

ALPHA PRO TECH LTD
Form DEF 14A
April 26, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN

PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]

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))

[X] Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

ALPHA PRO TECH, LTD.

(Name of Registrant as Specified in its Charter)

N/A

(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:

Alpha Pro Tech

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TO OUR SHAREHOLDERS:

We will hold the 2018 Annual Meeting of Shareholders of Alpha Pro Tech, Ltd. at 9:30 a.m., local time, on Tuesday, June 5, 2018, at the Edward Village Hotel, 50 East Valhalla Drive, Markham, Ontario, Canada L3R 0A3. Details regarding admission to the Annual Meeting and the business to be conducted are more fully described in the accompanying Notice of Annual Meeting of Shareholders and Proxy Statement.

We have elected to take advantage of Securities and Exchange Commission rules that allow issuers to furnish proxy materials to certain shareholders on the Internet. We believe that the rules will allow us to provide our shareholders with the information they need, while lowering the costs of delivery and reducing the environmental impact of the Annual Meeting.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we encourage you to vote. If you have received printed proxy materials, please complete, sign and date the enclosed proxy card, and return it by mail. Otherwise, please review the instructions regarding your voting options described in the Notice of Internet Availability of Proxy Materials that you received in the mail.

On behalf of the directors, management and employees of Alpha Pro Tech, Ltd., thank you for your support of and ownership in our company.

Sincerely,

/s/ Lloyd Hoffman
Lloyd Hoffman

President, Chief Executive Officer and Director

April 26, 2018

ALPHA PRO TECH, LTD.

60 Centurian Drive

Suite 112

Markham, Ontario, Canada L3R 9R2

Telephone: (905) 479-0654

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the 2018 Annual Meeting of Shareholders (the “Annual Meeting”) of Alpha Pro Tech, Ltd. (the “Company,” or “we,” “our” or “us”) will be held at the Edward Village Hotel, 50 East Valhalla Drive, Markham, Ontario, Canada L3R 0A3, on Tuesday, June 5, 2018, at 9:30 a.m., local time, for the following purposes:

1. To elect seven (7) directors of the Company to serve until the 2019 Annual Meeting of Shareholders;
2. To ratify the appointment of Tanner LLC as the Company’s independent registered public accounting firm for the year ending December 31, 2018;
3. To approve, on an advisory basis, the compensation of the Company’s named executive officers; and
4. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

The Board of Directors has fixed the close of business on April 12, 2018 as the record date (the “Record Date”) for the determination of shareholders entitled to notice of and to vote at the Annual Meeting. A complete list of the shareholders of the Company will be available and open for examination by any shareholder of the Company during ordinary business hours beginning two (2) business days after the mailing of this Notice of the Annual Meeting. The list will also be available at the Annual Meeting.

All shareholders are cordially invited to attend the Annual Meeting. Whether or not you plan to attend the Annual Meeting in person, you are requested to vote by following the instructions on the Notice of Internet Availability of Proxy Materials or, if you received printed copies of the proxy materials, to complete, sign and date the enclosed proxy card and send it promptly by mail in the envelope provided for this purpose. The proxy may be revoked by

voting in person at the Annual Meeting, by signing and delivering a later-dated proxy or by giving written notice of revocation to the Secretary of the Company at any time prior to the voting thereof.

By Order of the Board of Directors,

*/s/ **Lloyd Hoffman***

Lloyd Hoffman

President, Chief Executive Officer and Director

Important Notice Regarding the Availability of Proxy Materials

For the Shareholder Meeting to be Held on June 5, 2018

This Proxy Statement is available at www.alphaprotech.com/investors/proxystatement.aspx, and the 2017 Annual Report is available at www.alphaprotech.com/investors/annualreport.aspx.

PROXY STATEMENT

FOR THE

2018 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD JUNE 5, 2018

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ALPHA PRO TECH, LTD.

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**PROXY STATEMENT
FOR THE
2018 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD JUNE 5, 2018**

This Proxy Statement, along with the accompanying Notice of Annual Meeting of Shareholders, contains information about the 2018 Annual Meeting of Shareholders (the “Annual Meeting”) of Alpha Pro Tech, Ltd. (the “Company,” or “we,” “our” or “us”), including any adjournments or postponements of the Annual Meeting. We are holding the Annual Meeting at 9:30 a.m., local time, on Tuesday, June 5, 2018, at the Edward Village Hotel, 50 East Valhalla Drive, Markham, Ontario, Canada L3R 0A3.

