

DELUXE CORP

Form DEF 14A

March 19, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

Deluxe 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:

PROXY STATEMENT
and notice of annual meeting of shareholders
Wednesday, May 1, 2019 at 2:00 p.m. Central Daylight Savings Time

ANNUAL MEETING INFORMATION

Date: Wednesday, May 1, 2019

Place: Deluxe Corporation, 3680 Victoria Street North, Shoreview, MN 55126

Time: 2:00 p.m. CDT

Record Date: March 5, 2019

AGENDA

1. Election of ten directors to hold office until the 2020 annual meeting of shareholders.

Important notice regarding the availability of proxy materials for the Deluxe annual meeting of shareholders to be held on Wednesday, May 1, 2019.

2. Advisory vote (non-binding) on compensation of Named Executive Officers.

3. Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019.

The proxy statement, proxy card and 2018 annual report of Deluxe are available for review at: www.proxyvote.com

4. Take action on any other business that may properly come before the meeting and any adjournment thereof.

Shareholders of record at the close of business on March 5, 2019, are entitled to vote at the meeting and at any adjournment thereof. In this Proxy Statement, we may also refer to Deluxe Corporation as "Deluxe," "we," "our," or "us."

Your vote is important

Once again, we are furnishing proxy materials to our shareholders over the Internet. This process expedites the delivery of proxy materials, reduces paper waste and saves expense. In addition, these materials remain easily accessible, and shareholders receive clear instructions for voting and requesting paper copies of the materials if they so desire.

Please vote as soon as possible

You can help Deluxe reduce expenses by voting your shares by telephone or Internet; your proxy card or voting instruction card contains the instructions. Or complete, sign and date your proxy card or voting instruction card and return it as soon as possible in the enclosed postage paid envelope.

We are mailing the Notice of Internet Availability of Proxy Materials (Internet Notice) to shareholders of record beginning on or about March 19, 2019. The Internet Notice contains instructions on how to access our Proxy Statement and Annual Report, and how to vote online. In addition, the Internet Notice contains instructions on how to (i) request a paper copy of the Proxy Statement and Annual Report if you received only an Internet Notice this year, or (ii) elect to receive your Proxy Statement and Annual Report only over the Internet, if you received them by mail this year.

It is important that your shares be represented at the annual meeting. Regardless of whether you plan to attend the annual meeting in person, please vote as soon as possible to ensure the presence of a quorum and save Deluxe further solicitation expense. You may vote your shares by telephone or the Internet, or if you received a paper proxy card, you may sign, date and mail the proxy card in the envelope provided. Instructions regarding the methods of voting are contained in the Internet Notice and in the Proxy Statement. Voting by telephone, the Internet or mail will not limit your right to vote in person or to attend the annual meeting.

Deluxe Corporation
3680 Victoria Street North
Shoreview, MN 55126

P.O. Box 64235
St. Paul, MN 55164
www.deluxe.com

BY ORDER OF THE BOARD OF DIRECTORS

Jeffrey L. Cotter
Chief Administrative Officer, Senior Vice President and General Counsel
March 19, 2019

Table of Contents	
<u>Introduction</u>	<u>1</u>
<u>2019 Proxy Summary</u>	<u>1</u>
<u>Item 1: Election of Directors</u>	<u>5</u>
<u>Board Structure and Governance</u>	<u>10</u>
<u>Stock Ownership and Reporting</u>	<u>20</u>
<u>Item 2: Advisory Vote on Compensation of Named Executive Officers</u>	<u>22</u>
<u>Executive Compensation</u>	<u>23</u>
<u>Compensation Tables</u>	<u>35</u>
<u>Item 3: Ratification of the Appointment of Independent Registered Public Accounting Firm</u>	<u>47</u>
<u>2020 Shareholder Proposals</u>	<u>49</u>
<u>Other Business</u>	<u>49</u>
<u>Annual Report to Shareholders and Form 10-K</u>	<u>49</u>
<u>Annex A</u>	<u>50</u>

PROXY STATEMENT

DELUXE CORPORATION

3680 Victoria Street North
Shoreview, Minnesota 55126

Our Board of Directors solicits your proxy for the 2019 Annual Shareholders' Meeting (and any postponement or adjournment of the meeting) for the purpose of taking action on the following matters:

1. elect the ten directors listed in this Proxy Statement to serve until the 2020 annual meeting of shareholders;
 2. hold an advisory vote (non-binding) on compensation of our Named Executive Officers;
 3. ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019; and
 4. transact any other business as may properly come before the meeting or any adjournment or postponement thereof.
- We mailed this Proxy Statement to shareholders beginning on March 19, 2019.

