CSS INDUSTRIES INC
Form DEF 14A
June 23, 2017
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 þ
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))
þ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

CSS INDUSTRIES, INC.
(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):

þ No fee required.

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(3) Filing Party:

(4) Date Filed:

CSS INDUSTRIES, INC.
450 Plymouth Road, Suite 300
Plymouth Meeting, Pennsylvania 19462

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Dear Stockholder:

The 2017 Annual Meeting of Stockholders of CSS Industries, Inc. ("CSS") will be held at the Sheraton Valley Forge Hotel, 480 North Gulph Road, King of Prussia, Pennsylvania 19406, on Tuesday, August 1, 2017, at 9:30 a.m. local time.

At our Annual Meeting, we will ask you to:

1. Elect a board of seven directors;
2. Approve our Management Incentive Program, as amended;
3. Ratify the selection of KPMG LLP as the independent registered public accounting firm for CSS and its subsidiaries for the fiscal year ending March 31, 2018;
4. Approve, on an advisory basis, the compensation paid to our named executive officers for the fiscal year ended March 31, 2017;
5. Vote, on an advisory basis, on the frequency (i.e., once every 1 year, 2 years, or 3 years) of holding future advisory votes to approve the compensation paid to our named executive officers; and
6. Transact any other business that may properly be presented at the Annual Meeting.

If you were a stockholder of record at the close of business on June 5, 2017, you may vote at the Annual Meeting.

By order of the board of directors,

MICHAEL A. SANTIVASCI
Corporate Secretary
Plymouth Meeting, Pennsylvania
June 23, 2017

Your vote is important. Whether or not you plan to attend the Annual Meeting, we encourage you to vote by submitting your proxy over the Internet, by telephone or by mail.

CSS INDUSTRIES, INC.

PROXY STATEMENT
2017 Annual Meeting of Stockholders
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CSS INDUSTRIES, INC.
450 Plymouth Road, Suite 300
Plymouth Meeting, Pennsylvania 19462

PROXY STATEMENT
2017 Annual Meeting of Stockholders

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

WHY DID I RECEIVE THIS PROXY STATEMENT?

You received this proxy statement because the board of directors (the “Board”) of CSS Industries, Inc. (“CSS”, “we”, “us”, “our”) is soliciting your proxy to vote at the 2017 Annual Meeting of Stockholders (the “Meeting”) to be held at the Sheraton Valley Forge Hotel, 480 North Gulph Road, King of Prussia, Pennsylvania 19406 on Tuesday, August 1, 2017 at 9:30 a.m. local time. This proxy statement provides information regarding the matters to be presented at the Meeting. You may vote on these matters by proxy or in person. You may vote by proxy by submitting your proxy in one of three ways: (i) over the Internet by following the instructions on the enclosed proxy card, (ii) by telephone by following the instructions on the enclosed proxy card, or (iii) by mail by completing, signing and returning the enclosed proxy card. You may vote in person by attending the Meeting and casting your vote. Beginning on or about June 23, 2017, we are sending this Proxy Statement and the accompanying proxy card to stockholders of record at the close of business on June 5, 2017.

WHO CAN VOTE?

Stockholders of record at the close of business on June 5, 2017 may vote at the Meeting. On the record date, 9,094,397 shares of CSS common stock, par value $0.10 per share, were outstanding. Each share of common stock is entitled to one vote on any matter that is properly presented at the Meeting.

HOW DO I VOTE MY SHARES?

In addition to voting in person at the Meeting, you may vote by mail, Internet or telephone.

Vote by Internet. Use the Internet to vote your proxy 24 hours a day, 7 days a week. Follow the instructions on the proxy card you receive with this proxy statement. You will be prompted to enter your Control Number, located on your proxy card, and then follow the directions to vote your shares.

Vote by Telephone. Use any touch-tone telephone to vote your proxy 24 hours a day, 7 days a week. Follow the instructions on the proxy card you receive with this proxy statement. You will be prompted to enter your Control Number, located on your proxy card, and then follow the directions given.

If you vote by Internet or telephone, you do not need to return your proxy card.

Voting by Mail. To vote by mail, please sign, date and return to CSS as soon as possible the enclosed proxy card. An envelope with postage paid, if mailed in the United States, is provided for this purpose. Properly executed proxies that are received in time and not subsequently revoked will be voted as instructed on the proxies. If you vote by Internet or by telephone as described above, you need not also mail a proxy to CSS.

Voting at the Meeting. You may vote by ballot in person at the Meeting. If you want to vote by ballot, and you hold your shares in street name (that is, through a bank or broker), you must obtain a legal proxy from that organization and bring it to the Meeting. Even if you plan to attend the Meeting, you are encouraged to submit a proxy card or vote by Internet or telephone to ensure that your vote is received and counted. If you vote in person at the Meeting, you will revoke any prior proxy you may have submitted.

Instructions for "Street Name" Stockholders. If you own your CSS common stock in the name of a brokerage firm, bank, bank nominee or other nominee holder, you are considered the beneficial owner of shares held in "street name" and only such entity can vote your CSS common stock and only upon receipt of your voting instructions. Thus, in order for your CSS common stock to be voted at the Meeting, provide such entity with your voting instructions for your CSS common stock by following the instructions on the voting instruction form provided by your brokerage firm, bank, bank nominee or other nominee holder. If your brokerage firm, bank, bank nominee or other nominee holder permits you to provide voting instructions via the Internet or by telephone, you may vote that way as well.

HOW DOES THE BOARD OF DIRECTORS RECOMMEND THAT I VOTE?

Our Board unanimously recommends that you vote as follows:

1."FOR" each of the following seven nominees for election to the Board to each serve until our next annual meeting and until their respective successors shall have been duly elected and qualified:

Scott A. Beaumont
Robert E. Chappell
Elam M. Hitchner, III
Rebecca C. Matthias
Harry J. Mullany, III
Christopher J. Munyan
William Rulon-Miller

2."FOR" approval of our Management Incentive Program, as amended;

3."FOR" ratification of the selection of KPMG LLP as the independent registered public accounting firm for CSS and its subsidiaries for the fiscal year ending March 31, 2018;

4."FOR" approval, on an advisory basis, of the compensation paid to CSS's named executive officers for the fiscal year ended March 31, 2017; and

5.In favor of holding future advisory votes on the compensation paid to our named executive officers once every "1 YEAR."

HOW WILL THE VOTES BE COUNTED?

In order to have an effective vote on any matter at the Meeting, there must be a quorum. A quorum exists when the holders of a majority of the shares entitled to vote are present in person or represented by proxy. Based on the number of shares of CSS common stock outstanding on the record date, the holders of 4,547,199 shares of CSS common stock are required to be present in person or represented by proxy in order to have a quorum at the Meeting. Each share of CSS common stock entitles the holder thereof to one vote on the election of each of the nominees for director and one vote on each other matter that may properly come before the Meeting.

Directors will be elected by a majority of the votes of the shares present at the Meeting (either in person or represented by proxy) and cast with respect to that director at the Meeting. The affirmative vote of the holders of a majority of the shares present at the Meeting (either in person or represented by proxy) and cast on the proposal will be required to approve our Management Incentive Program, as amended (the "MIP"). With respect to the advisory vote on the frequency of holding future advisory stockholder votes to approve the compensation paid to our named executive officers, if none of the frequency options receive a majority of the votes cast, the option receiving the greatest number of votes will be considered the frequency recommended by the Company's stockholders. The affirmative vote of the holders of a majority of the shares present at the Meeting (either in person or represented by proxy) and entitled to vote will be required: to ratify the selection of KPMG LLP ("KPMG") as our independent registered public accounting firm for the fiscal year ending March 31, 2018; to approve, on an advisory basis, the compensation paid to our named executive officers for the fiscal year ended March 31, 2017; and to approve any other matter to be voted on at the Meeting.

An abstention and a "broker non-vote" will count as present at the Meeting for purposes of determining a quorum, but will not count as a vote cast with respect to any matter for which abstain is specified or a broker non-vote applies. Therefore, abstentions and broker non-votes will have no effect on the outcome of matters determined by a majority of the votes cast, and they will have the same effect as an "against" vote for matters determined by a majority of the shares present at the Meeting. A broker non-vote occurs when a nominee (such as a broker) does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that proposal and has not received voting instructions from the beneficial owner.

WHAT IF OTHER MATTERS ARE VOTED ON AT THE MEETING?

With respect to any other matter that properly comes before the Meeting, the proxy holders will vote the proxies in their discretion in accordance with their best judgment and in the manner they believe to be in the best interest of CSS. For example, if you do not give instructions on your proxy card or by Internet or telephone, and a nominee for Director listed on the proxy card withdraws before the election (which is not now anticipated), your shares will be voted by the proxy holders for any substitute nominee as may be nominated by the Board of Directors. The proxy holders are Scott A. Beaumont, Robert E. Chappell and Rebecca C. Matthias.