This Proxy Statement relates to the solicitation of proxies by our Board of Directors for use at the Annual Meeting.

This Proxy Statement and accompanying proxy card, or the Notice of Internet Availability of Proxy Materials, as applicable, are first being sent to shareholders of the Company on or about April 26, 2018.

We encourage all of our shareholders to vote at the Annual Meeting, and we hope that the information contained in this document will help you decide how you wish to vote at the Annual Meeting.

Important Notice Regarding the Availability of Proxy Materials

For the Shareholder Meeting to be Held on June 5, 2018

This Proxy Statement is available at www.alphaprotech.com/investors/proxystatement.aspx, and the 2017 Annual Report is available at www.alphaprotech.com/investors/annualreport.aspx.

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IMPORTANT INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

What is the purpose of the Annual Meeting?

At the Annual Meeting, the Company's shareholders will consider and act upon the following matters:

1. The election of seven (7) directors to serve until the 2019 Annual Meeting of Shareholders;
2. The ratification of the appointment of Tanner LLC as the Company's independent registered public accounting firm for the year ending December 31, 2018;
3. The approval, on an advisory basis, of the compensation of the Company's named executive officers (the "Say-on-Pay proposal"); and
4. Such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

In addition, management will report on the performance of the Company and respond to questions from shareholders.

Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

In accordance with rules and regulations adopted by the Securities and Exchange Commission (the "SEC"), we have elected to use a hybrid "notice and access" approach, pursuant to which our registered shareholders will receive a printed copy of the proxy materials, while our beneficial shareholders (unless such shareholders have specifically requested paper copies of the materials) will receive only the required notification documentation under the notice and access provisions of the SEC rules, which will not include a paper copy of this Proxy Statement or our 2017 Annual Report to Shareholders. This approach conserves paper and reduces our costs of printing and distributing the proxy materials, while providing our shareholders with a convenient method of accessing the materials and voting. On or about April 26, 2018, a Notice of Internet Availability of Proxy Materials (the "Notice") was sent to our beneficial shareholders, which contains instructions on how to access and review the proxy materials on the Internet, how to submit your proxy via the Internet or by telephone, and how to request paper copies of the proxy materials, including this Proxy Statement and our 2017 Annual Report to Shareholders.

Who is entitled to vote at the Annual Meeting?

Only shareholders of record of the Company's common stock at the close of business on April 12, 2018 are entitled to vote at the Annual Meeting. Each shareholder of common stock is entitled to one (1) vote per share. We are authorized to issue 50,000,000 common shares, par value \$.01 per share. There were issued and outstanding 14,187,747 of common stock as of the close of business on the Record Date. There is only one (1) class of shares.

How can I vote my shares in person at the Annual Meeting?

Shares held directly in your name as the shareholder of record may be voted in person at the Annual Meeting. Each shareholder may be asked to present valid picture identification, such as a driver's license or passport. Please note that if you hold your shares beneficially in "street name" (that is, through a broker, bank or other nominee), you will need to present a copy of a brokerage statement reflecting your stock ownership as of the Record Date and such other documents as may be required by your broker when you check in at the registration desk at the Annual Meeting. Failure to provide adequate proof that you are a shareholder may prevent you from being admitted to the Annual Meeting. Even if you plan to attend the Annual Meeting, the Company recommends that you vote your shares in advance as described below so that your vote will be counted if you later decide not to attend the Annual Meeting.

How can I vote my shares without attending the Annual Meeting?

Whether you hold your shares directly as the shareholder of record or beneficially in "street name," you may direct your vote without attending the Annual Meeting by proxy. Please follow the instructions provided in the Notice of Internet Availability of Proxy Materials, or, if you received printed copies of the proxy materials, on the proxy card or voting instruction card. We urge you to review the proxy materials carefully before you vote. These materials are available at www.alphaprotech.com/investors/proxystatement.aspx.

How will my proxy be voted?