2019 PROXY SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement and does not contain all the information that you should consider. We encourage you to read the entire Proxy Statement carefully before voting.

What is the purpose of the annual meeting?

At our annual meeting, the Board of Directors asks shareholders to vote on the matters disclosed above and in the Notice of Annual Meeting of Shareholders that preceded this Proxy Statement, which are described in more detail below. We will also consider any other business that may be properly presented at the meeting (although we are not expecting any other matters to be presented).

Who is entitled to vote at the meeting?

The Board has set March 5, 2019, as the record date for the meeting. If you were a shareholder of record at the close of business on March 5, 2019, you are entitled to vote at the meeting. You have one vote for each share of common stock you held on the record date. As of the record date, 43,637,914 shares of our common stock were outstanding.

We do not have any other class of capital stock outstanding.

How many shares must be present to hold the meeting?

A quorum is necessary to hold the meeting and conduct business. The presence of shareholders who can direct the vote of at least a majority of the outstanding shares of common stock as of the record date is considered a quorum. A shareholder is counted present at the meeting if the shareholder (1) is present and votes in person at the meeting, or (2) has properly submitted a proxy or voted by telephone or the Internet. If you vote "WITHHOLD" or "ABSTAIN," your shares will still be counted as present at the meeting for the purposes of determining a quorum.

What is the difference between a shareholder of record and a "street name" holder?

If your shares are registered directly in your name with our transfer agent, EQ Shareowner Services, you are considered the shareholder of record with respect to those shares. If your shares are held in a stock brokerage account or by a bank, trustee

or other nominee, you are still considered the beneficial owner of the shares, but your shares are deemed to be held in "street name."

How many votes are required to approve each item, and how does the Board recommend that I vote?

Proposals	Votes Required	Voting Options	Board Recommendation	Broker Discretionary Voting Allowed ¹	Effect of Withhold Vote / Abstention	Effect of Broker Non-Vote ¹
Item 1. Election of the ten directors listed in this Proxy Statement	Plurality of the votes cast ²	For or withhold	"FOR" each director nominee	No	Directors who receive more "WITHHOLD" votes than "FOR" votes must tender their resignation	None
Item 2. Advisory vote (non-binding) to approve compensation of our Named Executive Officers	Majority of votes present and entitled to vote on this item ³	For, against or abstain	"FOR"	No	Same as an "AGAINST" vote	None
Item 3. Ratification of the appointment of PricewaterhouseCoopers LLP as Deluxe's independent registered public accounting firm for the fiscal year ending December 31, 2019	Majority of votes present and entitled to vote on this item ³	For, against or abstain	"FOR"	Yes	Same as an "AGAINST" vote	Not applicable

(1) If you are a beneficial owner, you generally cannot vote your shares directly and must instead instruct your broker, trustee, bank or nominee how to vote your shares using the voting instruction form provided by that intermediary party. If you do not provide voting instructions, whether your shares can be voted by this party depends on the type of matter being considered. If this party does not have discretion to vote your shares, your shares will not be voted unless you provide instructions. Broker non-votes will generally have no effect in determining whether any proposals to be voted on at the meeting are approved.

(2) A plurality means that the ten nominees receiving the most votes will be elected. In an uncontested election of directors, our Corporate Governance Guidelines require that if an incumbent director receives more "WITHHOLD" votes than "FOR" votes in this type of an election, that director nominee must tender his or her resignation to the board following the certification of the shareholder vote. The Corporate Governance Committee must then make recommendations to the board as to whether to accept the letter of resignation, and the board must take action with respect to this recommendation and disclose its decision-making process.

(3) This amount must be a least a majority of the minimum number of shares entitled to vote that would constitute a quorum. "Shares present" includes shares represented in person or by proxy at the annual meeting.

How do I vote my shares?

We are mailing the Internet Notice to shareholders of record on or about March 19, 2019. If your shares are held in street name, your broker or other agent is responsible for sending you an Internet Notice. You will not receive a printed copy of these proxy materials unless you request to receive these materials in hard copy by following the instructions provided in the Internet Notice. Instead, the Internet Notice will instruct you how to access and review all the important information contained in these proxy materials, and how to vote. If you received an Internet Notice by mail and would like to receive a printed copy of these proxy materials, you should follow the instructions for requesting such materials included in the Internet Notice.

