

HECLA MINING CO/DE/
Form PRE 14A
March 16, 2018
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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.)

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HECLA MINING COMPANY

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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**A MESSAGE FROM OUR
INDEPENDENT CHAIRMAN**

The Board engages in active discussion and oversight of the strategy behind Hecla's actions, including the process of capturing opportunities and leading with innovation while balancing possible risks with returns for our shareholders.

Ted Crumley,
Chairman

Dear Fellow Shareholder:

It is the responsibility of the Board to maintain sound corporate governance practices and to oversee Hecla's strategic and operational activities in a manner that protects and creates long-term shareholder value. The Board is committed to fulfilling these duties and to keeping the interests of our shareholders and employees at the center of our priorities.

Corporate Strategy

Hecla's Board operates under the premise that we are elected by you, the shareholders, to oversee the long-term success of our Company. Our Board engages in active discussion and oversight of the strategy behind Hecla's actions, including the process of capturing opportunities and leading with innovation while balancing possible risks with returns for our shareholders. The Company has made progress seeking opportunities in areas such as autonomous machines, sustainability, and environmental stewardship. We oversee and evaluate a very capable management team that is focused on the growth of the Company.

Shareholder Outreach

As always, a priority for this Board is listening to the views of our shareholders and considering them as we make decisions in the boardroom. We accomplish this through ongoing outreach and engagement with our shareholders. Due to our shareholder outreach program over the years, in 2017, we achieved a 96% favorable vote from our shareholders on our executive compensation program. In the fall of 2017, we engaged with shareholders on a variety of topics, including governance and environmental and social issues. Based on the insights of our shareholders, we have enhanced disclosures regarding our practices with respect to Board oversight, director orientation and education, as well as our sustainability efforts and giving back to the communities where we operate.

Leadership in Corporate Responsibility and Sustainability

The Board believes Hecla's focus on corporate responsibility creates value for the Company and our shareholders; identifying ways for technology and expertise to benefit the environment and society, while also helping mitigate risks, reduce costs, protecting employees, and identifying new opportunities in innovation. Our approach is built on a strong foundation of ethics, governance, and transparency, and a commitment to driving improvements in environmental sustainability and social impact.

Governance

The Board, directly and through its Corporate Governance and Directors Nominating Committee ("Governance Committee"), seeks to maintain corporate governance practices that are aligned with our strategic, financial and operational goals. We do this by conducting processes at least annually to evaluate, optimize and update governance and practice guidelines. Recently, the Board updated our Code of Business Conduct and Ethics to include issues such as harassment, computer and information systems and social media, among others.

Board Composition and Refreshment

Shareholders continue to express a genuine and legitimate interest in finding effective ways to ensure that

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boards of directors are comprised of the right people, with the right skills and qualifications, to effectively represent their interests. The issue of Board composition and refreshment is a priority of our shareholders, and we agree that refreshing the Board with new perspectives and new ideas is critical to a forward-looking and strategic Board. At the same time, it is also important to benefit from the valuable experience and familiarity that longer-serving directors bring to the boardroom. The Board is also very conscious of the benefits of diversity on the Board. Ensuring diverse perspectives, including a mix of skills, experience and backgrounds, is key to effectively representing the long-term interests of shareholders. Doing so is a top priority of the Board. In the last two years, three new directors have been appointed to our Board. As a result, the average tenure for our directors has been reduced and our Board now includes a female director.

We remain committed to ensuring the Board is composed of a highly capable and diverse group of directors, well-equipped to oversee the success of the business and effectively represent the interests of our shareholders. As some of our Board members move closer to reaching the mandatory retirement age, we will continue to seek qualified candidates that will further enhance our Board's diversity.

Your participation and your votes are important to the future of our Company. We encourage you to vote your shares in accordance with the Board's recommendations. Details of the items to be voted upon are provided throughout this Proxy Statement.

Ted Crumley
Chairman

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**A MESSAGE FROM OUR PRESIDENT
AND CHIEF EXECUTIVE OFFICER**

We strive to be the partner of choice in the communities where we operate, and believe by engaging, listening, and thoughtfully responding, we will sustain our social license to operate.

Phillips S. Baker, Jr.,
President and Chief Executive Officer

Dear Fellow Shareholder:

On behalf of your entire Board and the management team, I deeply appreciate your support and faith in our Company. I also want to express my gratitude to our Board for its guidance and support as we execute our strategy, which we expect to yield long-term shareholder value. To all our employees, please accept my appreciation for your readiness to adapt, your responsiveness, creativity and willingness to work together towards attaining that success.

