officer, in consultation with each other (the Reviewing Team), of all transactions, arrangements or relationships with us in which any Director, executive officer or other related person (including immediate family members of all related persons) has a direct or indirect material interest, and which involve \$50,000 or more. Further, the Audit Committee must review and approve any transaction that the Reviewing Team determines may be required to be disclosed pursuant to Item 404 of Regulation S-K under the Exchange Act or any similar provision. In reviewing the related person transactions, the Reviewing Team and the Audit Committee consider the following factors: (1) whether the transaction is in conformity with our Guidelines for Ethical Business Conduct and is in our best interests; (2) whether the transaction would be in the ordinary course of our business; (3) whether the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party; (4) the disclosure standards set forth in Item 404 of Regulation S-K under the Exchange Act or any similar provision; and (5) whether the transaction could call into question the status of any Director or Director nominee as an independent director under the NYSE rules.

**Risk Assessment of the Compensation Programs**

As part of the Compensation Committee's annual governance process, in October 2018 we conducted a formal assessment of our compensation programs to ensure that they do not create risks that are reasonably likely to have a material adverse effect on PolyOne. With guidance from the Consultant, our Internal Audit and Human Resources groups completed the initial risk assessment of our compensation programs, including those that extend beyond the executive officers. The assessment was reviewed by our legal department and the Consultant, with these groups providing additional analysis and validation of the results. The results of the compensation risk assessment were presented to the Compensation Committee at its October 2018 meeting. The areas we considered in determining that our compensation programs do not pose a material risk to PolyOne included our:

Compensation Philosophy	Payout Curves	Clawback Policy
Compensation Plan Design	Weightings of Incentive Plan Measures	Anti-Hedging/Anti-Pledging Policies
Balanced Pay Mix	Compensation Plan Governance and	Stock Ownership Requirements

Oversight

Timing on Incentive Payouts

Selection of Performance Measures

Pay-for-Performance Validation

As a result of the assessment, the Compensation Committee concluded that our compensation structures are appropriate and no material risks were identified.

**EXECUTIVE COMPENSATION**

**Compensation Committee Report**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis set forth in this proxy statement with management. Based on this review and discussion, the Compensation Committee has recommended to the Board the inclusion of the Compensation Discussion and Analysis in this proxy statement and in PolyOne's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

**The Compensation Committee**

**of the Board of Directors**

Richard H. Fearon

William H. Powell, Chair

Kerry J. Preete

William A. Wulfsohn

## MISCELLANEOUS PROVISIONS

### Voting at the Meeting

Shareholders of record at the close of business on March 19, 2019 are entitled to vote at the meeting. On that date, a total of 77,815,194 common shares were outstanding. Each share is entitled to one vote.

The affirmative vote of a majority of the common shares represented and voting, in person or by proxy, at any meeting of shareholders at which a quorum is present is required for action by shareholders on any matter, unless the vote of a greater number of shares or voting by classes or series is required under Ohio law. Abstentions and broker non-votes are tabulated in determining the votes present at a meeting for purposes of determining a quorum. Shareholders will not be entitled to dissenter's rights with respect to any matter to be considered at the Annual Meeting.

Directors are elected by a plurality of the votes of shares present, in person or by proxy, and entitled to vote on the election of Directors at a meeting at which a quorum is present. An abstention or a broker non-vote has the same effect as a withhold vote with respect to a Director nominee, as each abstention or broker non-vote would be one less vote in favor of a Director nominee. Your broker or other nominee will **not** be able to vote your shares with respect to the election of Directors if you have not provided directions to your broker. We strongly encourage you to submit your proxy card and exercise your right to vote as a shareholder. Holders of common shares have no cumulative voting rights. If any of the nominees listed in the Proposal 1 Election of Board of Directors section of this proxy statement becomes unable or declines to serve as a Director, each properly signed proxy card will be voted for another person recommended by the Board. However, we have no reason to believe that this will occur.

Because the vote to approve Named Executive Officer compensation is advisory, there is technically no minimum vote requirement for this proposal. However, if there is a significant number of negative votes, we will seek to understand the concerns that influence the votes and expect to address them in making future decisions about our executive compensation programs. An abstention or broker non-vote will have no effect on this proposal as the abstention or broker non-vote will not be counted in determining the number of votes cast.