Voting Methods		Voting Deadline
	Step-by-Step Instructions	
	Instructions can be found on the Internet Notice. The Internet procedures are designed to (1) verify your identity, (2) provide voting instructions, and (3) confirm those voting instructions have been properly recorded	
Internet	<ul style="list-style-type: none"> Go to www.proxyvote.com Vote on the proposals 	<ul style="list-style-type: none"> 11:59 p.m. Eastern Time on April 30, 2019 Internet voting is available 24 hours a day
Telephone	<p>The telephone procedures are designed to (1) verify your identity, (2) provide voting instructions, and (3) confirm those voting instructions have been properly recorded</p> <ul style="list-style-type: none"> Call 800-690-6903 (toll-free) 	<ul style="list-style-type: none"> 11:59 p.m. Eastern Time on April 30, 2019 Telephone voting is available 24 hours a day
	You own your shares directly:	
	<ul style="list-style-type: none"> Complete, sign, and date the proxy card Mail it in the pre-addressed envelope that accompanies the proxy card 	<ul style="list-style-type: none"> Directly-Held Shares: Proxy cards must be received before May 1, 2019 (date of the annual meeting) in order for the shares to be timely voted
Mail ¹	<p>You own your shares in street name:</p> <ul style="list-style-type: none"> Request a voting instruction card according to the instructions on the Internet Notice provided to you by your broker or other agent Complete, sign, and date the voting instruction card provided by the broker or other agent Mail the voting instruction card in the pre-addressed envelope provided 	<ul style="list-style-type: none"> Shares Held in Street Name: Voting instruction cards must be received before the date specified on the voting instruction card in order for the shares to be timely voted
	You own your shares directly:	
	<ul style="list-style-type: none"> Complete a ballot at the meeting 	
In-person ²	<p>You own your shares in street name:</p> <ul style="list-style-type: none"> Obtain a signed proxy from your broker, trustee, bank or nominee giving you the right to vote on the shares Provide the signed proxy (above) at the meeting Complete a ballot at the meeting 	<ul style="list-style-type: none"> May 1, 2019

(1) This option is only available to shareholders who receive a paper proxy card or receive a voting instruction card.

(2) Shareholders of record may vote in-person at the meeting; however, even if you currently plan to attend the meeting, we recommend that you submit your proxy ahead of time so that your vote will be counted if, for whatever reason, you later decide not to attend or are otherwise unable to attend the meeting.

What does it mean if I receive more than one Notice of Internet Availability of Proxy Materials?

It means you hold shares registered in more than one account. To ensure that all of your shares are voted, if you vote by telephone or the Internet, vote once for each Internet Notice you receive. If you wish to consolidate your accounts, please contact our stock transfer agent, EQ Shareowner Services at P.O. Box 64854, St. Paul, MN 55164 or by toll-free telephone at 800-468-9716.

You also may receive a "voting instruction" card, which looks very similar to a proxy card. Voting instructions are prepared by brokers, trustees, banks or nominees for shareholders who hold shares in street name.

Can I vote my shares in person at the meeting?

If you are a shareholder of record, you may vote your shares at the meeting by completing a ballot at the meeting.

However, even if you currently plan to attend the meeting, we recommend that you submit your proxy ahead of time so that your vote will be counted if, for whatever reason, you do not attend the meeting.

If you hold your shares in street name, you may vote your shares in person at the meeting only if you provide a signed proxy from your broker, trustee, bank or nominee giving you the right to vote such shares at the meeting.

What if I submit by proxy but do not specify how I want my shares voted?

If you vote your shares directly (as opposed to voting through a broker or other intermediary) and do not specify on your proxy card (or when giving your proxy by telephone or the Internet) how you want to vote your shares, we will vote them as the board recommends as outlined above.

Can I change my vote?

Yes. If you are a shareholder of record, you can change your vote and revoke your proxy at any time before it is voted at the meeting in any of the following ways:

- by sending a written notice of revocation to our Corporate Secretary;
- by submitting another properly signed proxy card at a later date to our Corporate Secretary;
- by submitting another proxy by telephone or the Internet at a later date; or
- by delivering a written notice of revocation to our Corporate Secretary and voting in person at the meeting.

If you hold your shares in street name, you should follow the voting instructions provided to you by your broker, trustee, bank or nominee.

Who pays the cost of proxy preparation and solicitation?

We pay for the cost of proxy preparation and solicitation, including the charges and expenses of brokerage firms or other nominees for forwarding proxy materials to beneficial owners. We are soliciting proxies primarily by use of the Internet. In addition, proxies may be solicited by mail, telephone or personally by our directors, officers or employees. These individuals receive no additional compensation for these services.