We will vote all properly executed proxies delivered pursuant to this solicitation at the Annual Meeting and in accordance with instructions given, if any. If no instructions are given, we will vote the proxies as recommended by the Board – FOR the election of the seven (7) director-nominees, FOR the ratification of the appointment of Tanner LLC as the Company’s independent registered public accounting firm for the year ending December 31, 2018 and FOR the Say-on-Pay proposal – and in the manner deemed by the persons named as proxies to be in the best interests of the Company and its shareholders as to any other matters that may come before the Annual Meeting. We are currently not aware of any other matters that may be properly presented at the Annual Meeting.

Can I revoke my proxy or change my vote?

The Board of Directors of the Company is soliciting the proxy, which is revocable at any time before it is voted. You may revoke the proxy by voting in person at the Annual Meeting, by signing and delivering a later-dated proxy or by giving written notice of revocation to the Secretary of the Company at any time prior to the voting thereof. We must, however, actually receive the written notice or later-dated proxy before the vote of the shareholders. **Only the latest validly executed proxy that you submit will be counted.**

Can I go to the Annual Meeting if I vote by proxy?

Yes. Attending the meeting does not revoke the proxy. However, you may revoke your proxy at any time before it is actually voted by giving written notice to the Secretary of the Company or by delivering a later-dated proxy.

How can I obtain directions to be able to attend the Annual Meeting and vote in person?

Information on how to obtain directions to be able to attend the Annual Meeting and vote in person can be found at the following website: <http://www.alphaprotech.com/investors/proxystatement.aspx>.

Will my vote be public?

No. As a matter of policy, shareholder proxies, ballots and tabulations that identify individual shareholders are kept confidential and are only available if actually necessary to meet legal requirements.

What constitutes a quorum?

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the outstanding shares of the Company's common stock will constitute a quorum, allowing the conduct of business. The shareholders present may adjourn the meeting despite the absence of a quorum.

How many votes are needed to approve the proposals?

Assuming the presence of a quorum, the directors of the Company will be elected by a plurality of the votes of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the election of directors (Proposal 1). The ratification of the appointment of Tanner LLC as the Company's independent registered public accounting firm for the year ending December 31, 2018 (Proposal 2) and the Say-on-Pay proposal (Proposal 3) will require the affirmative vote of a majority of the votes cast at the meeting.

A shareholder may abstain or withhold his or her vote (collectively, "abstentions") with respect to each item submitted for shareholder approval. Abstentions will be counted as present for purposes of determining the existence of a quorum but will not be counted as voting on any proposal brought before the Annual Meeting. Because the election of directors (Proposal 1) is determined by a plurality of the votes of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the election of directors, abstentions will not affect the outcome of this matter. Because they are not considered to be votes cast, abstentions will not affect the outcome of the ratification of the appointment of Tanner LLC as the Company's independent registered public accounting firm for the year ending December 31, 2018 (Proposal 2) or the Say-on-Pay proposal (Proposal 3).

What if my shares are held by a broker, bank or other nominee?

If you hold your shares in “street name,” i.e., in the name of a broker, bank or other nominee who is considered the shareholder of record with respect to those shares, these proxy materials, or instructions for how to access these proxy materials, are being forwarded to you by them. As the beneficial owner, you have the right to direct your broker, bank or nominee on how to vote and are also invited to attend the Annual Meeting. Your broker, bank or nominee has enclosed a voting instruction card for you to use in directing the broker, bank or nominee regarding how to vote your shares. If you hold your shares in “street name,” it is critical that you return the voting instruction card if you want your votes to count in the election of directors (Proposal 1) and with respect to the Say-on-Pay proposal (Proposal 3). Your broker, bank or nominee does not have the ability to vote your uninstructed shares on a discretionary basis in the election of directors or with respect to the Say-on-Pay proposal. **Therefore, if you hold your shares in “street name” and do not instruct your broker, bank or nominee on how to vote in the election of directors or with respect to the Say-on-Pay proposal, your shares will not be voted for any director nominee or on the approval of the compensation of the Company’s named executive officers, or on any other proposal on which your broker does not have discretionary authority (resulting in a “broker non-vote”).**