Our Corporate Responsibility

At Hecla, the foundation of our corporate responsibility is built on three key areas: health and safety programs, environmental stewardship, and community engagement. This triad is how we manage our business. It's who we are and how we will continue to build upon our accomplishments. Our belief in corporate responsibility allows us to establish long-term relationships and partnerships with the communities in which we operate. We believe this is one of Hecla's attractions for our committed and talented workforce.

Our goal is to continually improve our health and safety performance, so that at the end of each shift our workers go home safely – every day. In 2016, Hecla was recognized by the National Mining Association (NMA) as the first hardrock mining company to receive an independent certification under the NMA CORESafety system. We also strive to be better environmental stewards by using advanced mining technologies to minimize our impact on the landscape.

Our philosophy of continuous improvement also applies to technological innovation. New technology, much of it adopted from other industries, is already reshaping the way underground mines operate. Hecla is a leader among companies our size at adopting these new technologies to increase productivity, improve safety, and reduce our environmental footprint. For example, improvements to work environments in our mines result from battery-operated loaders and trucks, which are now available for underground work. These vehicles produce no diesel particulates, reduce heat output, and generate significantly lower levels of noise.

Looking forward, I see opportunities to reduce our water use and energy intensity demand. Our nation will likely continue to deploy alternative energy production from wind and solar power sources. The minerals we produce – silver and gold, along with our prospective move into copper production – are key supply-chain ingredients for alternative energy systems, and future demand growth is promising.

Another part of our corporate responsibility is creating partnerships with the local communities in which we operate. One result of this community engagement approach is the Hecla Charitable Foundation. Created in 2007 to ensure consistency in corporate philanthropic giving, the Hecla Charitable Foundation has provided several million dollars in support of youth, education, health services, and community infrastructure projects in the communities where we do business.

We believe our strategy and accomplishments have provided our shareholders with substantial value, and will continue to do so in the future.

We sincerely hope you will be able to attend and participate in our Annual Meeting. We welcome the opportunity to meet with many of you and give you a firsthand report on our progress, as well as express our appreciation for your confidence and support.

Phillips S. Baker, Jr.
President and Chief Executive Officer

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ANNUAL MEETING OF SHAREHOLDERS
MAY 24, 2018

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**NOTICE OF 2018 ANNUAL MEETING
OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that the 2018 Annual Meeting of Shareholders (“Annual Meeting”) of Hecla Mining Company (“we,” “our,” “us,” “Hecla,” or the “Company”) will be held on Thursday, May 24, 2018, at 10:00 a.m., Eastern Daylight Time, at the offices of Lavery, de Billy, L.L.P., located at 1 Place Ville Marie, Suite 4000, Montreal, Quebec, Canada, for the following purposes:

1. Elect three nominees to the Board of Directors, to serve for a three-year term or until their respective successors are elected;
2. Ratify the Audit Committee’s appointment of BDO USA, LLP as our independent registered public accounting firm for 2018;
3. Approve, on an advisory basis, the compensation of our named executive officers;
4. Approve amendments to our Certificate of Incorporation and Bylaws to remove certain 80% supermajority voting provisions;
5. Approve amendments to our Certificate of Incorporation and Bylaws to permit shareholders to call special meetings of shareholders under certain circumstances;
6. To vote on a shareholder proposal regarding declassification of our Board of Directors; and
7. Transact such other business as may properly come before the meeting.

The Board of Directors (“Board”) has fixed the close of business on March 28, 2018, as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting and at any adjournment or postponement thereof (“Record Date”). A list of shareholders eligible to vote at the meeting will be available for examination by any shareholder for any purpose relevant to the meeting during ordinary business hours for at least 10 days prior to May 24, 2018, at Hecla’s corporate offices, located at 6500 N. Mineral Dr., Suite 200, Coeur d’Alene, Idaho, and at the offices of Lavery, de Billy, L.L.P., located at 1 Place Ville Marie, Suite 4000, Montreal, Quebec, Canada. The list will also be available at the Annual Meeting for examination by any shareholders of record present at the Annual Meeting.

On or about April 9, 2018, we began mailing to our shareholders of record as of the Record Date, either a Notice of Internet Availability of Proxy Materials (“Notice”) containing instructions on how to access this Proxy Statement and our 2017 Annual Report (“Proxy Materials”) online, or a printed copy of these Proxy Materials.

Driving directions to the offices of Lavery, de Billy can be found in the back of this document.

By Order of the Board of Directors

Michael B. White
Corporate Secretary

April 9, 2018

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be held on May 24, 2018. This Proxy Statement and our 2017 Annual Report are available at <http://www.hecla-mining.com>

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PROXY STATEMENT SUMMARY

PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all the information you should consider and you should read the entire Proxy Statement before voting. For more complete information regarding the Company's 2017 performance, please review our Annual Report on Form 10-K.