ITEM 1: ELECTION OF DIRECTORS

Nominees for Election

There are currently ten individuals serving on the board. Each director's term expires as of the date of the annual meeting of shareholders. The board has determined that the size of the board will continue to be ten directors as of the date of the annual meeting of shareholders and recommends that the ten individuals presented on the following pages be elected to serve on the board until the 2020 annual meeting of shareholders. All of the nominees are current directors. In addition, with the exception of Mr. McCarthy, who serves as our President and CEO and therefore by definition cannot be deemed independent, all nominees have been determined by the board to meet the independence standards of the New York Stock Exchange (see the discussion of Director Independence in the "Board Structure and Governance" section of this Proxy Statement).

Each of the ten individuals listed below has consented to being named as a nominee in this Proxy Statement and has indicated a willingness to serve if elected. However, if any nominee becomes unable to serve before the election, the shares represented by proxies may be voted for a substitute designated by the board, unless a contrary instruction is indicated in this Proxy Statement.

Pursuant to our Corporate Governance Guidelines (discussed in the "Corporate Governance Principles" section on page 11), the following policy applies to the election of directors:

At any shareholder meeting at which directors are subject to an uncontested election (i.e., an election where the only nominees are those recommended by the board), any nominee for director who receives a greater number of "WITHHOLD" votes from his or her election than "FOR" votes shall submit to the board, within five (5) business days of certification of the shareholder vote by the Inspector of Elections, a written offer to resign from the board. The Corporate Governance Committee shall promptly consider the resignation offer and recommend to the full board whether to accept it. In considering whether to recommend that the board accept or reject the resignation offer, the Corporate Governance Committee will consider all factors deemed relevant, including, without limitation, (i) the perceived reasons that shareholders withheld votes from the director, (ii) the length of service and qualifications of the director, (iii) the director's contributions to the Company, (iv) compliance with applicable listing standards, (v) the purpose and provisions of the Corporate Governance Guidelines, and (vi) the best interests of the Company and its shareholders.

To the extent that one or more director resignations are accepted by the board, the Corporate Governance Committee will recommend to the board whether to fill such vacancy or vacancies, or to reduce the size of the board.

Any director who tenders his or her offer to resign from the board pursuant to this provision shall not participate in the Corporate Governance Committee or board deliberations regarding whether to accept the offer of resignation.

The board will act on the Corporate Governance Committee's recommendation within 90 days following the certification of the shareholder vote by the Inspector of Elections, which action may include, without limitation, acceptance of the offer of resignation, adoption of measures intended to address the perceived issues underlying the vote, or rejection of the resignation offer. Thereafter, the board will disclose its decision whether to accept the director's resignation offer and the reasons for rejecting the offer, if applicable, in a Current Report on Form 8-K to be filed with the United States Securities and Exchange Commission (SEC) within four business days after the board's determination.

Recommendation of the Board

The board recommends that you vote "FOR" the election of each of the following nominees:

<p>Ronald C. Baldwin Vice Chairman (Retired), Huntington Bancshares, Inc.</p>	<p>Background</p> <ul style="list-style-type: none"> • Vice Chairman of Huntington Bancshares, Inc., a regional bank holding company (2001-2006), where he was responsible for overseeing Huntington's regional banking line of business, which provided both commercial and retail financial products and services through nearly 400 regional banking offices <p>Qualifications</p> <ul style="list-style-type: none"> • 35 years in the banking and financial services industry • Provides unique insight into challenges faced by financial institutions • Adept in offering counsel on matters related to corporate finance and capital structure, all of which serve our needs as we maintain financial discipline while pursuing growth opportunities • Experienced in creating and implementing strategic direction for large financial services companies
<p>Director since: 2007 Age: 72 Independent: Yes</p>	<p>Committees: Audit; Compensation</p>
<p>Cheryl E. Mayberry McKissack CEO of Nia Enterprises LLC</p>	<p>Background</p> <ul style="list-style-type: none"> • Chief Executive Officer (2000-present) of Nia Enterprises LLC, a Chicago-based marketing, entrepreneurial business and digital consulting firm • CEO of Ebony Media Operations LLC (May 2016-March 2017), a print and media company • COO of Johnson Publishing Company (JPC) and President of its affiliate, JPC Digital (2013-2016) • Provided project support to JPC under a consulting relationship between Nia Enterprises and JPC prior to her appointment as COO and President of JPC Digital, including launching the ebony.com website and several other transformational digital and business projects • Served as the Worldwide Senior Vice President and General Manager for Open Port Technology and was Vice President for the Americas and a founding member of the Network Systems Division for 3Com (formerly U.S. Robotics) <p>Qualifications</p> <ul style="list-style-type: none"> • Regarded as an expert on entrepreneurship and the art of selling; author of the book, <i>The Entrepreneurial Sell</i>, published in October 2018 • Associate Adjunct Professor of Entrepreneurship at the Kellogg School of Business, Northwestern University, where she lectured for 10 years (2005-2015) • As a successful entrepreneur and digital technology executive, Ms. Mayberry McKissack brings a unique perspective to the board • Given that a key component of our strategy for growing our Small Business Services segment involves Internet-based marketing and new media solutions, her experience in these areas is a valuable complement to the skills she brings to the board as a small business owner and former executive of several technology and new business ventures <p>Committees: Compensation; Finance</p>
<p>Director since: 2000 Age: 63 Independent: Yes</p>	<p>Background</p> <ul style="list-style-type: none"> • President and CEO of Deluxe Corporation since November 2018 • Served in various senior executive positions during the previous 14 years, most recently as Executive Vice President and Head of Network and Security Solutions, a \$1.5 billion publicly reported segment of First Data <p>Qualifications</p> <ul style="list-style-type: none"> • Sole member of our management represented on the board • Leads the development and execution of our strategies by drawing on his strong background in product development, sales, marketing and technology innovation
<p>Barry C. McCarthy President and CEO of Deluxe Corporation</p>	<p>Director since: 2018 Age: 55 Independent: No</p>