Shares underlying broker non-votes are counted for general quorum purposes but are not deemed to be present or entitled to vote with respect to any matter for which a broker does not have discretionary authority to vote. Thus, broker non-votes are not considered to be votes cast at a meeting (either for or against a proposal). At the Annual Meeting, broker non-votes will not be counted for purposes of the election of directors (Proposal 1) and will have no effect on the outcome of the election of directors based on the plurality voting standard. Similarly, broker non-votes will not be counted for purposes of the Say-on-Pay proposal (Proposal 3) and will have no effect on the outcome of such matter since broker non-votes are not considered to be votes cast. Your broker, bank or nominee will continue to have discretion to vote any uninstructed shares on the ratification of the appointment of Tanner LLC as the Company’s independent registered public accounting firm for the year ending December 31, 2018 (Proposal 2).

Where can I find the voting results of the Annual Meeting?

We will announce preliminary voting results at the Annual Meeting and publish preliminary results, or final results if available, in a Current Report on Form 8-K within four (4) business days of the Annual Meeting. If final voting results are unavailable at the time we file the Form 8-K, then we will file an amended report on Form 8-K to disclose the final results within four (4) business days after the final results are known.

If I share an address with other shareholders of the Company, how can request to obtain only one set of voting materials for future meetings?

You may request that we send you and the other shareholder(s) who share an address with you only one Notice or one set of proxy materials by calling us at (905) 479-0654 or by writing to us at Alpha Pro Tech, Ltd., 60 Centurian Drive, Suite 112, Markham, Ontario, Canada L3R 9R2, Attn: Secretary. For shareholders who request and receive hard copies of the proxy materials, a separate proxy card will be included with the proxy materials for each shareholder. For shareholders receiving a Notice, the Notice will instruct you as to how you may access and review all of the proxy materials on the Internet. The Notice also instructs you as to how you may submit your proxy on the Internet or by telephone.

How do I obtain a separate set of proxy materials if I share an address with other shareholders?

If requested by a shareholder, we may deliver one Notice or, where applicable, one set of the proxy materials, to certain shareholders who share an address. If you have only received one Notice or one set of the proxy materials, you may request separate copies at no additional cost to you by calling us at (905) 479-0654 or by writing to us at Alpha Pro Tech, Ltd., 60 Centurian Drive, Suite 112, Markham, Ontario, Canada L3R 9R2, Attn: Secretary. If you received a Notice and you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice.

You may also request separate paper proxy materials or a separate Notice for future annual meetings by following the instructions for requesting such materials in the Notice, or by contacting us by calling or writing.

PERSONS MAKING THE SOLICITATION

The cost of soliciting proxies will be borne by the Company. Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company, but these individuals may be reimbursed for their out of pocket expenses. We may reimburse shareholders' nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining from their principals authorization to execute proxies. No solicitation will be made by specifically engaged employees or soliciting agents.

PROPOSAL 1

ELECTION OF DIRECTORS

In accordance with the Company's Bylaws, the Board of Directors of the Company is currently fixed at seven (7) members. Directors are elected annually for a term of office to expire at the succeeding annual meeting of shareholders after their election and until their successors are duly elected and qualified. Based on the recommendation of the Nominating/Governance Committee, the Board of Directors proposes that the seven (7) nominees identified below be elected for a new term of one (1) year and until their successors are duly elected and qualified. Shareholders may not vote for a greater number of persons than the number of nominees named.

Each of the nominees has consented to serve. If any of them should become unavailable to serve as a director (which is not now expected), the Board may designate a substitute nominee. In that case, the persons named as proxies will vote for the substitute nominee designated by the Board.

Unless "Withhold" or "For All Except" is noted as to all or some of the nominees, proxies will be voted at the Annual Meeting FOR the election of the seven (7) nominees to the Board of Directors.

The Board unanimously recommends that you vote FOR each of the nominees listed below to serve as Directors of the company until the next annual meeting of shareholders AND until their successors are duly elected and qualified.

The following provides certain biographical information about the individuals who have been nominated for election as directors of the Company. All of the nominees are currently directors. Six (6) of the seven (7) nominees were elected by the shareholders at the Company's last annual meeting of shareholders, and Donna Millar was elected to the Board of Directors, effective December 27, 2017, subsequent to the death of Alexander W. Millar.

