

MOSAIC CO
Form DEF 14A
April 10, 2019
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

The Mosaic Company
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total Fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

Table of Contents

Headquarter Offices:

Atria Corporate Center, Suite E490
3033 Campus Drive
Plymouth, MN 55441
Telephone (763) 577-2700
April 10, 2019

Dear Stockholder:

You are cordially invited to attend The Mosaic Company's 2019 Annual Meeting of Stockholders on May 23, 2019, at 9:00 a.m. Central Time. A Notice of the Annual Meeting and a Proxy Statement covering the formal business of the meeting appear on the following pages.

This year's annual meeting of stockholders will be conducted via live webcast. You will be able to attend the virtual meeting of stockholders online and submit your questions during the meeting by visiting www.virtualshareholdermeeting.com/MOS2019. You will also be able to vote your shares electronically at the annual meeting (other than shares held through our 401(k) Plan or Union Savings Plan, which must be voted prior to the meeting).

Hosting a virtual meeting provides ease of access, real-time communication and cost savings for our stockholders and the company and facilitates stockholder attendance and participation from any location around the world.

We hope that you will be able to attend the meeting. However, even if you are planning to attend the meeting, please promptly submit your proxy vote by telephone or Internet or, if you received a copy of the printed proxy materials, by completing and signing the enclosed proxy card and returning it in the postage-paid envelope provided. This will ensure that your shares are represented at the meeting. Even if you submit a proxy, you may revoke it at any time before it is voted. If you attend and wish to vote at the meeting, you will be able to do so, even if you have previously returned your proxy card.

Your cooperation and prompt attention to this matter are appreciated. Thank you for your ongoing support of, and continued interest in, The Mosaic Company.

Sincerely,

James ("Joc") C. O'Rourke
President and Chief Executive Officer

Table of Contents

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Atria Corporate Center, Suite E490
3033 Campus Drive
Plymouth, MN 55441
Telephone (763) 577-2700

Notice of 2019 Annual Meeting of Stockholders

To Our Stockholders:

The 2019 Annual Meeting of Stockholders of The Mosaic Company, a Delaware corporation, will be held on May 23, 2019, at 9:00 a.m. Central Time (the “2019 Annual Meeting”). You will be able to attend the 2019 Annual Meeting, vote your shares and submit questions during the annual meeting via a live webcast available at www.virtualshareholdermeeting.com/MOS2019. The following matters will be considered and acted upon at the 2019 Annual Meeting:

1. Election of twelve directors for terms expiring at the 2020 Annual Meeting of Stockholders, each as recommended by our Board of Directors;
2. Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2019;
3. An advisory vote to approve the compensation of our Named Executive Officers as disclosed in the accompanying Proxy Statement; and
4. Any other business that may properly come before the 2019 Annual Meeting of Stockholders or any adjournment or postponement thereof.

In accordance with our Bylaws and resolutions of the Board of Directors, only stockholders of record at the close of business on March 22, 2019 are entitled to notice of and vote at the 2019 Annual Meeting of Stockholders.

By Order of the Board of Directors
Mark J. Isaacson
Senior Vice President, General Counsel and Corporate Secretary
April 10, 2019

Important Notice Regarding the Availability of Proxy Materials for the
Stockholder Meeting to be Held on May 23, 2019:

Our Proxy Statement and 2018 Annual Report are available at www.mosaicco.com/proxymaterials.

Table of Contents

SUMMARY INFORMATION

This summary highlights certain information that you should consider before voting on the proposals to be presented at the 2019 Annual Meeting of Stockholders of The Mosaic Company (“Mosaic,” the “Company,” “we,” “us,” or “our”). This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement and our 2018 Annual Report carefully before voting.