On the date we filed this proxy statement with the Securities and Exchange Commission, the Board did not know of any other matters to be brought before the Meeting other than those described in this proxy statement.

HOW WILL MY SHARES BE VOTED IF I MARK "ABSTAIN" ON ANY PROPOSAL ON MY PROXY CARD?

We will count a properly executed proxy card marked "Abstain" as present for purposes of determining whether a quorum is present, but the shares represented by that proxy card will not be voted at the Meeting for the proposals so marked.

HOW DO I REVOKE MY PROXY?

You may revoke your proxy at any time before the vote is taken at the Meeting. You may revoke your proxy by submitting a proxy bearing a date later than the date of the proxy that you wish to revoke. You may submit your later-dated proxy over the Internet, by telephone or by mail, in each case by following the instructions on the enclosed proxy card. Your shares will be voted as instructed by you in your latest-dated proxy that is timely submitted. You also may revoke your proxy by submitting a written notice of revocation to the Secretary of CSS at our mailing address shown on the Notice of Annual Meeting of Stockholders that accompanies this proxy statement. You also may revoke your proxy by attending the Meeting and voting in person. Your attendance at the Meeting will not in and of itself constitute revocation of a proxy if you do not submit a written revocation, submit a later-dated proxy or vote in person.

WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE PROXY CARD OR VOTING INSTRUCTION FORM?

If you hold your shares in more than one account, you will receive a proxy card or voting instruction form for each account. To ensure that all of your shares are voted, please vote using each proxy card or voting instruction form you receive or, if you vote by Internet or telephone, you will need to enter each of your Control Numbers. Remember, you may vote by telephone, Internet or by signing, dating and returning the proxy card in the postage-paid envelope provided.

WHO WILL SOLICIT PROXIES ON BEHALF OF THE BOARD?

Proxies may be solicited on behalf of the Board, without additional compensation, by CSS's directors, officers and regular employees. Additionally, we may engage a proxy solicitor to solicit proxies from stockholders in connection with the Meeting.

The original solicitation of proxies by mail may be supplemented by telephone, telegram, facsimile, electronic mail, and personal solicitation by our directors, officers or other regular employees (who will receive no additional compensation for such solicitation activities). You may also be solicited by advertisements in periodicals, press releases issued by us and postings on our corporate website. Unless expressly indicated otherwise, information contained on our corporate website is not part of this proxy statement.

WHO WILL PAY THE COSTS OF THIS PROXY SOLICITATION?

The entire cost of soliciting proxies, including the costs of preparing, assembling, printing and mailing this proxy statement, the proxy card and any additional soliciting materials furnished to stockholders, will be borne by CSS. Copies of solicitation material will be furnished to banks, brokerage houses, dealers, banks, voting trustees, their respective nominees and other agents holding shares in their names, which are beneficially owned by others, so that they may forward this solicitation material, together with our Annual Report on Form 10-K for the fiscal year ended March 31, 2017, to beneficial owners. In addition, if asked, we will reimburse these persons for their reasonable expenses in forwarding these materials to the beneficial owners.

Directors, officers and regular employees of CSS who solicit proxies in connection with the Meeting will not receive payment specifically for such services. If we engage a proxy solicitor to solicit proxies from stockholders in connection with the Meeting, we may agree to pay a fee for such services and to reimburse the solicitor for all reasonable disbursements. Any such fee is estimated to be approximately $10,000.

HOW CAN I OBTAIN ADDITIONAL COPIES OF THESE MATERIALS OR COPIES OF OTHER DOCUMENTS?

Complete copies of this proxy statement and our Annual Report on Form 10-K for the fiscal year ended March 31, 2017 are also available on the Internet at http://www.viewproxy.com/CSSIndustries/2017.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR
THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON AUGUST 1, 2017:

The Notice of the CSS Industries, Inc. Annual Meeting of Stockholders to be held on August 1, 2017, the Proxy Statement for the Meeting and the CSS Industries, Inc. Annual Report for the fiscal year ended March 31, 2017 are available on the Internet at http://www.viewproxy.com/CSSIndustries/2017.

OUR BOARD OF DIRECTORS

The business and affairs of CSS is managed under the direction of our Board. We recently expanded the depth, breadth and range of experience represented on our Board by increasing the size of the Board from six directors to seven and electing Harry J. Mullany, III as our newest Board member. We have nominated each of our current directors for election to the Board at the Meeting.

Below, we provide biographical information about each of our Board members, including, in the "qualifications" section below each director's name, information about each director's specific experience, qualifications, attributes and skills that led our Board to conclude that he or she should serve on our Board. We have also provided a chart that summarizes this information for the full Board. Ages are stated as of the date of the Meeting.

Scott A. Beaumont, age 64, served as Chief Executive Officer, Lilly Pulitzer Group of Oxford Industries, Inc., an international apparel design, sourcing and marketing company, from December 2010 to March 2016. From 1993 to December 2010, he was Chairman and Chief Executive Officer of Sugartown Worldwide, Inc. ("Sugartown"), a designer, marketer and distributor of apparel, accessories and home fashions under the Lilly Pulitzer® trademark. In December 2010, Oxford Industries, Inc. acquired Sugartown, of which Mr. Beaumont was a co-founder. Mr. Beaumont has served as one of our directors since 2005.

Qualifications: In addition to his extensive consumer products industry knowledge in the areas of product design, brand development, marketing, sales, distribution and international sourcing, Mr. Beaumont has proven leadership skills in formulating corporate strategy, building high performance teams, and cultivating organic growth. During Mr. Beaumont's time as co-founder and Chief Executive Officer of Lilly Pulitzer®, the company grew profitably from start up to over $200 million in net sales, all through organic growth. He also has significant e-commerce experience, having overseen the development and implementation of a successful e-commerce platform for Lilly Pulitzer®, and advanced knowledge of accounting and finance, qualifying as an audit committee financial expert.

Robert E. Chappell, age 72, served as Chairman of The Penn Mutual Life Insurance Company ("Penn Mutual"), a mutual life insurance company providing life insurance and annuity products, from 1996 until 2013, and he currently serves on Penn Mutual's Board of Trustees. He served as Penn Mutual's Chief Executive Officer from April 1995 until February 2011 and as its President from January 2008 to March 2010. Prior to joining Penn Mutual, Mr. Chappell served as Chairman of Provident National Bank, a commercial bank, and executive vice president of its parent company, PNC Bank Corp. He previously served as a director of the Federal Reserve Bank of Philadelphia. Mr. Chappell currently serves on the board of directors of Quaker Chemical Corporation, a producer and marketer of formulated chemical specialty products and provider of chemical management services. He has served as one of our directors since September 2012.

Qualifications: From his distinguished career in executive leadership roles in the insurance, financial services and commercial banking industries and his extensive experience serving on boards of public and private companies, including his service as Chair of the Governance Committee of Quaker Chemical Corporation, Mr. Chappell brings to our Board highly advanced knowledge, experience and skills in corporate governance, accounting and finance, financial reporting, risk assessment, organizational development, global organizations, strategic planning and corporate development.

Elam M. Hitchner, III, age 70, is a retired former partner of the law firm Pepper Hamilton LLP ("Pepper Hamilton"). He was a partner of Pepper Hamilton from May 1992 to June 1999, and returned to the firm in January 2001 as a partner and subsequently as "of counsel" through 2004. From 2005 until December 2015, he provided consulting services to Pepper Hamilton, which provides legal services to CSS. Mr. Hitchner is no longer associated with Pepper Hamilton. When he was associated with Pepper Hamilton, Mr. Hitchner did not participate in the firm's provision of legal services to CSS. (See Board Independence for further information.) From July 1999 through December 2000, Mr. Hitchner was a general partner of venture capital firms Meridian Venture Partners and Meridian Venture Partners II. From 1994 to 2011, Mr. Hitchner served as a director of Destination Maternity Corporation ("Destination Maternity"), a designer and retailer of maternity apparel, and from 2004 to 2012, he was a director of eResearch Technology, Inc. ("eResearch Technology"), a provider of services and customizable medical devices to biopharmaceutical and healthcare organizations. In addition to previously serving on the Audit and Nominating and Governance Committees of Destination Maternity (where he chaired both committees) and eResearch Technology, he previously served as non-executive Chairman of the Board of Destination Maternity and as Lead Independent Director of eResearch Technology, in addition to serving on its Compensation Committee. Mr. Hitchner has been a member of our Board since May 2013.