The biographical information for each of the nominees below contains a description of the individual's service as a director; business experience; director positions held currently or at any time during the last five (5) years, if applicable; information regarding involvement in certain legal or administrative proceedings, if applicable; and the experiences, qualifications, attributes and skills that caused the Board of Directors to determine that the individual should serve as a director. The stock ownership with respect to each nominee is set forth in the table entitled "Security Ownership of Certain Beneficial Owners and Management" that appears later in this Proxy Statement.

Information about the remaining executive officer of the Company who is not also a director is also provided below.

Information About Director-Nominees

LLOYD HOFFMAN (age 57) has been employed by the Company since November 15, 1991, first in the capacity of Accountant, then as Senior Vice President of Finance and Administration from 1999 until 2002, as Chief Financial Officer from 2002 until December 2015, as Chief Executive Officer beginning January 4, 2016, and as Chief Executive Officer and President since December 27, 2017. He has been a director of the Company since January 4, 2016. From 1987 until 1991, Mr. Hoffman was in charge of finance and administration at Software Concepts, Inc., a developer of software for association and magazine publishers.

Mr. Hoffman's ability to lead the Company in the global marketplace, coupled with his nearly 27 years of experience in the industry, his financial skills and his strong familiarity with the Company's business, all provide him with a wide range of knowledge on issues important to the Company and its subsidiaries. Mr. Hoffman's history with the Company and corporate leadership experience contribute greatly to the Board of Directors.

JOHN RITOTA (age 67) has been a director of the Company since December 18, 1991. Dr. Ritota has operated a general dentistry practice, Ritota and Ritota, with his brother in Delray Beach, Florida since 1981, where he currently serves as President and a director. From 2004 until 2008, Dr. Ritota served as a director of Maxim TEP, Inc., now known as Conquest Petroleum Inc., an oil and natural gas exploration, development and production company headquartered in The Woodlands, Texas, a suburb of Houston.

The Board of Directors believes that Dr. Ritota's experience gained through operating and managing his dental practice and his history of service as a public company director provide him with a wide range of knowledge on issues important to business, including the business of the Company, that contributes valuable insight to the Board of Directors.

RUSSELL MANOCK (age 70) has been a director of the Company since June 10, 2000. Mr. Manock has been an independent chartered professional accountant (sole practitioner) since September 1, 2017. He was previously a senior partner in the public accounting firm Snow & Manock in Toronto, Ontario, Canada from 1976 until September 1, 2017.

Mr. Manock's extensive experience as a chartered accountant, as well as his experience gained through the leadership and management of his accounting firm, equip him with a wide range of accounting, financial, capital markets, risk assessment, management and other skills, all of which provide valuable insight and expertise to the Board of Directors.

DANNY MONTGOMERY (age 69) has been the Senior Vice President of Alpha ProTech Engineered Products, Inc. (a subsidiary of the Company) since 2005, the Senior Vice President of Manufacturing of the Company since 2007 and a director of the Company since 2007. Mr. Montgomery has over 50 years of manufacturing and sales experience in various plastics and plastics processing and polymer industries. Mr. Montgomery joined the Company in July 1994 when the assets of Ludan Corp., a company that he founded and managed, were acquired by Alpha Pro Tech, Inc.

The Board of Directors believes that Mr. Montgomery's years of experience in manufacturing and sales, as well as his knowledge and understanding of the business of the Company and its subsidiaries, make him a valuable contributor to the Board of Directors.

DAVID R. GARCIA (age 69) has been a director of the Company since October 2010. Mr. Garcia has been retired since January 2009. He was a licensed stockbroker/producing manager with Cantella & Co. from 1983 until his retirement. Prior to entering the financial industry, he was employed by CF&I Steel Corp. in the Labor Relations Department from 1979 to 1983. Mr. Garcia was the Executive Director of the Wyoming Fair Employment Commission, a division of the Wyoming Department of Labor, from 1973 to 1979.

The Board of Directors believes that Mr. Garcia's years of experience as a stockbroker, specifically his resulting exposure to publicly held companies and their financial results and his understanding of public company risk assessment, bring a significant amount of perspective and knowledge to the Board of Directors.