The 2019 Annual Meeting of Stockholders

Date: May 23, 2019
 Time: 9:00 a.m. Central Time
 Virtual Meeting: www.virtualshareholdermeeting.com/MOS2019
 Record Date: March 22, 2019

Where to Find Information

Corporate website: www.mosaicco.com
 Investor website: www.mosaicco.com/investors
 2018 Annual Report: www.mosaicco.com/proxymaterials

Voting Matters

Proposal	Board Recommendation	Page
Election of Twelve Directors	FOR each director nominee	<u>10</u>
Ratification of KPMG LLP as our independent registered public accounting firm	FOR	71
Say-on-Pay Advisory Proposal	FOR	71

Our Business

We are the world’s leading producer and marketer of concentrated phosphate and potash crop nutrients. Through our broad product offering, we are a single source supplier of phosphate- and potash-based crop nutrients and animal feed ingredients. We serve customers in approximately 40 countries. We are the largest integrated phosphate producer in the world and one of the largest producers and marketers of phosphate-based animal feed ingredients in North America and Brazil. Following our January 8, 2018 acquisition (the “Brazil Acquisition”) of the global phosphate and potash operations of Vale S.A. (“Vale”) conducted through Mosaic Fertilizantes P&K Ltda (formerly Vale Fertilizantes S.A.), we are the leading fertilizer production and distribution company in Brazil. We mine phosphate rock in Florida and Brazil. We process rock into finished phosphate products at facilities in Florida, Louisiana and Brazil. Upon completion of the Brazil Acquisition, we became the majority owner of an entity operating a phosphate rock mine in the Bayovar region in Peru, in which we previously held a minority equity interest. We are one of the four largest potash producers in the world. We mine potash in Saskatchewan, New Mexico and Brazil. We have other production, blending or distribution operations in Brazil, China, India and Paraguay, as well as a strategic equity investment in a joint venture that operates a phosphate rock mine and chemical complexes in the Kingdom of Saudi Arabia. Our distribution operations serve the top four nutrient-consuming countries in the world: China, India, the United States and Brazil.

The Mosaic Company is a Delaware corporation that was incorporated in March 2004 and serves as the parent company of the business that was formed through the October 2004 combination of IMC Global Inc. (“IMC”) and the fertilizer businesses of Cargill, Incorporated. (“Cargill”).

2018 Business Highlights

Our 2018 business results reflect positive market dynamics and solid execution across the business. Some of these accomplishments include:

On January 8, 2018, we completed the Brazil Acquisition which, together with our historical fertilizer distribution business in Brazil and Paraguay, we refer to as Mosaic Fertilizantes, making us the leading fertilizer production and distribution company in Brazil.

On December 1, 2018, Ma’aden Wa’ad Al Shamal Phosphate Company (“MWSPC”), our joint venture with Saudi Arabian Mining Company (“Ma’aden”) and Saudi Basic Industries Corporation (“SABIC”) that owns and operates integrated phosphate production facilities in the Kingdom of Saudi Arabia, commenced

Table of Contents

commercial operations of the DAP plant, thereby bringing the entire project to the commercial production phase.

During 2018, we prepaid \$684 million against our term loan and paid off \$89 million in maturing bonds bringing our total repayments of long-term debt, including other long-term debt, in 2018 to over \$800 million.

We had record sales volumes of 2.9 million tonnes of MicroEssentials® in 2018.

We continued the expansion of capacity in our Potash segment with the K3 shafts at our Esterhazy mine, which began to mine a limited amount of potash ore in 2017.

In December, we received the final permit to mine the Ona phosphate reserves, which will extend our Florida phosphate mining for decades.

We continue to focus on optimizing our asset portfolio. On August 31, 2018, we temporarily idled our South Pasture, Florida beneficiation plant for an indefinite period of time.

We have included additional information on these matters in our accompanying 2018 Annual Report.

2018 Financial Highlights

	2018	2017
Net Sales (in millions)	\$9,587.3	\$7,409.4
Net Income (Loss) (in millions)*	\$470.0	\$(107.2)
Net Earnings (Loss) per Share*	\$1.22	\$(0.31)
Operating Earnings (in millions)	\$928.3	\$465.7

*Net earnings (loss) for 2017 included a discrete tax expense of \$451 million, or (\$1.30) per diluted share primarily due to enactment of the U.S. Tax Cuts and Jobs Act.