Qualifications: From his extensive experience with Pepper Hamilton as a corporate transactional lawyer with an emphasis on mergers and acquisitions, including public companies, private equity and venture capital, Mr. Hitchner possesses expertise in complex business transactions, including mergers and acquisitions and financings. His contributions to our Board are broadened by his prior experience as a general partner of two venture capital firms. In addition to bringing valuable perspective and insight from his prior service as a director on other public company boards, Mr. Hitchner brings substantial board leadership experience from serving other public companies as non-executive Chairman of the Board, as Independent Lead Director and as Chairman of an Audit Committee, and a Nominating and Governance Committee.

Rebecca C. Matthias, age 64, has served as non-executive Chair of our Board since July 2015 and has served as one of our directors since 2003. Ms. Matthias founded Destination Maternity in 1982 and took the company public in 1993. She served as President of Destination Maternity from inception until 2010 and as a director from inception until February 2011. She also served as its Chief Operating Officer from 1993 until 2007, and as its Chief Creative Officer from 2007 until 2010. Since September 2010, Ms. Matthias has served as a director of Penn Series Funds, Inc. ("Penn Series Funds"), a diversified management investment company with total assets of approximately $8 billion across multiple investment portfolios, where Ms. Matthias serves as Audit Committee Chair and lead director. From 2004 to 2006, Ms. Matthias served as a director of then-public company Russell Corporation, an athletic and sporting goods company, where Ms. Matthias served on the Management Development and Compensation Committee. Ms. Matthias serves as a director of the privately held "honeygrow" restaurant chain, and she is an emeritus member of the Industry Advisory Board of The Jay H. Baker Retailing Center, an interdisciplinary industry research center at the Wharton School of the University of Pennsylvania. In 1992, Ms. Matthias was chosen as "Regional Entrepreneur of the Year" by Inc. Magazine and Merrill Lynch Corporation, and in September 2003, Ms. Matthias was recognized as a top woman entrepreneur by the United States Small Business Administration.

Qualifications. Under the leadership of Ms. Matthias, Destination Maternity grew from a home-based start-up business to the leading designer and retailer of maternity apparel in the United States and the only nationwide chain of maternity apparel specialty stores. From her experience driving Destination Maternity's growth from conception to public company with a nationwide presence and annual net sales of more $500 million, Ms. Matthias possesses exceptional consumer products industry knowledge, particularly in the areas of product design, development and marketing, international sourcing, and sales and distribution through both specialty and mass market retailer channels. In addition to her extensive consumer products industry experience, Ms. Matthias brings valuable corporate governance and other perspective and insight from her service on the boards of other companies, both public and private.

Harry J. Mullany, III, age 59, served as President of Toys R Us, Inc., a global toy and baby products retail company, from November 2013 until August 2015. From February 2011 until May 2013, he served as Chief Executive Officer of The ServiceMaster Company, Inc., a leading provider of essential residential and commercial services. From January 2006 until November 2010, Mr. Mullany served in various capacities with Wal-Mart Stores, Inc., a global retailer, including as Executive Vice President and as President North Business. From 2003 to 2006, he served as Executive Vice President and Chief Operating Officer of the Kimmel Center for Performing Arts, an operator of multiple performing arts venues. From 1988 until 2002, Mr. Mullany served in various positions, including as President, with Genuardi's Family Markets, L.P., a regional supermarket chain acquired in 2001 by Safeway, Inc. Mr. Mullany has served as Chief Executive Officer of HJM Consulting LLC, a business consulting firm, since founding the firm in 2016, and he has served as one of our directors since February 2017.

Qualifications. Mr. Mullany is a seasoned business leader with a record of accomplishment improving the performance of large (multi-million and multi-billion dollar), complex, multi-brand organizations in competitive categories. He brings to our Board demonstrated skills in the areas of strategic planning, talent acquisition and management, business transformation, cultural transformation and executional excellence. From his executive leadership roles with Toys R Us, Inc., Wal-Mart Stores, Inc. and Genuardi's Family Markets, L.P., Mr. Mullany contributes expansive retail industry knowledge to our Board. Further, our Board benefits from his e-commerce industry knowledge garnered from overseeing the management, development and growth of multiple e-commerce platforms while serving in executive leadership roles in retail and with The ServiceMaster Company, Inc.

Christopher J. Munyan, age 52, has been our President and Chief Executive Officer since July 2006. He served as our Executive Vice President and Chief Operating Officer from October 2005 until June 2006. From 1999 until 2005, Mr. Munyan served as President of our Berwick Offray LLC ("Berwick Offray") business. From 1993 to 1999, Mr. Munyan served Berwick Offray in various capacities, including Senior Vice President - Finance and Administration. Mr. Munyan has served as one of our directors since 2006. Prior to joining Berwick Offray in 1993, Mr. Munyan worked in public accounting, finance and consulting, including positions with automobile distributer Subaru of America, Inc. and public accounting firm Coopers and Lybrand.

Qualifications: In addition to bringing intimate knowledge of the Company's operations, the talents and capabilities of the Company's management team, and a sophisticated understanding of the expectations of the Company's customers, Mr. Munyan brings to our Board extensive managerial, accounting, financial and leadership skills. He also brings significant and valuable insight from his experience overseeing the identification of suitable acquisition candidates, the negotiation of acquisition agreements, and the integration of acquired businesses into the Company's existing operations.

William Rulon-Miller, age 69, Mr. Rulon-Miller served as either Director or Co-Director of the Investment Banking Group for Janney Montgomery Scott, a financial services firm, from 1982 to 2009, and he served on its board of directors from 2005 to 2009. He served as a Managing Director of Cross Atlantic Capital Partners, a venture capital firm, from 2009 until 2012. He served as President of Knowles Science Teaching Foundation, a non-profit organization, from March 2012 to February 2016, and he currently serves on its board of trustees. Mr. Rulon-Miller previously served on the board of directors of public companies Metrologic Instruments, Inc., a designer and manufacturer of optical imaging equipment, Intelligent Electronics, Inc., an information technology products and services company, The JPM Company, a manufacturer of cable assemblies and wire harnesses, and Destination Maternity. He has been a member of our Board since March 2016.

Qualifications: With over 35 years of experience as an investment banker and venture capitalist, Mr. Rulon-Miller has been involved in numerous mergers and acquisitions transactions ranging in size from $10 million to $500 million, and he has actively participated in multiple private and public transactions, raising over $15 billion for client companies cumulatively during his career. With such experience, Mr. Rulon-Miller brings to our Board seasoned expertise in the areas of mergers and acquisitions, including target identification, valuation analysis and deal structuring, and an advanced knowledge and understanding of capital markets. He also brings valuable insight from his significant leadership roles with Janney Montgomery Scott, Cross Atlantic Capital Partners, and Knowles Science Teaching Foundation, and his experience serving on the boards of private and public companies, including public companies with significant domestic manufacturing operations.

Summary of Director Qualifications and Experience

Qualifications and Experience	Scott A. Beaumont	Robert E. Chappell	Elam M. Hitchner, III	Rebecca C. Matthias	Harry J. Mullany, III	Christopher J. Munyan	William Rulon-Miller
Business Ethics experience is important as we place great significance in our ethics when dealing with customers, suppliers and the community in general	√	√	√	√	√	√	√
Executive Leadership experience is important as we believe that directors who have backgrounds involving leadership experience are able to inculcate and enhance those qualities in others	√	√	√	√	√	√	√
Business Operations experience gives our directors a practical understanding of the challenges and opportunities that our company faces	√	√		√	√	√	√
Consumer Products Industry experience is important in understanding and reviewing our business and strategy	√		√	√	√	√	
Corporate Governance experience supports our goal of constantly refining and enhancing the strength and breadth of our governance functions	√	√	√	√	√	√	√
Corporate Strategy experience is important for long-range planning to enhance stockholder value	√	√	√	√	√	√	√
Finance/Capital Allocation experience is important in evaluating our capital structure, leverage policies and financial statements	√	√	√	√	√	√	√
Financial Expertise/Literacy assists our directors in understanding and overseeing our financial reporting and internal controls	√	√	√	√	√	√	√
Investor Relations experience is helpful in aiding our goal of enhancing our investor relations		√	√	√	√		√
Marketing/Sales experience is helpful to us as we seek to identify, develop and expand new and existing markets for our products	√			√	√	√	
Mergers and Acquisitions experience is valuable to us as we consider potential acquisition targets for our expansion strategy		√	√	√	√	√	√
Risk Management experience is critical to our Board’s role in overseeing the risks facing our Company	√	√	√	√	√	√	√

Talent Management experience is valuable in helping us attract, motivate and retain strong candidates for positions at the Company	√	√	√	√	√	√	√

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PROPOSAL 1 — ELECTION OF DIRECTORS

Upon the recommendation of our Board’s Nominating and Governance Committee, our Board has nominated for election as directors the individuals listed below, all of whom are presently members of our Board. Directors who are elected will hold office until our 2018 Annual Meeting of Stockholders and until the election and qualification of their respective successors. Our Board believes all of the nominees possess the experience, qualifications, attributes and skills to provide significant value to CSS. For information on the background and qualifications of each of these nominees, see OUR BOARD OF DIRECTORS.