The affirmative vote of holders of at least a majority of the shares cast, in person or by proxy, is necessary for approval of the ratification of the appointment of EY as our independent registered public accounting firm. Because the proposal to ratify the appointment of EY is considered routine, your broker or other nominee will be able to vote your shares with respect to this proposal without your instructions. An abstention will have no effect on this proposal as the abstention will not be counted in determining the number of votes cast.

We know of no other matters that will be presented at the meeting; however, if other matters do properly come before the meeting, the persons named in the proxy card will vote on these matters in accordance with their best judgment.

### Shareholder Proposals

Any shareholder who wishes to submit a proposal to be considered for inclusion in next year's Proxy Statement should send the proposal to us, addressed to the Secretary, so that it is received on or before November 29, 2019. We suggest that all proposals be sent by certified mail, return receipt requested.

Additionally, a shareholder may submit a proposal for consideration at the 2020 Annual Meeting, but not for inclusion in next year's Proxy Statement, if the shareholder gives timely written notice of such proposal in accordance with Regulation 8(c) of our Regulations. In general, Regulation 8(c) provides that, to be timely, a shareholder's notice must be delivered to our principal executive offices not less than 60 nor more than 90 days prior to the first anniversary of the date on which we first mailed our proxy materials for the preceding year's Annual Meeting. If the date of the 2020 Annual Meeting is delayed by more than 60 calendar days after the anniversary of the 2019 Annual Meeting, then a shareholder's notice must be delivered to our principal executive offices not later than the close of business on the later of the 90th day prior to the 2020 Annual Meeting or the 10<sup>th</sup> calendar day following the day on which public announcement of the date of the 2020 Annual Meeting is first made.

Our proxy materials for the 2019 Annual Meeting will be mailed on or about March 28, 2019. Sixty days prior to the first anniversary of this date will be January 28, 2020, and 90 days prior to the first anniversary of this date will be

**MISCELLANEOUS**

December 29, 2019. Our proxies for the 2020 Annual Meeting will confer discretionary authority to vote on any matter if we do not receive timely written notice of such matter in accordance with Regulation 8(c). For business to be properly requested by a shareholder to be brought before the 2020 Annual Meeting, the shareholder must comply with all of the requirements of Regulation 8(c), not just the timeliness requirements set forth above.

**Proxy Solicitation**

We are making this proxy solicitation and will bear the expense of preparing, printing and mailing this notice and proxy statement. In addition to requesting proxies by mail, our officers and regular employees may request proxies by telephone or in person. We have retained Morrow Sodali LLC, 470 West Avenue, Stamford, CT 06902, to assist in the solicitation for an estimated fee of \$7,500 plus reasonable expenses. We will ask custodians, nominees, and fiduciaries to send proxy material to beneficial owners in order to obtain voting instructions. We will, upon request, reimburse them for their reasonable expenses for mailing the proxy material.

We are mailing our Annual Report to Shareholders, including consolidated financial statements for the year ended December 31, 2018, to shareholders of record with this proxy statement.

**We will furnish without charge to each person from whom a proxy is being solicited, upon written request of any such person, a copy of the Annual Report on Form 10-K of the Company for the fiscal year ending December 31, 2018, as filed with the SEC, including the financial statements and schedules thereto. Requests for copies of such Annual Report on Form 10-K or for information on how to obtain directions to be able to attend the Annual Meeting and vote in person should be directed to: PolyOne Center, 33587 Walker Road, Avon Lake, Ohio 44012, Attention: Secretary.**

For the Board of Directors

PolyOne Corporation

**Lisa K. Kunkle**

Senior Vice President, General Counsel & Secretary

March 28, 2019

## APPENDIX A

## Reconciliation of Non-GAAP Financial Measures (Unaudited)

(In millions, except per share data)

Senior management uses comparisons of adjusted net income from continuing operations attributable to PolyOne shareholders and diluted adjusted EPS (EPS) from continuing operations attributable to PolyOne shareholders, excluding special items, to assess performance and facilitate comparability of results. Senior management believes these measures are useful to investors because they allow for comparison to PolyOne's performance in prior periods without the effect of items that, by their nature, tend to obscure PolyOne's operating results due to the potential variability across periods based on timing, frequency and magnitude. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation from, or solely as alternatives to, financial measures prepared in accordance with GAAP. Below is a reconciliation of these non-GAAP (as defined below) financial measures to their most directly comparable financial measures calculated and presented in accordance with GAAP.