Executive Compensation Highlights

We evaluate the overall environment in which we operate when designing our executive compensation program. We operate in a cyclical and seasonal industry in which profitability is heavily influenced by commodity prices and other factors, including the price, supply and demand of our fertilizer products and the key inputs we use to produce them. While some of these factors are controllable, others are not. As a result, our incentive measures reflect key financial and operational performance that take into consideration the impact of external factors, yet are within the control of management. Furthermore, common incentives across the executive officer group promote collaboration, unity of interests and accountability for enterprise results.

Our executive compensation program offers traditional base salary, short-term incentives tied to financial and operational performance (in the form of financial metrics for return on invested capital (“ROIC”), cost management and production efficiency measures, as well as operational objectives for safety and sustainability), and long-term incentives linked to stock price performance.

The majority of target direct compensation for 2018 was “at risk” based on financial, operational and stock price performance.

Table of Contents

Elements of 2018 total direct compensation included:

Element	Description	Further Information (Page)
Salary	A competitive level of cash is provided to attract and retain executive talent. Our short-term incentive plan paid out at 187.16% of target for our executive officers, reflecting: § Maximum or near-maximum performance under each of our financial performance measures:	40
Short-Term Cash Incentive	w ROIC; w controllable operating costs per tonne; w free cash flow; § attainment of record sales for our premium products including MicroEssentials; and § performance at near maximum level against goals for our Management System Effectiveness (“MSE”) measure, the elements of which promote environmental health safety and sustainability (“EHSS”) behaviors and objectives.	40
Long -Term Equity Incentive	Our long-term incentive awards granted in 2018 consisted of one-third time-based restricted stock units and two-thirds total stockholder return (“TSR”) performance units. TSR performance unit awards granted in 2018 require a minimum of 10% TSR growth to earn target awards and, for our executive officers, a three-year vesting period followed by an additional one-year holding period on earned shares. The 2016 - 2018 TSR performance units vested below target and paid out at values significantly below the grant date value (-72%), reflecting the decline in our stock price since their grant date. We did not meet the minimum ROIC performance threshold for units granted in 2016, therefore, none of these awards were earned or vested.	42

Compensation Practices and Policies

The Compensation Committee periodically reviews our compensation program to ensure that it remains consistent with our pay-for-performance philosophy and, as a whole, reflects what the Compensation Committee believes to be best practices among our peer group and the broader market. Highlights of our compensation practices are presented below.

What We Do

- ü Majority of target direct compensation is tied to performance and at risk
- ü Appropriate balance between short-term and long-term compensation to discourage short-term risk taking
- ü Compensation Committee discretion to reduce (but not increase) executive officer short-term incentive payouts
- ü Clawback policy applicable to annual and long-term incentives
- ü Executive change-in-control agreements and long-term incentive awards with double trigger required in a change in control
- ü Stock ownership guidelines of 5x annual salary for CEO and 3x annual salary for other executive officers; required to hold 75% of all shares acquired from vested equity until ownership level is achieved
- ü Independent executive compensation consultant and Compensation Committee access to other independent advisors
- ü Limited perquisites
- ü Annual say-on-pay vote

Table of Contents

What We Don't Do

- û We do not enter into executive employment agreements with lengthy terms, other than in unique circumstances where such agreements are deemed appropriate
- û We do not award uncapped incentives that could contribute to excessive risk taking
- û We do not provide tax gross-ups under our executive change-in-control agreements
- û We do not permit hedging or pledging of Mosaic stock
- û We do not reprice options under our stock plan

Corporate Governance Highlights

Our corporate governance practices and policies promote Board independence and accountability in the performance of their duties, as well as alignment with stockholders' interests. Highlights of those practices and policies are presented below.