Scott A. Beaumont
Robert E. Chappell
Elam M. Hitchner, III
Rebecca C. Matthias
Harry J. Mullany, III
Christopher J. Munyan
William Rulon-Miller

Our Board believes that all of the above-listed nominees will be able to serve as directors. However, if this should not be the case, the proxies may be voted for one or more substitute nominees, to be designated by the Board, or the Board may reduce the number of directors, in each case, after considering the recommendation of its Nominating and Governance Committee.

Our board unanimously recommends a vote “for” the election of all of the nominees listed above.

OUR EXECUTIVE OFFICERS

Our executive officers are elected or designated annually by the Board to serve until their successors are elected and qualified or until their earlier resignation or removal. Our current executive officers are listed below. Ages are stated as of the date of the Meeting.

Carey B. Edwards, age 46, has been our Executive Vice President – Sales since July 2015. Mr. Edwards has been associated with CSS since January 2007 when he commenced employment with us as Vice President – Sales and Marketing of our Berwick Offray LLC business. Since that time, Mr. Edwards has assumed progressively increasing sales leadership responsibilities across our product lines and businesses. In his current role, Mr. Edwards is the lead sales executive for retailer distribution channels across all CSS product lines and businesses.

Cara L. Farley, age 49, has been our Senior Vice President – Marketing and Product Development since September 2015. From June 2010 to August 2015, Ms. Farley served as Vice President – Product Development of the EK Success Brands group of Wilton Brands, LLC. EK Success Brands is a creative consumer products group in the scrapbooking market. In her position with EK Success Brands, Ms. Farley managed all aspects of new product introductions, including strategic planning, concept development, market research planning and consumer marketing program execution across various proprietary and licensed brands, as well as private label programs.

William G. Kiesling, age 54, has been our Vice President – Legal and Licensing and General Counsel since July 2015. From August 2006 to July 2015 he served as our Vice President – Legal and Human Resources and General Counsel. He served as our Vice President and General Counsel from August 2005 until August 2006. From February 1995 to July 2005, Mr. Kiesling served in various legal capacities, including Vice President and Associate General Counsel, with ARAMARK Corporation, a provider of food, hospitality and facility management services and uniform and work apparel.

Christopher J. Munyan is our President and Chief Executive Officer and a member of our board of directors. His biographical information appears under OUR BOARD OF DIRECTORS.

John M. Roselli, age 45, has been our Executive Vice President – Finance and Chief Financial Officer since joining CSS in February 2017. From 2014 to 2017, he served as Vice President of Finance and Chief Financial Officer of the $800 million global Sensor Solutions business of TE Connectivity Ltd. (NYSE: TEL) (“TE”), a designer and manufacturer of connectivity and sensor solutions. In such capacity, he has had responsibility for all aspects of finance, including controllership, strategic planning and modeling, forecasting, budgeting, and operations finance for over 20 manufacturing sites. Mr. Roselli, a Chartered Financial Analyst®, previously served in similar financial leadership roles for TE’s Data Communications business unit from 2011 to 2014 and TE’s Global Distribution business from 2008 to 2011. From 2003 to 2008, Mr. Roselli served in Investor Relations for TE and its former parent company, Tyco International (“Tyco”), including serving as TE’s lead Investor Relations Officer for the $14 billion spin-off of TE from Tyco in 2007. Prior to joining Tyco, Mr. Roselli served for approximately six years as an equity analyst with Citigroup.

John S. White, age 53, has been our Executive Vice President – Operations since joining CSS in March 2017. He has approximately 30 years of operations management experience with E. I. du Pont de Nemours and Company (NYSE: DD) (“DuPont”), a global manufacturing company, where his responsibilities included leading supply chain operations, including sourcing, logistics, demand-driven fulfillment and manufacturing, in the United States, Asia and Europe. From December 2015 until March 2017, he served as Manufacturing Director of DuPont Performance Materials, with responsibility for multiple operations in DuPont’s Americas region. From 2012 to 2015, he served initially as Program Leader and later as Supply Chain Director for DuPont Performance Polymers in Shanghai, China. Prior to that, from 2009 to 2012, he served initially as Operations Business Leader and later as Program Leader of DuPont Performance Polymers. From 1998 to 2009, he served in various operational leadership capacities with DuPont Performance Elastomers and Dow DuPont Elastomers, including service for approximately four years as a Unit Manager and Managing Director of a specialty polymer plant in Dordrecht, Netherlands.

Executive Officer Changes. Vincent A. Paccapaniccia served as our Chief Financial Officer during fiscal 2017 until he resigned from that position in August 2016. He left CSS in September 2016. David F. McHugh served as our interim Chief Financial Officer from August 2016 until February 2017 and currently serves as our Vice President – Finance. Christian A. Sorensen served as our Executive Vice President – Operations during fiscal 2017 until he transitioned into a different role in March 2017. Mr. Sorensen left CSS in May 2017.

CORPORATE GOVERNANCE

Recent Corporate Governance Actions

Majority Voting for Uncontested Director Elections. In March 2017, our Board amended our bylaws to adopt a “majority voting” standard for uncontested director elections. In any election for directors in which the number of nominees for director does not exceed the number of directors to be elected, our bylaws now provide that directors will be elected by a majority of the votes cast with respect to that director. Prior to the amendment, directors were elected if they received a plurality of the votes of the shares entitled to vote on the election of directors that were present in person or represented by proxy.

Director Resignation Policy. In connection with adopting the majority voting standard, our Board also adopted a director resignation policy which provides that an incumbent director who does not receive the requisite affirmative majority of the votes cast for his or her re-election in any uncontested election must submit to the Board his or her offer to resign, which offer shall be irrevocable pending Board action. Under the policy, the independent members of the Board (excluding the nominee in question if applicable) will make a determination, within ninety days following certification of the stockholder vote, as to whether to accept the director’s resignation.

Expansion of the Size of the Board. In February 2017, our Board increased the size of the Board from six directors to seven and enhanced the Board’s collective depth, breadth of experience and capabilities by electing Harry J. Mullany, III as our newest director. For information on Mr. Mullany’s background and qualifications, see OUR BOARD OF DIRECTORS.

Director Stock Ownership Guidelines. During fiscal 2017, our Board adopted Director Stock Ownership Guidelines applicable to all of our non-employee directors. Under the guidelines, non-employee directors are required to hold shares of CSS common stock having a value equal to or greater than three (3) times the amount of the annual cash retainer paid to non-employee directors for service on the Board, exclusive of cash retainers paid for service on a committee or as Chair of the Board. Vested equity awards, other than stock options, count towards the ownership requirement, and are valued net of shares needed to pay taxes on such awards that have not yet become due. Non-employee directors have until August 2, 2021, the fifth anniversary of the date of adoption of the guidelines, to meet the ownership requirement, except that newly elected directors must meet the requirement within five years after joining the Board. Prior to meeting the requirement, directors are required to retain any shares acquired from equity compensation provided by CSS, other than shares sold or withheld to pay the exercise price for stock options or to pay taxes related to any such equity compensation. Compliance with the guidelines is monitored by the Nominating and Governance Committee and measured annually. All non-employee directors are in compliance with the guidelines.

Board Independence

The Board has affirmatively determined that each of our non-employee directors (i.e., Messrs. Beaumont, Chappell, Hitchner, Mullany and Rulon-Miller and Ms. Matthias) has no material relationship with CSS (either directly or as a partner, stockholder or officer of an organization that has a relationship with CSS) and is an independent director within the meaning of the New York Stock Exchange (“NYSE”) rules.

The Board has determined that each of the members of the Audit Committee, the Human Resources Committee and the Nominating and Governance Committee is independent within the meaning of the NYSE rules. To assist the Board in making determinations of independence, the Board has adopted the following categorical standards:

(i) A director will not be independent if: (1)(A) the director is a current partner or employee of CSS’ internal or external auditor, or (B) an immediate family member of the director is either (x) a current partner of such a firm or (y) a current employee of such a firm and personally works on CSS’ audit, or (C) within the preceding three years the director or an immediate family member of the director was a partner or employee of CSS’ present or former external auditor and personally worked on CSS’ audit within that time; or (2) currently, or within the preceding three years: (A) the director is or was employed by CSS; (B) an immediate family member of the director is or was employed by CSS as an executive officer; (C) the director, or an immediate family member of the director is or was employed as an executive officer of another entity, as to which any of CSS' executive officers at the same time served on the compensation committee of such other entity; (D) the director, or an immediate family member of the director received, during any 12 month period, more than $120,000 in direct compensation from CSS, other than director related fees; or (E) the director is or was an executive officer or otherwise employed by an entity, or an immediate family member of the director is or was employed by an entity, that made payments to, or received payments from, CSS for property or services in an amount which in any of CSS' fiscal years exceeded the greater of $1 million, or 2% of the other entity's gross revenues.