Admission to Annual Meeting

Only record or beneficial owners of Hecla's common stock as of the Record Date, or a valid proxy or representative of such a shareholder, or an invited guest of management, may attend the Annual Meeting in person. Any shareholder, proxy or representative who wishes to attend the Annual Meeting must present the documentation described under "General Information about the Meeting – Rules for Attending the Annual Meeting" on page ____.

Proxy Proposals

Proposals	Board Vote Recommendation	Page Reference For More Information
Proposal 1 –Election of Three Class II Directors	FOR each Director Nominee	
Proposal 2 – Advisory Vote and Ratification of BDO USA, LLP as our Independent Registered Public Accounting Firm for 2018	FOR	
Proposal 3 –Advisory Vote on Executive Compensation	FOR	
Proposal 4 – Approval of Amendments to our Certificate of Incorporation and Bylaws to Remove Certain 80% Supermajority Voting Provisions	FOR	
Approval of Amendments to our Certificate of Incorporation and Bylaws to Permit Shareholders to Call Special Meetings of Shareholders Under Certain Circumstances	FOR	
Proposal 5 –Shareholder Proposal to Declassify our Board of Directors	No Recommendation	

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PROXY STATEMENT SUMMARY

Class II Director Nominees to Serve Until the 2021 Annual Meeting

Our Board is currently composed of eight members divided into three classes, with each class serving a term of three years. In May 2017, our director, Dr. Anthony P. Taylor, reached the mandatory retirement age of 75 and did not stand for re-election at the Annual Meeting. The size of the Board was reduced to eight at the 2017 Annual Meeting.

The Board and the Governance Committee believe the three director nominees (Nethercutt, Ralbovsky and Boggs) possess the necessary qualifications to provide effective oversight of our business and quality advice and counsel to the Company's management.

The following table summarizes important information about each director nominee standing for re-election to the Board for a three-year term expiring in 2021.

Class II Director Nominees

George R. Nethercutt, Jr. (age 73)

Director since 2005
Chairman of the Corporate Governance and Directors
Nominating Committee

Stephen F. Ralbovsky (age 64)

Director since 2016
Founder and Principal of Wolf Sky Consulting LLC
Chairman of the Audit Committee

Catherine "Cassie" J. Boggs (age 63)

Director since 2017
General Counsel at Resource Capital Funds

Experience and Qualifications

Public company board service
Corporate governance
Industry and mining experience
International business experience
Leadership
Legal and compliance
Risk management
Audit Committee financial expert
Corporate governance
Finance
Industry and mining experience
Industry association participation
International business
Leadership
Legal and compliance
Reputation in the industry
Risk management
Corporate governance
Finance
Industry and mining
Industry association participation
International business
Leadership
Legal and compliance
Reputation in the industry
Risk management

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PROXY STATEMENT SUMMARY

Corporate Governance Highlights

We are committed to good corporate governance practices and believe that Proposals 4 and 5 are in the best interests of our shareholders. We believe that if passed they would enhance Board and management accountability and help build public trust in the Company. In addition to Proposals 4 and 5 described beginning on pages ___ and ___, respectively, the *Corporate Governance and Related Matters* section beginning on page ___ further describes our current governance framework, which includes the following highlights:

Shareholder Rights

Director Resignation

Policy

Directors who receive more "Against" votes than "For" votes must tender their resignation to the Board for consideration.

No Poison Pill

We do not have a shareholder rights plan (commonly referred to as a "poison pill").

Majority Voting for

Director Elections

Directors are elected by a majority of votes cast, which increases Board accountability to shareholders.

Board Structure

Governance Policies

Our Corporate Governance Guidelines provide shareholders with information regarding the best practice principles of our corporate governance program and Board framework.

Board Refreshment

One long-tenured director retired in 2017; we added two new directors in 2016, and one new director in 2017, thereby reducing the average tenure of the Board.

and Tenure

Seven of eight directors are independent, including the Audit, Compensation, and Governance Committee members. The positions of CEO and Chairman of the Board are held by separate persons. The Board believes this structure is optimal for the Company at this time because it allows the CEO to focus on leading the Company's business and operations, and the Chairman to focus on broader strategies and leading the activities of the Board.

87% Independent

Independent Chairman of the Board

Regular Executive

Sessions of

Independent Directors

Executive sessions of non-management directors are included on the agenda for every regularly scheduled Board meeting.

With the exception of our Executive Committee, our Board committees have written charters that clearly establish their respective roles and responsibilities, and are comprised exclusively of independent directors. Committee composition and charters are reviewed annually by our Board.

Committee Governance

Mandatory Retirement

We have a mandatory director retirement age of 75.

Annual Performance

The Governance Committee oversees an annual performance evaluation of our Board, while the Committees perform their own self-evaluations on an annual basis.

Evaluations

Access to Management

and Experts