JAMES BUCHAN (age 51) has been a director of the Company since April 2017. Since August 2016, Mr. Buchan has served as a Senior Manager – Real Estate Critical and Key Facility Management for Bell Canada, a subsidiary of BCE Inc., one of the largest telecom and media companies in Canada (“Bell”), where he provides leadership and technical expertise to critical facility operations. From September 2013 until August 2016, Mr. Buchan served as Operations Manager for Bell. Prior to working for Bell, Mr. Buchan worked as a manager for Urbacon, a contractor for Bell, from September 2012 until September 2013, and as a facility manager for Brookfield Global Integrated Solutions from September 2009 until September 2012.

The Board of Directors believes that Mr. Buchan’s experience in financial management, strategic planning, human resources and labor relationship management, as well as his strong communications background, add a valuable perspective to the Board.

DONNA MILLAR (age 65) has been a director of the Company since December 27, 2017 and an employee of the Company and its predecessor since 1989. Since 2000, she has served as the primary point of contact for investor relations for the Company. Previously, she served as Director of International Sales from 1981 to 1991, in various accounting, customer service and investor relations roles from 1991 to 2000 and as Assistant to the President from 2000 to 2017. In her 28 years with the Company, she has gathered knowledge of the Company through several sales and accounting jobs, as well as public company experience through participating in capital raises, organizing and attending investor and shareholder meetings and serving as the primary contact for investor relations. Her recently deceased husband, Alexander W. Millar, was the former President and Chairman of the Company.

The Board of Directors believes that Ms. Millar's in-depth knowledge of and long history with the Company, as well as her extensive experience serving a public company, contribute greatly to the Board of Directors.

Information About Executive Officer Who Is Not Also A Director-Nominee

Two of the executive officers of the Company, Lloyd Hoffman and Danny Montgomery, are also current directors and director-nominees and are identified above. Information follows on the other current executive officer of the Company.

COLLEEN MCDONALD (age 47) has been the Chief Financial Officer of the Company since January 4, 2016. Ms. McDonald joined the Company's accounting department in 1995 and was named Assistant Corporate Controller in 2002. She then held the position of Corporate Controller from 2003 until she became Chief Financial Officer in 2016.

Information About Former Executive Officer and Director

ALEXANDER W. MILLAR was a director of the Company from July 11, 1989 and President of the Company and its predecessor from August 1, 1989 until his passing on December 16, 2017. Mr. Millar spent over 40 years as a professional in various sales and marketing positions with the Company, Absco Aerosols, Ltd., CCL Industries, Inc. and Milmed International Distributors Limited.

CORPORATE GOVERNANCE AND BOARD MATTERS

The principal role of the Company's Board of Directors is to oversee the management of the Company's affairs for the benefit of our shareholders. The Board regularly reviews our corporate governance policies and practices and compares them to those suggested by various authorities in the matters of corporate governance and the practices of other companies, taking into account the size and resources of the Company. Additionally, the Company continues to review new and proposed rules of the SEC and the listing standards of the NYSE American exchange (the "NYSE American").

The Company is committed to having sound corporate governance principles. Operating in accordance with such principles is essential to running the Company's business effectively and to maintaining the Company's integrity in the marketplace. The Company's Board has adopted a Code of Business Conduct and Ethics that sets forth basic principles to guide the Company's directors and employees, including the President and Chief Executive Officer, Chief Financial Officer and other executive officers, in their conduct and compliance with applicable laws and governance principles. A copy of the Code of Business Conduct and Ethics is available in the "Corporate Governance" section of our website, www.alphaprotech.com. Additionally, the Company will furnish to any person without charge, upon written request, a copy of the Code of Business Conduct and Ethics. The Company intends to disclose any amendments to the Code of Business Conduct and Ethics and any waiver of the Code of Business Conduct and Ethics granted to any director or executive officer of the Company on the Company's website. As of the date of this Proxy Statement, there have been no such waivers.

Director Independence

The NYSE American listing standards provide that at least a majority of the members of the Board of Directors must be independent. Accordingly, because our Board of Directors currently has seven (7) members, at least four (4) of the directors must be independent. The NYSE American listing standards provide that no director will qualify as "independent" for these purposes unless the Board of Directors affirmatively determines that the director has no relationship with the Company that would interfere with the exercise of the director's independent judgment in carrying out the responsibilities of a director. Additionally, the listing standards set forth a list of relationships that would preclude a finding of independence.