(ii) Service by a CSS director as an executive officer of a charitable organization as to which the charitable contributions made by CSS and the Farber Foundation to such charitable organization are less than the greater of 2% of that organization's total annual charitable receipts or $1 million per annum, shall not be considered a material relationship that would impair a director's independence.

All non-employee directors satisfied these categorical standards, which are set forth in our Corporate Governance Principles, which can be accessed on our website at www.cssindustries.com/corporate-governance.

Board Meetings; Director Attendance at Annual Meeting of Stockholders

Our Board held seven meetings during our past fiscal year. The Board does not have a formal policy concerning attendance by members of the Board at our Annual Meeting of Stockholders but encourages all directors to attend. All of our current Board members who were members of the Board at the time attended our 2016 Annual Meeting of Stockholders.

Board Committees; Committee Membership; Committee Meetings

CSS has an Audit Committee, a Human Resources Committee, a Nominating and Governance Committee, and an Executive Committee. The Human Resources Committee performs the functions typically performed by a compensation committee. The following table shows the current committee membership and the number of meetings that each committee held during the fiscal year ended March 31, 2017.

Committee membership and number of meetings

Committee	Committee Members – *denotes Committee Chair	Number of Meetings in Fiscal 2017
Audit	Robert E. Chappell*, Scott A. Beaumont, Elam M. Hitchner, III and William Rulon-Miller	4
Human Resources	Elam M. Hitchner, III*, Robert E. Chappell(1), Rebecca C. Matthias and Harry J. Mullany, III(2)	5
Nominating and Governance	Rebecca C. Matthias*, Scott A. Beaumont and William Rulon-Miller(3)	4
Executive	Rebecca C. Matthias*, Scott A. Beaumont and Robert E. Chappell	—

(1) Mr. Chappell joined the Human Resources Committee on August 2, 2016. Prior to that date, Mr. Beaumont served on the Human Resources Committee.

(2) Mr. Mullany joined the Human Resources Committee on February 6, 2017.

(3) Mr. Rulon-Miller joined the Nominating and Governance Committee on August 2, 2016. Prior to that Mr. Chappell served on the Nominating and Governance Committee.

Committee Charters; Corporate Governance Principles; and Other Corporate Governance Documents

The Audit Committee, Human Resources Committee, and Nominating and Governance Committee each operate under a written charter adopted by the Board. Each of these charters and each of the documents listed below is available in print to any stockholder who requests it:

- CSS Corporate Governance Principles (including categorical standards for the determination of director independence)
- CSS Code of Ethics and Internal Disclosure Procedures
- CSS Code of Business Conduct and Ethics for our Directors

In addition, you may access the charters and documents listed above on our website at www.cssindustries.com/corporate-governance. This and all other references to our website in this proxy statement are intended to be inactive textual references only.

Audit Committee

The Audit Committee oversees the integrity of our financial statements and our internal control over financial reporting, including the annual audits thereof. The Audit Committee has sole authority to retain, compensate and terminate our independent auditors, and it oversees their performance and independence. The Audit Committee also oversees our internal audit function, our compliance with legal and regulatory requirements, and our risks relating to financial reporting, pending and threatened litigation and legal compliance matters, as well as management's actions to assess, monitor and address such risks.

Pre-Approval Policy for Audit and Non-Audit Services. Pursuant to the Audit Committee's pre-approval policy, the Audit Committee reviews and approves in advance all audit and lawfully permitted non-audit services performed by our independent auditors. The engagement terms for annual audit services are subject to specific pre-approval by the Audit Committee. On an annual basis, the Audit Committee may pre-approve non-audit services described in sufficient detail for the Audit Committee to assess the impact of those services on our outside auditor's independence. Any one member of the Audit Committee may approve non-audit services for fees of up $50,000 in a fiscal year, and any two members may approve non-audit services for fees of up to $100,000 in a fiscal year. Any approval by one or two members is reported to the Audit Committee, for informational purposes, at its next regular meeting following such approval.

Audit Committee Financial Experts. Our Board has determined that Messrs. Beaumont, Chappell and Rulon-Miller each meet the criteria of an "audit committee financial expert" as that term is defined in SEC regulations. Each Audit Committee member is also independent under applicable SEC and NYSE rules.

Contacting the Audit Committee. You may contact the Audit Committee to report complaints about our accounting, internal accounting controls or auditing matters by writing to the following address: Audit Committee, c/o CSS Industries, Inc., 450 Plymouth Road, Suite 300, Plymouth Meeting, PA 19462. You can report your concerns to the Audit Committee anonymously or confidentially.

Human Resources Committee

The Human Resources Committee evaluates the performance of our chief executive officer and other executive officers and approves their compensation. It also reviews and makes recommendations to our Board regarding the compensation of our Board Chair and our other non-employee directors. The Human Resources Committee oversees the development and implementation of our compensation strategy and our benefit policies, plans and programs, it determines the form and amount of equity compensation awards to employees under our 2013 Stock Plan, and it makes recommendations as the form and amount of equity compensation provided to our Board Chair and our other non-employee directors. Further, the Human Resources Committee monitors the independence of its compensation consultant and its other advisers.

Nominating and Governance Committee

The Nominating and Governance Committee is responsible for identifying qualified individuals for Board membership and recommending individuals for nomination to the Board and its committees. In addition, the Nominating and Governance Committee reviews and makes recommendations to the Board as to changes in Board structure, the range of qualifications that should be represented on the Board and eligibility criteria for individual Board membership. The Nominating and Governance Committee is also responsible for developing and recommending corporate governance principles to the Board and overseeing the evaluation of the Board and its Committees.

Executive Committee

The Executive Committee may exercise all the authority of the Board in our business and affairs, to the extent permitted by law, at a time when action of the entire Board is not feasible.

Procedures and Processes with Regard to Executive Compensation

The Human Resources Committee determines annual base salaries for the chief executive officer and other executive officers; determines the type and amount of short-term incentive awards under our management incentive program (“MIP”) and sets the performance goals for such awards; determines the extent to which such performance goals have been achieved and the extent to which there will be payouts under the discretionary component of our bonus program; and determines the form and amount of long-term incentive awards.

CSS management provides the Human Resources Committee with materials containing compensation-related information and recommendations, including recommendations as to the amount and form of compensation for executive officers other than the chief executive officer. These materials are prepared by or under the direction of Messrs. Munyan and Kiesling, who, in turn, obtain direction from the Chair of the Human Resources Committee. In preparing such materials, management confers with representatives of Frederic W. Cook & Co., Inc. (“F.W. Cook”), in its capacity as an independent compensation adviser to the Human Resources Committee, and portions of such materials are prepared by, or reflect the advice and input of F.W. Cook, acting in such capacity. The Human Resources Committee determines the matters as to which F.W. Cook prepares materials or provides its advice and input to our management in connection with the preparation of such materials.

On an annual basis, and otherwise as deemed appropriate by Mr. Munyan or as requested by the Human Resources Committee, Mr. Munyan provides the Human Resources Committee with his evaluation of the performance of our named executives, including Mr. Munyan’s own self-evaluation. Certain of our executive officers participate in meetings of the Human Resource Committee. Executive officers do not participate, and are not present, during portions of meetings in which the Human Resources Committee considers their individual performance and approves their compensation.

Procedures and Processes with Regard to Director Compensation

Under our bylaws, our Board has authority and responsibility for determining the nature and amount of all compensation paid to the members of our Board. On an annual basis, our Board reviews and sets the amount of fees paid to non-employee directors and determines the form and amount of equity compensation provided to our non-employee directors. Our Human Resources Committee, in consultation with F.W. Cook, reviews and makes recommendations to the Board regarding the form and amount of director compensation. See DIRECTOR COMPENSATION – FISCAL 2017 for further information concerning the form and amount of director compensation provided by CSS.

Use of Compensation Consultants

The Human Resources Committee directly engaged F.W. Cook, an independent compensation consulting firm, to perform an executive compensation review, which was considered by the Human Resources Committee in making executive compensation determinations for our 2017 fiscal year. The Human Resources Committee consulted with F.W. Cook concerning the following for fiscal 2017: the setting of annual base salaries for our executive officers, the structure of our bonus program, including target and threshold performance criteria and award levels under the performance component of our bonus program; and the form, structure and amount of long-term incentives. The Human Resources Committee also engaged F.W. Cook to prepare a director compensation review that was considered by the Human

Resources Committee in formulating its recommendations to the Board as to the form, structure and amount of compensation to be provided to non-employee directors. The Board also considered F.W. Cook's director compensation review in determining non-employee director compensation.