Declassified Board of Directors. At each annual meeting of stockholders of Mosaic, each director is elected to hold office for a one-year term expiring at the next annual meeting of stockholders of Mosaic.

Majority Vote Standard. Our Bylaws provide for the election of directors by a majority of votes cast in uncontested elections.

Proxy Access. Our Bylaws provide for proxy access which permits a stockholder, or a group of up to 20 stockholders, owning 3% or more of our outstanding shares of common stock, par value \$0.01 per share ("Common Stock"), continuously for at least three years to nominate and include in our proxy materials nominees for director constituting up to 20% of the Board of Directors or two directors, whichever is greater, subject to the requirements set forth in our Bylaws.

Independent Directors. All of our directors except our CEO and Luciano Siani Pires, Chief Financial Officer of Vale, are independent. All of the members of our Audit, Compensation and Corporate Governance and Nominating Committees are independent.

Independent Board Leadership. Our Board is led by an independent non-executive Chairman.

Annual Director Evaluations. Annual self-evaluation by our Board and each standing committee, including individual director peer review.

Director Stock Ownership. Minimum guideline equal to five times the base cash retainer for non-employee directors with five years of service, except with respect to Mr. Siani Pires as described in footnote (3) to the Director Stock Ownership Guidelines table on page 20.

Succession Planning. Rigorous framework for Corporate Governance and Nominating Committee annual review of succession planning for our CEO and for Compensation Committee annual review of succession planning for other executive officers and key executives.

Environmental, Health, Safety and Sustainable Development.

Dedication to protecting our employees and the communities in which we operate, and to being a good steward of natural resources.

Separate standing Board committee to oversee environmental, health, safety and sustainable development matters.

Risk Oversight

Standing Enterprise Risk Management, or ERM, Committee assists in achieving business objectives through systematic approach to anticipate, analyze and review material risks. Consists of cross-functional team of executives and senior leaders.

Board oversees management's actions, with assistance from each of its standing committees. Management reports on enterprise risks to the full Board on a regular basis.

Director Nominees

The table below shows summary information about each nominee for election as a director. Each director nominee is elected by a majority of the votes cast and, if elected, will serve for a term that expires at the 2020 Annual Meeting.

Table of Contents

Name	Age	Director Since	Occupation	Experience/ Qualifications	Independent	Committee Membership	Other Company
Nominees for Election as Directors						AC Comp Gov EHSS	Boards
Cheryl K. Beebe	63	Nominee	Retired, former Executive Vice President and Chief Financial Officer Ingredion Incorporated	<ul style="list-style-type: none"> • Financial Expertise and Leadership and Audit Committee Experience • International Business and Strategic Leadership • Agricultural Business Expertise • Risk Management 	X		Packaging Corporation of America Goldman Sachs Trust II
Oscar Bernardes	72	2018	Managing Partner, Yguaporã Consultoria e Empreendimentos Ltda	<ul style="list-style-type: none"> • Brazil Markets • International Business • Operations • Risk Management 	X	☒	DASA, Laboratórios da América S.A. Localiza Rent a Car S.A. Votorantim Participações S.A.
Nancy E. Cooper	65	2011	Retired, former Executive Vice President and CFO, CA, Inc. (“CA Technologies”)	<ul style="list-style-type: none"> • Financial Expertise and Leadership • Audit Committee Financial Expert • Technology • Ethics and Compliance • Risk Management 	X	£ ☒	Aptiv Corporation Brunswick Corporation
Gregory L. Ebel	55	2012	Chairman, Enbridge, Inc.	<ul style="list-style-type: none"> • Executive Leadership • Financial Expertise and Leadership • Audit Committee Financial Expert • Business Development 	X	☒ ☒	Enbridge, Inc.

Timothy S. Gitzel	57	2013	President and CEO, and Regulatory Affairs in Canada	X	α	£	Cameco Corporation
Denise C. Johnson	52						

- Risk Management
- Executive Leadership
- Business, Government
- Mining
- Risk Management