Reconciliation to Condensed Consolidated Statements of Income	Year Ended December 31, 2018		Year Ended December 31, 2017	
	\$	EPS	\$	EPS
Net income from continuing operations attributable to PolyOne shareholders	\$ 161.1	\$ 2.00	\$ 173.5	\$ 2.11
Special items, after tax <sup>(1), (2)</sup>	34.2	0.43	8.1	0.10
Adjusted net income / EPS excluding special items	\$ 195.3	\$ 2.43	\$ 181.6	\$ 2.21

Reconciliation to Condensed Consolidated Statements of Income	Year Ended December 31, 2016		Year Ended December 31, 2015	
	\$	EPS	\$	EPS
Net income from continuing operations attributable to PolyOne shareholders	\$ 166.4	\$ 1.96	\$ 148.4	\$ 1.67
Special items, after tax <sup>(1), (2)</sup>	7.9	0.10	9.3	0.11
Adjusted net income / EPS excluding special items	\$ 174.3	\$ 2.06	\$ 157.7	\$ 1.78

Reconciliation to Condensed Consolidated Statements of Income	Year Ended December 31, 2014	
	\$	EPS
Net income from continuing operations attributable to PolyOne shareholders	\$ 75.5	\$ 0.81
Special items, after tax <sup>(1), (2)</sup>	56.4	0.60
Adjusted net income / EPS excluding special items		

\$ 131.9    \$ 1.41

A-1



Senior management uses gross margin before special items and operating income before special items to assess performance and allocate resources because senior management believes that these measures are useful in understanding current profitability levels and how it may serve as a basis for future performance. In addition, operating income before the effect of special items is a component of PolyOne annual and long-term employee incentive plans and is used in debt covenant computations. Senior management believes these measures are useful to investors because they allow for comparison to PolyOne's performance in prior periods without the effect of items that, by their nature, tend to obscure PolyOne's operating results due to the potential variability across periods based on timing, frequency and magnitude. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation from, or solely as alternatives to, financial measures prepared in accordance with GAAP. Below is a reconciliation of these non-GAAP financial measures to their most directly comparable financial measures calculated and presented in accordance with GAAP.

<b>Reconciliation to Consolidated Statements of Income</b>	<b>Year Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
Operating income - GAAP	273.7	272.8
Special items in operating income <sup>(1)</sup>	43.2	29.2
Operating income adjusted	\$ 316.9	\$ 302.0

Liquidity is calculated as follows:

	<b>As of December 31, 2018</b>	
Cash and cash equivalents	\$	170.9
Revolving credit availability		280.7
<b>Liquidity</b>	<b>\$</b>	<b>451.6</b>

- (1) Special items are a non-GAAP financial measure and are used to determine adjusted earnings. Special items include charges related to specific strategic initiatives or financial restructuring such as: consolidation of operations; debt extinguishment costs; costs incurred directly in relation to acquisitions or divestitures, including adjustments related to contingent consideration; employee separation costs resulting from personnel reduction programs, plant realignment costs, executive separation agreements; asset impairments; mark-to-market adjustments associated with actuarial gains and losses on pension and other post-retirement benefit plans; environmental remediation costs, fines, penalties and related insurance recoveries related to facilities no longer owned or closed in prior years; gains and losses on the divestiture of operating businesses, joint ventures and equity investments; gains and losses on facility or property sales or disposals; results of litigation, fines or penalties, where such litigation (or action relating to the fines or penalties) arose prior to the commencement of the performance period; one-time, non-recurring items; and the effect of changes in accounting principles or other such laws or provisions affecting reported results.

- (2) Tax adjustments include the net tax benefit/(expense) from one-time income tax items, the set-up or reversal of uncertain tax position reserves and deferred income tax valuation allowance adjustments.

A-2

***POLYONE CORPORATION***  
***33587 WALKER ROAD***  
***AVON LAKE, OH 44012***

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. eastern time on May 15, 2019. Have your proxy and voting instruction card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you may consent to receiving all future proxy statements, proxy and voting instruction cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. eastern time on May 15, 2019. Have your proxy and voting instruction card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy and voting instruction card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E59347-P16607 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY AND VOTING INSTRUCTION CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**POLYONE CORPORATION**

**The Board of Directors recommends you vote FOR all the nominees listed in Proposal 1 and FOR Proposals 2 and 3.**

**For All Except**

To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.