The Human Resources Committee has determined that F.W. Cook is independent with respect to CSS and that there are no known conflicts of interest in connection with F.W. Cook's role as the Human Resources Committee's independent compensation adviser. In making such determination, the Human Resources Committee considered:

- That F.W. Cook provides no services to CSS or its management other than the services performed for the Human Resources Committee in F.W. Cook's capacity as an independent adviser to the Human Resources Committee.
- That the fees and expenses paid to F.W. Cook by CSS during 2016 were less than 1% of F.W. Cook's total consulting income during such period.
- F.W. Cook's policies and procedures designed to prevent conflicts of interest, and its affirmation as to its compliance with such policy.
- F.W. Cook's policy restricting its employees from trading in the securities of F.W. Cook's clients, and its affirmation as to its compliance with such policy.
- The absence, following inquiry, of any identified business or personal relationships between employees of F.W. Cook, on the one hand, and our executive officers or the members of the Human Resources Committee, on the other hand.

Human Resources Committee Interlocks and Insider Participation

The Human Resources Committee performs the functions typically performed by a compensation committee. Mr. Hitchner and Ms. Matthias served as members of the Human Resources Committee throughout fiscal 2017, and Messrs. Beaumont, Chappell and Mullany each served as a member for part of fiscal 2017. None of these individuals has served as an officer or employee of CSS, either during fiscal 2017 or previously, or had any relationship requiring disclosure under Item 404 of Regulation S-K.

Executive Sessions of Non-Management Directors

Ms. Matthias, in her capacity as non-executive Chair of the Board, presides at the regularly scheduled executive sessions of our non-management directors, each of whom is an independent director. Each session has been scheduled to be held immediately following each regularly scheduled meeting of the Board.

Board Leadership Structure

Although our bylaws do not prohibit our chief executive officer from serving as Chair of our Board, these two positions are not held by the same individual. Our Board believes that this leadership structure is appropriate based on the experience and capabilities of our Board Chair, Ms. Matthias, who is an independent director, and our chief executive officer, Mr. Munyan. Our Board also believes that this structure is appropriate because it allows our chief executive officer to focus primarily on leading the business while the Board Chair focuses on Board functions and responsibilities.

Board's Role in Risk Oversight

Management is responsible for risk management, including identifying risks, assessing threats posed by those risks, determining how those risks should be addressed, and monitoring the status of those risks and the status of any actions that management has determined to implement to address those risks. The Board's role in risk management is to oversee these activities. The Board administers its oversight responsibilities with regard to risk management by considering management presentations and reports, engaging in discussions with management, questioning management, and constructively challenging management's assessments and conclusions. The Board also directs management to consider, assess and report to the Board on matters that the Board views as potential risks, if management has not already identified or assessed those potential risks.

The Board administers its risk oversight responsibilities at both the full Board level and at the Committee level. Generally, the full Board oversees risk management with respect to strategic and operational matters and as to risks that may significantly affect our business, results of operations or financial condition (which sometimes may involve risks primarily overseen at the Committee level). In this regard, there can be some overlap among matters overseen by the full Board and by Committees of the Board. The Audit Committee has primary oversight responsibility for risks that may impact the effectiveness of our internal controls over financial reporting, risks associated with pending and threatened litigation and those associated with our compliance with laws, rules and regulations applicable to our business. The Audit Committee oversees the activities of the Company's internal audit function and receives regular reports on internal audit's work as a means of evaluating the effectiveness of the Company's internal controls, management's procedures to identify and address business risks, and management's responses to those risks. The Human Resources Committee has primary responsibility for overseeing risks associated with our compensation and benefits policies and practices.

Management identifies operational and strategic risks through, among other methods, regular and frequent communication with the personnel (such as the operations, sales and marketing staff) of our business units. Our chief executive officer routinely discusses operational and strategic risks with the appropriate employees at each of our businesses. In addition, our chief financial officer, general counsel and vice president of operations frequently participate in meetings with the staff at each of our businesses in order to understand operational and strategic risks. As risks are identified, management assesses, or oversees the assessment of, such risks. Following assessment, management determines how those risks will be addressed and monitors the status of those risks and of any actions that management has determined to take to address those risks. These activities form the basis for management's reports to the Board and/or Committees of the Board on risks that may affect the business.

Board Diversity

We do not have a formal policy with regard to the consideration of diversity in identifying nominees to stand for election to our Board. Our Board selects nominees after considering the recommendations of the Nominating and Governance Committee. In developing its recommendations, the Nominating and Governance Committee may consider, among other factors, the interplay of the candidate's experience with the experience of other Board members. In considering this factor, the Nominating and Governance Committee may take into account the extent to which a candidate's experience broadens the range of experience already represented on the Board. The Nominating and Governance Committee believes that the interplay of a candidate's experience with the experience of other Board members is one of multiple factors that may be appropriate for consideration in formulating its recommendations. Likewise, in considering the nominees recommended by the Nominating and Governance Committee, our Board may consider the interplay of a candidate's experience with the experience of other Board members, among other factors.

Consideration of Director Candidates

The Nominating and Governance Committee considers candidates for Board membership. Directors are expected to possess the highest personal and professional ethics, integrity, values and relevant experience, and they must be willing to devote sufficient time to carrying out their duties and responsibilities effectively. They are expected to be committed to the long-term interests of our stockholders, and to have an inquisitive and objective perspective, practical wisdom and mature judgment. In evaluating candidates, the Nominating and Governance Committee may also consider other factors, such as a candidate's skills, experience with businesses and other organizations comparable to CSS, the interplay of the candidate's experience with the experience of other Board members, and the extent to which the candidate would be a desirable addition to the Board and its committees.

Under our bylaws, no individual is eligible to be nominated for election to the Board or otherwise continue service as a director past the date of the Annual Meeting of Stockholders occurring in the calendar year in which such Director reaches or has reached his or her 75th birthday. Our Corporate Governance Principles provide that directors should not serve on more than four other public company boards (two other public company boards if the director serves as chief executive officer of another entity, or in an equivalent position).

Stockholders can recommend candidates for nomination by writing to Ms. Matthias, c/o CSS Industries, Inc., 450 Plymouth Road, Suite 300, Plymouth Meeting, PA 19462. To submit a candidate for consideration in connection with our 2018 Annual Meeting of Stockholders, a stockholder must submit the following information by February 23, 2018: (1) the name of the candidate and information about the candidate that would be required to be included in a proxy statement under the rules of the SEC; (2) information about the relationship between the candidate and the recommending stockholder; (3) the consent of the candidate to serve as a director; and (4) proof of the number of shares of our common stock that the recommending stockholder owns and the length of time the shares have been owned. The Nominating and Governance Committee may seek additional information regarding the candidate. In considering any candidate proposed by a stockholder, the Nominating and Governance Committee will reach a conclusion based on the criteria described above, and it will evaluate candidates recommended by stockholders in the same manner in which it evaluates candidates recommended by others. After full consideration, the Nominating and Governance Committee will notify the stockholder proponent of the Nominating and Governance Committee's determination.

A non-management director recommended Mr. Mullany as a nominee to stand for election as a director.

Code of Ethics and Internal Disclosure Procedures (Employees) and Code of Business Conduct and Ethics (Board of Directors)

We have a Code of Ethics and Internal Disclosure Procedures ("Employee Code") applicable to all employees, including officers, and it contains specific provisions relating to our chief executive officer and our senior financial employees. Among other things, the Employee Code is designed to deter wrongdoing and to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; to promote full, fair, accurate, timely and understandable disclosures in reports and documents required to be filed by us with the SEC and in other public communications we make; and to promote compliance with applicable governmental laws, rules and regulations. The Employee Code provides for the prompt internal reporting of violations and contains provisions regarding accountability for adherence to its provisions. The Board also has adopted a Code of Business Conduct and Ethics ("Director Code") applicable to the Board. We intend to satisfy the disclosure requirements regarding any amendment to, or waiver from, a provision of our Employee Code and our Director Code by making disclosures concerning such matters available on the corporate governance page of our website, www.cssindustries.com/corporate-governance.

Communications with the Board

Stockholders or other interested persons wishing to communicate with members of the Board should send such communications to Ms. Matthias c/o CSS Industries, Inc. at 450 Plymouth Road, Suite 300, Plymouth Meeting, PA 19462. Ms. Matthias will forward these communications to specified individual directors, or, if applicable, to all the members of the Board as she deems appropriate.