The Board affirmatively determines the independence of each director and nominee for election as a director. The Board makes this determination annually. In accordance with the NYSE American listing standards, we do not consider a director to be independent unless the Board determines (i) that no relationships exist that would preclude a finding of independence under the NYSE American listing standards and (ii) that the director has no relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) that would interfere with the exercise of the director's independent judgment in carrying out his responsibilities as a director. Members of the Audit Committee, Organizational Development and Compensation

Committee and Nominating/Governance Committee must also meet applicable independence tests of the NYSE American and the SEC.

The Board of Directors has reviewed a summary of the directors' responses to a questionnaire asking about their relationships with the Company, as well as material provided by management related to transactions, relationships or arrangements between the Company and the directors and parties related to the directors. The purpose of this review was to determine whether any such transactions, relationships or arrangements were material and possibly inconsistent with a determination that the director was independent. After deliberation, the Board has determined that the Company's four (4) non-employee directors – John Ritota, Russell Manock, David R. Garcia and James Buchan – are independent and that all of the members of the Audit Committee, Organizational Development and Compensation Committee and Nominating/Governance Committee also satisfy the independence tests referenced above. Mr. Hoffman, Mr. Montgomery, and Ms. Millar are not independent due to their employment with the Company. Mr. Millar was not an independent director during his time of service due to his employment with the Company.

Company Leadership Structure

The business of the Company is managed under the direction of the Board of Directors, which is elected by our shareholders. The basic responsibility of the Board is to lead the Company by exercising its business judgment to act in what each director reasonably believes to be the best interests of the Company and its shareholders. Leadership is important to facilitate the Board in acting effectively as a working group so that the Company and its performance may benefit.

For more than 20 years prior to September 2015, the Company was primarily led and managed by Sheldon Hoffman, as Chief Executive Officer, and Alexander W. Millar, as President. While the Board does not have a policy requiring the separation or combination of the Chief Executive Officer and Chairman roles, the leadership structure of the Company historically included the combination of these roles, and, although not formally appointed, Sheldon Hoffman performed the duties of Chairman until his resignation from the Board and as Chief Executive Officer on September 21, 2015. Effective January 4, 2016, Lloyd Hoffman was appointed Chief Executive Officer of the Company, and Alexander W. Millar was formally appointed to serve in the role of Chairman, thus separating, in form, the roles of Chief Executive Officer and Chairman. Since the death of Mr. Millar in December 2017, no director has been formally appointed to succeed him as Chairman. Although not formally appointed, Lloyd Hoffman has performed the duties of Chairman since his appointment as President on December 27, 2017. We have determined that our current structure is the most appropriate and effective Board leadership structure for the Company at this time, based upon a number of factors, including the experience of the applicable individuals, the current business environment and the specific needs of our business. However, we are also in the process of evaluating the Board leadership structure of the Company in light of the loss of our Chairman in December 2017 to determine whether an alternate structure would best serve the interests of the Company in the future.

Although the Board has not designated a lead independent director, four (4) of the seven (7) current members of the Board are independent, three (3) of the four (4) have served as directors for at least seven (7) years and all have significant knowledge of the Company's business. In addition, the Audit Committee, Organizational Development and Compensation Committee and Nominating/Governance Committee are comprised solely of independent directors. The Company's non-management directors regularly meet in non-management directors' sessions, which sessions allow the directors to speak candidly on any matter of interest, without the President and Chief Executive Officer or other members of management present.

Overall, the Board is collegial, and all Board members are well-engaged in their responsibilities. All Board members express their views and are open to the opinions expressed by other directors. We do not believe that appointing an independent board chairman or lead independent director would improve the performance of the Board at this time. However, the Board regularly reviews the Company's leadership structure and reserves the right to alter the structure as it deems appropriate.

Risk Oversight

Executive management continually identifies and monitors the material risks facing the Company, including financial, strategic, operational, legal and compliance risks, together with business relationships and customer relations. The Board of Directors is responsible for exercising oversight of management's identification and management of, and planning for, those risks. The Board has delegated to certain of its committees the primary oversight responsibility for those risks that are directly related to each committee's area of focus.