1. Election of Directors:

**Nominees:**

- 01) Robert E. Abernathy
- 02) Richard H. Fearon
- 03) Gregory J. Goff
- 04) William R. Jellison
- 05) Sandra B. Lin
- 06) Kim Ann Mink
- 07) Robert M. Patterson
- 08) Kerry J. Preete
- 09) Patricia D. Verduin
- 10) William A. Wulfsohn

**For Against Abstain**

- 2. Approval, on an advisory basis, of named executive officer compensation.
- 3. Ratification of the appointment of Ernst & Young LLP as independent registered public accounting firm for the year ending December 31, 2019.

**NOTE:** Such other business as may properly come before the meeting or any adjournment thereof.

**THIS PROXY AND VOTING INSTRUCTION CARD WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED AS THE BOARD RECOMMENDS.**

For address changes and/or comments, please check this box and write them on the back where indicated.

Please indicate if you plan to attend this meeting.

**Yes      No**

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN      Date  
WITHIN BOX]

Signature (Joint Owners)      Date

**PolyOne Corporation**

**2019 ANNUAL MEETING OF SHAREHOLDERS**

**Thursday, May 16, 2019**

**9:00 a.m.**

**PolyOne Corporation Headquarters**

**33587 Walker Road**

**Avon Lake, Ohio 44012**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Notice and Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

E59348-P16607

**POLYONE CORPORATION**

**This proxy and voting instruction card is solicited by the Board of Directors for use at and in connection with the Annual Meeting of Shareholders on May 16, 2019.**

The shares of common stock held will be voted as you specify on the reverse side.

**If no choice is specified, this proxy and voting instruction card will be voted FOR all the nominees listed in Proposal 1 and FOR Proposals 2 and 3.**

By signing this proxy and voting instruction card, you revoke all prior proxies and appoint Lisa K. Kunkle, Bradley C. Richardson, and João José San Martin, and each of them, with full power of substitution, to vote the common shares of PolyOne Corporation, held of record on **March 19, 2019**, on the matters shown on the reverse side hereof and on any other matters that may come before the Annual Meeting of Shareholders and all adjournments.

**IMPORTANT NOTICE TO PARTICIPANTS IN THE POLYONE RETIREMENT SAVINGS PLAN AND POLYONE CANADA INC. RETIREMENT SAVINGS PROGRAM:**

As a participant under either the **PolyOne Retirement Savings Plan** or the **PolyOne Canada Inc. Retirement Savings Program** (each a Plan and together the Plans ), **Fidelity Management Trust Company** and **Sun Life Financial**, each as Trustee of one of the Plans, have been requested to forward you important information concerning your rights as a participant in either of these Plans. The number of common shares you are eligible to direct the applicable Trustee to vote is based on your balance in the applicable Plan (based on your balance in the PolyOne Stock Fund) on **March 19, 2019**, the record date for the determination of shareholders eligible to vote at the Annual Meeting of Shareholders to be held on **May 16, 2019**.

We encourage you to exercise your rights under either of the Plans. Please review the enclosed documents carefully before deciding how to direct the applicable Trustee. Because the common shares in the Plans are registered in the name of the applicable Trustee, you will not be able to direct the common shares attributable to your interest in either Plan in person at the Annual Meeting of Shareholders. To give a proper direction, you must vote by returning this completed proxy and voting instruction card, signed and dated, in the enclosed envelope or by following telephone or internet voting procedures set forth in this proxy and voting instruction card. Directions must be received by **May 14, 2019**.

If you give a proper direction, the applicable Trustee will vote the common shares attributable to your interest in either of the Plans as you direct, unless otherwise required by law. If you do not give a proper direction, the applicable Trustee will vote the common shares attributable to your interest in the same proportion as the proper directions that the Trustee does receive, unless otherwise required by law.

Directions received after **May 14, 2019** will not be counted for common shares held in the Plans. Your direction to either of the Trustees is confidential and will not be disclosed unless required by law.

As a participant under either the **PolyOne Retirement Savings Plan** or the **PolyOne Canada Inc. Retirement Savings Program**, I hereby direct **Fidelity Management Trust Company** as Trustee of the PolyOne Retirement Savings Plan or **Sun Life Financial** as Trustee of the PolyOne Canada Inc. Retirement Savings Program to vote (in person or by proxy), as designated on the reverse side, the whole number of common shares of PolyOne Corporation that are held by the applicable Trustee and attributable to my interest in the applicable Plan on **March 19, 2019**, and also a proportionate number of shares as of such date to which no directions have been received, at the Annual Meeting of Shareholders to be held on **May 16, 2019**.

**Address Changes/Comments:**

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

**See reverse for voting instructions.**