STOCKHOLDER PROPOSALS

In order for a stockholder proposal to be eligible for inclusion in the proxy materials for our 2018 Annual Meeting of Stockholders, such proposal must be received by our Corporate Secretary on or before the close of business on February 23, 2018.

If a stockholder does not seek to have a proposal included in such proxy materials, but nevertheless wishes to present a proper proposal at the 2018 Annual Meeting of Stockholders, prior written notice of such proposal, together with the additional information required by our bylaws, must be received by our Corporate Secretary during the period beginning on April 3, 2018 and ending at the close of business on May 3, 2018.

If a stockholder desires to nominate an individual for election to our Board at the 2018 Annual Meeting of Stockholders, prior written notice of such nomination, together with the additional information required by our bylaws, must be received by our Corporate Secretary during the period beginning on April 3, 2018 and ending at the close of business on May 3, 2018.

Any such proposal or notice should be addressed to CSS Industries, Inc., Attn: Corporate Secretary, 450 Plymouth Road, Suite 300, Plymouth Meeting, PA 19462. A stockholder can obtain a copy of our bylaws by submitting a written request to the attention of our Corporate Secretary at the same address.

RELATED PARTY TRANSACTIONS

We do not have a formal policy on related party transactions. Our Employee Code and our Director Code reflect our general policy that conflicts of interest are to be avoided by directors, officers and employees of CSS and its subsidiaries. These codes are intended to ensure that transactions that may involve conflicts of interest are identified, reviewed and approved. Our Director Code states that directors should avoid conflicts of interest, including those arising indirectly from activities of immediate family members, and report to the Chair of the Nominating and Governance Committee any situation that may involve a conflict of interest.

Under our Employee Code, our employees, including our executive officers, must observe honest and ethical behavior and avoid conflicts of interest, including those arising from activities of family members. We encourage dialog between employees and their supervisors to bolster awareness of situations that may pose ethical questions, including conflicts of interest. We expect employees to report suspected violations of the Employee Code to our legal department for investigation. Under our Employee Code, our chief executive officer, chief financial officer, controller and those performing similar functions must disclose to our general counsel any material transaction or relationship that reasonably may be expected to violate the Employee Code, including actual or apparent conflicts of interest.

If a material transaction that may pose a conflict of interest is brought to the attention of the Chair of the Nominating and Governance Committee or our general counsel, as contemplated by our codes of conduct, those individuals generally would be expected to present such transaction to our Board for review, approval or ratification. Our Board has not adopted any particular standards applicable to its consideration of such matters.

On an annual basis, our employees, including our executive officers, are required to certify in writing that they are in compliance with the Employee Code, or, if not in compliance, to identify instances of non-compliance. Additionally, our executive officers and directors, on an annual basis, are required to report to us, in response to director and officer questionnaires, any related party transactions that may give rise to a disclosure obligation in our proxy statement under Item 404(a) of SEC Regulation S-K. Since the beginning of our 2017 fiscal year, we have not had any transactions required to be reported under Item 404(a) of SEC Regulation S-K.

OWNERSHIP OF CSS COMMON STOCK

The following table lists all persons who we know to have beneficially owned at least five percent of our common stock as of June 12, 2017, unless otherwise noted. The table also shows, as of that date, the beneficial ownership of our common stock by each of our current directors, each of the executive officers listed in the Summary Compensation Table – Fiscal 2017, and all directors and executive officers as a group.

Ownership of CSS Common Stock

Beneficial Owner	Number of Shares Beneficially Owned(1)		Percent of Class(2)	
T. Rowe Price Associates, Inc. and T. Rowe Price Small Cap Value Fund, Inc.	1,500,620	(3)	16.5	%
Royce & Associates, LLC	1,352,000	(4)	14.9	%
Dimensional Fund Advisors LP.	779,453	(5)	8.6	%
BlackRock, Inc.	598,581	(6)	6.6	%
Scott A. Beaumont	29,338	(7)	*	
Robert E. Chappell	15,838	(8)	*	
Carey B. Edwards	21,796	(9)	*	
Cara L. Farley	5,375	(10)	*	
Elam M. Hitchner, III	8,838	(11)	*	
William G. Kiesling	57,426	(12)	*	
Rebecca C. Matthias	70,721	(13)	*	
David F. McHugh	1,300		*	
Harry J. Mullany, III	1,000	(14)	*	
Christopher J. Munyan	151,174	(15)	1.6	%
Vincent A. Paccapaniccia	—		*	
John. M. Roselli	—		*	
William Rulon-Miller	2,838	(16)	*	
Christian A. Sorensen	29,484	(17)	*	
All directors and executive officers of CSS as a group (twelve (12) persons, including the individuals named above, other than Messrs. McHugh, Paccapanicia and Sorensen).	364,344	(18)	3.9	%

* denotes that ownership is less than 1 percent of the class.

(1) "Beneficial ownership" is determined in accordance with SEC regulations. Therefore, the table lists all shares as to which a person listed has or shares voting power or investment power. In addition, shares issuable upon the exercise of outstanding stock options exercisable at June 12, 2017 or within 60 days thereafter are considered outstanding and to be beneficially owned by the person holding such options for the purpose of computing such person's beneficial ownership percentage, but are not deemed outstanding for the purpose of computing the beneficial ownership percentage of any other person. Unless otherwise indicated, each person has the sole power to vote, and sole investment power over, the shares listed as beneficially owned by such person.

(2) This percentage is calculated based upon a total of 9,094,397 shares of CSS common stock outstanding at June 12, 2017.

(3) This information is as of December 31, 2016 and is derived from Schedule 13G filed with the SEC on February 7, 2017 by T. Rowe Price Associates, Inc. ("Price Associates") and T. Rowe Price Small-Cap Value Fund, Inc. ("Price Fund"). Price Associates and Price Fund are located at 100 E. Pratt Street, Baltimore, MD 21202. Price Associates is an investment adviser registered under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"), and Price Fund is an investment company registered under the Investment Company Act of 1940, as amended (the "Investment

Company Act"). Price Fund, which Price Associates serves as investment adviser, owns 1,118,060 of the shares shown in the table, representing 12.3% of the shares outstanding. Price Associates and Price Fund have disclosed that they collectively possess sole voting power over 1,118,060 of the shares shown in the table. For purposes of the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Price Associates is deemed to be a beneficial owner of the shares shown in the table; however, Price Associates expressly disclaims that it is the beneficial owner of such shares.

(4) This information is as of December 31, 2016 and is derived from Schedule 13G filed with the SEC on January 3, 2017. Royce & Associates, LP ("Royce") is located at 745 Fifth Avenue, New York, NY 10151. Royce has disclosed that it is an investment adviser registered under the Investment Advisers Act. Royce has disclosed that 885,000 of the shares shown in the table, representing 9.7% of the shares outstanding, are owned by Royce Special Equity Fund, an investment company registered under the Investment Company Act and managed by Royce.

(5) This information is as of December 31, 2016 and is derived from Schedule 13G filed with the SEC on February 9, 2017. Dimensional Fund Advisors LP ("Dimensional") is located at Building One, 6300 Bee Cave Road, Austin, TX 78746. Dimensional has disclosed that it is an investment adviser registered under the Investment Advisers Act, and that it furnishes investment advice to four investment companies registered under the Investment Company Act and serves as investment manager or sub-adviser to certain other commingled funds, group trusts and separate accounts (such investment companies, trusts and accounts being referred to collectively as the "Funds"). Dimensional has disclosed that all of the shares shown in the table are owned by the Funds, and that Dimensional possesses sole voting power over 774,659 of the shares shown in the table. Dimensional expressly disclaims that it is the beneficial owner of such shares shown in the table.

(6) This information is as of December 31, 2016 and is derived from Schedule 13G filed with the SEC on January 23, 2017 by BlackRock, Inc. ("BlackRock"). BlackRock is located at 55 East 52 Street, New York, NY 10022. BlackRock has disclosed that it possesses sole voting power over 579,744 of the shares shown in the table. BlackRock also has disclosed that it is a parent holding company and that the shares shown in the table are held by certain subsidiaries of BlackRock.

(7) The shares shown in the table include options to purchase 10,000 shares of common stock and 1,838 shares of common stock underlying outstanding restricted stock units.

(8) The shares shown in the table include options to purchase 6,000 shares of common stock and 1,838 shares of common stock underlying outstanding restricted stock units.

(9) The shares shown in the table include options to purchase 13,250 shares of common stock.

(10) The shares shown in the table include options to purchase 5,375 shares of common stock.

(11) The shares shown in the table include options to purchase 6,000 shares of common stock and 1,838 shares of common stock underlying outstanding restricted stock units.

(12) The shares shown in the table include options to purchase 22,150 shares of common stock.