The Audit Committee reviews our policies and guidelines with respect to risk assessment and risk management, including our major financial risk exposures, and oversees the steps that management has taken to monitor and control those exposures. The Organizational Development and Compensation Committee considers risk issues when establishing and administering our compensation programs for executive officers and other key personnel. The Nominating/Governance Committee oversees matters relating to the composition and organization of the Board and advises the Board on how its effectiveness can be improved by changes in its composition and organization.

The Board and its committees exercise their risk oversight function by carefully evaluating the reports that they receive from management and by making inquiries of management with respect to areas of particular interest to the Board or its committees. We believe that our leadership structure also enhances the Board's risk oversight function, as Lloyd Hoffman, in his roles as President and Chief Executive Officer, regularly discusses the material risks facing the Company with other members of the Company's management team.

The Company maintains a whistleblower policy, which provides for confidential or anonymous employee communications with the non-management directors of the Board. The policy is monitored by the Audit Committee.

Board Meetings and Committees

The Board of Directors of the Company conducts its business through meetings of the Board and its committees. During 2017, the Board of Directors of the Company met four (4) times. Each of the incumbent directors attended 100% of the total number of meetings of the Board of Directors and all committees of the Board of Directors for the period during which the director served on the Board or such committee in 2017. Ms. Millar began attending meetings of the Board in her capacity as a director in January 2018.

In addition to participation at Board and committee meetings, the Company's directors discharge their responsibilities throughout the year through personal meetings and other communications, including considerable telephone contact with the President and Chief Executive Officer and other members of management regarding matters of interest and concern to the Company.

Directors are encouraged but not required to attend the annual meetings of shareholders. A majority of the then-current directors (4 of 7) attended the Company's 2017 Annual Meeting of Shareholders.

Our Board of Directors has a standing Audit Committee, Organizational Development and Compensation Committee and Nominating/Governance Committee. Only members of the Board of Directors can be members of a committee, and each committee is required to report its actions to the full Board of Directors. The functions of each of the Audit Committee, the Organizational Development and Compensation Committee and the Nominating/Governance Committee are governed by charters that have been adopted by the Board of Directors. The charters of each of these committees are available free of charge in the "Corporate Governance" section of our website, www.alphaprotech.com.

Audit Committee

The purposes of the Audit Committee are to assist the Board of Directors in fulfilling its oversight of the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the independent auditors' qualifications and independence and the performance of the Company's internal audit function and independent auditors, as well as to prepare the Audit Committee Report that is included annually in the Company's proxy statement sent to shareholders for the annual meeting. The specific functions and responsibilities of the Audit Committee are set forth in more detail in the committee's charter.

The Board has carefully evaluated the backgrounds of the members of the Audit Committee and has determined that each member qualifies as independent under the applicable NYSE American listing standards and satisfies the membership requirements of the SEC and the NYSE American for audit committee membership. The Board also has determined that Russell Manock qualifies as an “audit committee financial expert,” as that term is defined by the applicable rules of the SEC. As an audit committee financial expert, Mr. Manock also satisfies the NYSE American accounting and financial management expertise requirements. Mr. Manock’s relevant experience is summarized in the section entitled “Proposal 1 – Election of Directors; Information About Director-Nominees” appearing earlier in this Proxy Statement.

The Audit Committee, consisting of Messrs. Russell Manock (Chairman), John Ritota and David R. Garcia, met four (4) times in 2017. The report of the Audit Committee appears later in this Proxy Statement.

Organizational Development and Compensation Committee

In April 2004, the Board expanded the function of the Compensation Committee to encompass organizational development and adopted an Organizational Development and Compensation Committee Charter.

The functions of the committee are to assist the Board of Directors in discharging its oversight responsibilities relating to, among other things, executive compensation, equity and incentive compensation plans, management succession planning and training of all management levels, as well as to produce the report of the Organizational Development and Compensation Committee that is included annually in the Company's proxy statement sent to shareholders for the annual meeting. The President and Chief Executive Officer assists the committee with determining the amount of compensation to be paid to the other executive officers, in part, by providing historical and current performance data to the committee, but does not play a role in his own compensation determination. The committee has discretion to approve, disapprove or modify recommendations made by t