- Accomplished executive and financial technology leader with an extensive track record of developing and building tech-driven solutions for financial institutions and small businesses
Committees: None

Background

- Managing Partner and co-founder of Diamond Bear Partners LLC, an investment company, since 2009
- Chairman and CEO (2005-2009) and President and COO (1998-2004) of BancWest Corporation, a \$75 billion bank holding company serving nearly three million households and businesses
- Director of BancWest (1998-2010)
- Served as Chairman of the Board of Bank of the West (a BancWest subsidiary) and as CEO (1996-2007)
- Appointed to the President's Council on Financial Literacy in 2008

Don J. McGrath
Managing Partner of
Diamond Bear Partners
LLC

Director since: 2007
Age: 70
Independent: Yes

Qualifications

- 40 years of experience in the banking and financial services industry, particularly in the large bank sector, enables Mr. McGrath to provide us with valuable insight into this important portion of our customer base
- Led BancWest through an era of significant growth and therefore is well-suited for our board as we continue to execute our transformational growth strategies

Committees: Audit; Corporate Governance

Background

- Executive Vice President, Integrated Communications of Output Services Group, Inc. (OSG), which provides invoice and statement printing and presentment services, emphasizing their use as marketing tools; from 2011-2019, Mr. Metviner was Chief Marketing Officer of OSG, where he was responsible for all marketing activities, organic growth initiatives and major account management
- President of Pitney Bowes Direct (2000-2009), having management responsibility for serving the company's U.S. small business customer base, together with various international markets
- Assumed full oversight responsibility for Pitney Bowes European mailstream operations (2007-2009)

Neil J. Metviner
Executive Vice President,
Integrated Communication of
Output Services Group, Inc.

Director since: 2007
Age: 60
Independent: Yes

Qualifications

- As the former President of Pitney Bowes Direct and in his current role with OSG, Mr. Metviner has acquired extensive knowledge in marketing to, and otherwise serving, small business customers, which knowledge is particularly relevant to our strategic growth initiatives within our Small Business Services segment
- Over 20 years of experience in senior leadership positions responsible for new product development, management and marketing, all of which are key components of our enterprise-wide growth strategies

Committees: Corporate Governance; Finance (Chair)

Background

- Managing Director and co-founder of Geyser Ventures LLC, an investment and real estate company, since 2012
- Served with Intel Corporation, a designer and manufacturer of integrated circuits, microprocessors and other electronic components, from 1981 to 2001, including as Corporate Vice President of Intel (1991-2001) and co-director of Intel Capital (1998-2001)

Stephen P.
Nachtsheim
Managing Director
of Geyser Ventures
LLC

Director since: 1995
Age: 74
Independent: Yes

Qualifications

- Served as Independent Chairman of our board (2005-2012)
- Served as the board's Lead Independent Director, a role he assumed in December 2003, until becoming Chairman in 2005
- Mr. Nachtsheim's experience in information technology and in overseeing investments in product development initiatives is well-suited to our transformational initiatives, many of which rely on the support of information technology

Edgar Filing: DELUXE CORP - Form DEF 14A

- As the longest tenured member of the board, as well as having served in a board leadership role for nearly a decade, Mr. Nachtsheim also brings a unique historical perspective to the board's role in guiding strategic discussions, together with a wealth of experience in managing the work of the board and the role it plays in serving the interests of our shareholders
Committees: Audit; Corporate Governance (Chair)