(13) The shares shown in the table include 34,721 shares owned jointly by Ms. Matthias and her spouse, options to purchase 10,000 shares of common stock and 10,000 shares of common stock underlying outstanding restricted stock units.

(14) The shares shown in the table are owned jointly by Mr. Mullany and his spouse.

(15) The shares shown in the table include options to purchase 70,900 shares of common stock.

(16) The shares shown in the table include 1,838 shares of common stock underlying outstanding restricted stock units.

(17) The shares shown in the table include options to purchase 3,200 shares of common stock.

(18) The shares shown in the table include options to purchase 143,675 shares of common stock and 17,352 shares of common stock underlying outstanding restricted stock units.

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SECURITIES AUTHORIZED FOR ISSUANCE
UNDER OUR EQUITY COMPENSATION PLANS

The following table provides information as of March 31, 2017 about our 2013 Equity Compensation Plan ("2013 Stock Plan"), 2004 Equity Compensation Plan ("2004 Stock Plan"), and 2011 Stock Option Plan for Non-Employee Directors ("2011 Stock Plan"), which are our only equity compensation plans under which stock options and other equity grants were outstanding as of such date. Each of the plans mentioned above was approved previously by the stockholders of CSS.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options(1)	Weighted-average exercise price of outstanding options(2)	Number of securities remaining available for future issuance under equity compensation plans(3)
Equity compensation plans approved by security holders	739,952	$ 26.05	633,948
Equity compensation plans not approved by security holders	—	—	—
Total	739,952	$ 26.05	633,948

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(1) Includes 185,377 restricted stock units ("RSUs") that are subject to service-based and/or performance-based vesting conditions.

(2) The RSUs described in Note 1 above were disregarded in calculating the weighted average exercise price of outstanding options.

(3) The amount shown in this column is net of the RSUs described in note 1 above.

As of March 31, 2017, there were 554,575 stock options outstanding with a weighted average exercise price of $26.05 and a weighted average remaining term of approximately 4.2 years. Additionally, as of such date, there were 185,377 RSUs outstanding. As of March 31, 2017, there were 633,948 shares remaining available for future issuance under the 2013 Stock Plan. No further grants may be made under the 2004 Stock Plan or 2011 Stock Plan.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our officers and directors and beneficial owners of more than ten percent of our common stock to file reports of ownership of our securities and changes in ownership with the SEC. Based on our review of Section 16(a) filings, we believe that all filings required to be made during the fiscal year ended March 31, 2017 were made on a timely basis.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

In this Compensation Discussion and Analysis, we address the compensation paid or awarded to our executive officers listed in the Summary Compensation Table that follows this discussion. We refer to these executive officers as our "named executive officers" or "named executives."

Compensation Objectives

We have designed our executive compensation program to address principally the four objectives identified in the following table. This table also identifies the type(s) of compensation we utilize to address each objective:

Compensation Objectives and Corresponding Types of Compensation Utilized

Objective	Type
Competitiveness – providing compensation that is appropriately competitive to attract and retain executive talent, taking into account the size and business of CSS and its subsidiaries	Salary Incentive Compensation Equity Compensation
Performance Incentives – incentivizing and rewarding the achievement of performance goals	Incentive Compensation Equity Compensation
Ownership Incentives – encouraging the aggregation and maintenance of equity ownership to align executive and stockholder interests	Equity Compensation
Retention Incentives – incentivizing long-term continued employment with us	Equity Compensation

Say-on-Pay Consideration

At our Annual Meeting of Stockholders held on August 2, 2016, our stockholders voted to approve, on an advisory basis, the compensation paid to our named executive officers for our fiscal year ended March 31, 2016, with approximately 99% of the votes cast on the matter being for approval of our "say-on-pay" proposal. The Human Resources Committee believes that these results reflect that the holders of a substantial majority of our common stock concurred with the Company's compensation objectives and its fiscal 2016 compensatory practices. Taking the results of the say-on-pay vote into consideration, the Human Resources Committee determined not to make significant changes to the Company's compensatory practices.

Fiscal 2017 Compensation

Pay for Performance

Our executive compensation program has three components: (i) salary, (ii) annual incentives, and (iii) long-term incentives. On a combined basis, we refer to these three components as "total direct compensation", or "target total direct compensation" ("TTDC") when annual incentives are factored in at the "target" level. As discussed below, we designed the annual incentive and long-term incentive components to make a meaningful portion of TTDC dependent on management performance.

Annual Incentives. Annual incentives are provided through our bonus program, under which there were no payouts for fiscal 2017. Our fiscal 2017 bonus program had two components: a performance component, weighted at 80%, for which payouts would be determined by the level of diluted earnings per share ("EPS") attained by CSS for fiscal 2017, and a discretionary component, weighted at 20%, for which payouts would be determined at the discretion of the Human Resources Committee, taking into account individual performance. For purposes of determining payouts under the diluted EPS component, actual EPS is adjusted in accordance with criteria determined by the Human Resources Committee at the beginning of the performance period. No payouts were provided under the performance component because CSS did not attain the minimum level of diluted EPS (as adjusted) required for payouts, as pre-determined by the Human Resources Committee when it approved the bonus program for fiscal 2017. For fiscal 2017, actual EPS was adjusted to exclude the effect of "bargain purchase" gains realized in connection with certain acquisitions. Regarding the discretionary component, the Human Resources Committee determined that no payouts would be provided to our executive officers based on the Company's financial performance during fiscal 2017.

Long-Term Incentives. We structured our long term incentives for fiscal 2017 to encourage and reward the achievement of stock price appreciation. We used non-qualified stock options and restricted stock units ("RSUs") as long-term incentives for fiscal 2017. The stock options have a seven-year term and vest in equal installments on each of the first four anniversaries of the grant date. Because the exercise price is equal to the closing market price on the trading day immediately preceding the grant date, the value that our executives may realize from these awards is entirely dependent on stock price appreciation. The RSUs will not become earned and will not vest unless a total stockholder return ("TSR") performance goal is met, except that such RSUs will become earned and vested upon occurrence of a change of control. This structure creates meaningful incentives for management to achieve performance that benefits our stockholders, and it closely aligns the interests of our executives with those of our stockholders.

Performance Incentives in Relation to TTDC. As shown in the table below, approximately 64% of Mr. Munyan's TTDC for fiscal 2017 was subject to performance incentives or, in the case of the discretionary component of the bonus program, Human Resources Committee discretion. The percentages for our other named executives ranged from approximately 53% to 56%. Mr. Roselli is not included in the table because, having joined CSS approximately six weeks before the end of fiscal 2017, he did not participate in the fiscal 2017 bonus program and did not receive long-term incentives for fiscal 2017. Messrs. Paccapaniccia and Sorensen are not included because they are no longer employed by CSS. Mr. McHugh is not included because he served as an executive officer on an interim basis during a portion of fiscal 2017 and no longer serves in such capacity.

Fiscal 2017 — Portion of TTDC Subject to Performance Incentives or Committee Discretion

Executive	Salary ($)	Target bonus amount ($)	Stock awards ($)	Option awards ($)	TTDC ($)	TTDC subject to performance incentives or committee discretion ($)	TTDC subject to performance incentives or committee discretion (%)
C.J. Munyan	641,658	641,658	184,147	312,500	1,779,963	1,138,305	64 %
C.B. Edwards	425,000	340,000	73,143	131,250	969,393	544,393	56 %
W.G. Kiesling	371,302	297,042	43,025	84,375	795,744	424,442	53 %
C.L. Farley	243,322	145,993	43,025	84,375	516,715	273,393	53 %

In the tables that follow, we compare the TTDC components that were available to be awarded to our chief executive officer in each of the last three fiscal years (Table 1) to the corresponding amounts that were paid out or which may be considered realized, based on the methodology described below, as of March 31, 2017 (Table 2).

Table 1 presents each component of our chief executive officer's TTDC for each of the last three fiscal years. The stock award and option award amounts in Table 1 reflect the grant date fair value of each such award, the same value at which such awards are required, under applicable SEC rules, to be reflected in the Summary Compensation Table included in this Proxy Statement.

Table 1 — TTDC — Chief Executive Officer

Fiscal Year	Salary ($)	Target bonus amount ($)	Stock awards ($)	Option awards ($)	TTDC ($)
2017	641,658	641,658	184,147	312,500	1,779,963
2016	626,008	626,008	177,216	356,475	1,785,707
2015	607,775	607,775	178,200	360,360	1,754,110
3-Year Total	1,875,441	1,875,441	539,563	1,029,335	5,319,780

Table 2 below shows how the Company's performance and the Human Resources Committee's discretion have affected bonus payouts, and how the design of our long-term incentives affect realization of the stock awards and option awards granted to our chief executive officer: