

MOSAIC CO
Form PRE 14A
March 18, 2016
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

PRELIMINARY COPY

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

April 6, 2016

Dear Stockholder:

You are cordially invited to attend The Mosaic Company's 2016 Annual Meeting of Stockholders on May 19, 2016, at 10:00 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. At the meeting we will report on our operations during the year ended December 31, 2015.

This year's meeting will be a completely virtual meeting of stockholders, which will be conducted via live webcast. You will be able to attend the annual meeting of stockholders online and submit your questions during the meeting by visiting www.virtualshareholdermeeting.com/MOS16. You will also be able to vote your shares electronically at the annual meeting (other than shares held through our 401(k) Plan, which must be voted prior to the meeting).

We are excited to embrace the latest technology to provide ease of access, real-time communication and cost savings for our stockholders and the company. Hosting a virtual meeting will facilitate 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

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

Notice of 2016 Annual Meeting of Stockholders

To Our Stockholders:

The 2016 Annual Meeting of Stockholders of The Mosaic Company, a Delaware corporation, will be held on May 19, 2016, at 10:00 a.m. Central Time (the “2016 Annual Meeting”). You will be able to attend the 2016 Annual Meeting, vote your shares and submit questions during the annual meeting via a live webcast available at www.virtualshareholdermeeting.com/MOS16. The following matters will be considered and acted upon at the 2016 Annual Meeting, each of which is explained more fully in the accompanying Proxy Statement:

1. Approval of an amendment to our Restated Certificate of Incorporation to delete references to the transition process from a classified board to a fully declassified board and to permit stockholders to remove any director with or without cause;
2. Approval of an amendment to our Restated Certificate of Incorporation to eliminate the authorized Class A and Class B Common Stock and provisions related thereto, and to decrease the total number of shares of capital stock that we have authority to issue from 1,279,036,543 to 1,015,000,000;
3. Election of eleven directors for terms expiring in 2017, each as recommended by our Board of Directors;
4. Ratification of the appointment of KPMG LLP as our independent registered public accounting firm to audit our financial statements as of and for the year ending December 31, 2016 and the effectiveness of internal control over financial reporting as of December 31, 2016, as recommended by our Audit Committee;
5. An advisory vote to approve the compensation of our executive officers disclosed in the accompanying Proxy Statement; and
6. Any other business that may properly come before the 2016 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, 2016 are entitled to notice of and to vote at the 2016 Annual Meeting of Stockholders.

By Order of the Board of Directors

Mark J. Isaacson

Senior Vice President, General Counsel and Corporate Secretary

April 6, 2016

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on May 19, 2016:

Our Proxy Statement and 2015 Annual Report are available at www.mosaicco.com/proxymaterials.

Table of Contents

SUMMARY INFORMATION

This summary highlights information in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement and our 2015 Annual Report carefully before voting.

The Mosaic Company Annual Meeting of Stockholders

Date and Time:	May 19, 2016; 10:00 a.m. Central Time
Virtual Meeting:	Online at www.virtualshareholdermeeting.com/MOS16
Record Date:	March 22, 2016

General Information

Corporate website:	www.mosaicco.com
Investor website:	www.mosaicco.com/investors
2015 Annual Report:	www.mosaicco.com/proxymaterials

Voting Matters

	Board Recommendation	Page
Completion of Transition to Declassified Board	FOR	<u>10</u>
Elimination of Class A and Class B Common Stock and decreasing the total number of authorized shares of capital stock from 1,279,036,543 to 1,015,000,000	FOR	<u>11</u>
Election of Eleven Directors	FOR each director nominee	<u>11</u>
Ratification of KPMG LLP as our independent registered public accounting firm	FOR	<u>75</u>
Say-on-Pay Advisory Proposal	FOR	<u>75</u>

Our Business

We are the world's leading producer and marketer of concentrated phosphate and potash crop nutrients. 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 the United States. We are one of the four largest potash producers in the world. 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 mine phosphate rock in Florida and process rock into finished phosphate products at facilities in Florida and Louisiana. We mine potash in Saskatchewan and New Mexico. We have other production, blending or distribution operations in Brazil, China, India and Paraguay, as well as strategic equity investments in a phosphate rock mine in the Bayovar region in Peru and a joint venture formed to develop a phosphate rock mine and chemical complexes in the Kingdom of Saudi Arabia ("WASPC" or the "Ma'aden joint venture"). Our distribution operations serve the top four nutrient-consuming countries in the world.

We were formed through the October 2004 business combination of IMC Global Inc. ("IMC") and the fertilizer businesses of Cargill, Incorporated (individually, or in any combination with its subsidiaries, "Cargill"). On May 25, 2011, we facilitated Cargill's exit from its ownership interest in us through a split-off (the "Split-off") to its stockholders ("Exchanging Cargill Stockholders") and a debt exchange with certain of its debt holders, and initiated the first in a series of transactions intended to result in the ongoing orderly disposition of the approximately 64% (285.8 million) of our shares that Cargill formerly held. We refer to these transactions as the "New Horizon Transaction" and have included additional information on the disposition of these shares under "Certain Relationships and Related Transactions" on page 72.

Business Highlights

Mosaic grew earnings per share in 2015 in spite of challenging global economic conditions and weak near-term market conditions by focusing on cost control and executing share repurchases. We also made progress on our strategic initiatives, to position Mosaic to outperform in better markets.

- w For 2015, net earnings attributable to Mosaic were \$1.0 billion, or \$2.78 per diluted share, compared to \$1.0 billion, or \$2.68 per diluted share, for the year ended December 31, 2014.
- w We generated \$1.8 billion in cash flows from operations during 2015, and maintained cash and cash equivalents of \$1.3 billion as of December 31, 2015.

Table of Contents

- w We continued the expansion of capacity in our Esterhazy K3 potash segment. When fully operational, Esterhazy K3 is expected to further reduce our ongoing costs of production and provide the ability to eliminate brine inflow management costs and risk.
- w We completed the integration of the Archer Daniels Midland Company’s fertilizer distribution business in Brazil and Paraguay, acquired in December 2014 (the “ADM Acquisition”). Over time, we expect this acquisition to increase our annual distribution in the region from approximately four million metric tonnes to about six million metric tonnes of crop nutrients in key agricultural regions.
- w MicroEssentials® expansion continued to progress on time and on budget and is expected to add an incremental 1.2 million tonnes, and bring total capacity to 3.5 million tonnes by the end of 2016.
- w We made equity contributions of \$225 million to the Ma’aden joint venture to develop, own and operate integrated phosphate production facilities in the Kingdom of Saudi Arabia. The joint venture is expected to be the lowest cost producer of finished phosphates globally.
- w We reduced our potash cash costs, including realized mark-to-market gains and losses, per production tonne by approximately 10% compared to 2014.
- w Phosphate rock cash production costs were near a five-year low, as we effectively mitigated the effects of inflation.
- w Selling, general and administrative (“SG&A”) expenses declined six percent from the prior year to a six-year low, despite a larger business footprint.
- w We reached agreements with federal and state regulators that, when effective, will resolve claims relating to our management of certain waste materials onsite at fertilizer manufacturing facilities in Florida and Louisiana. A key element of the settlements is our provision of financial assurance for balance sheet liabilities associated with our phosphogypsum stacks. When effective, this settlement will resolve all prior related claims.
- w We ended 2015 with a record low annual recordable injury frequency rate for the second consecutive year.
- w We repurchased approximately 15.6 million shares for an aggregate amount of \$698 million during the year.
- w In March 2015, our Board of Directors approved an increase in our annual dividend to \$1.10 from \$1.00 per share. During 2015, we paid \$385 million in dividends.

We have included additional information on these matters in our accompanying 2015 Annual Report.

Compensation Highlights

Say-on-Pay:

- w 2015 “Say-on-Pay” advisory proposal approved by approximately 95% of votes cast.

2015 Executive Compensation:

- w Short-term incentive plan payouts for 2015 performance were above target, largely reflecting achievements against incentive operating earnings/return on invested capital, capital efficiency and cost management objectives, with a payout percentage of 137% for our executive officers.

- w Despite earnings per share growth over the past one- and three calendar-year periods, our stock price has declined over the same periods, influenced by a number of factors outside our control. Our negative total shareholder return is reflected in all options granted during the past three years being underwater as of December 31, 2015, and the restricted stock units (“RSUs”) and total shareholder return (“TSR”) performance units that vested during 2015 paying out at a value significantly below their grant date values (-21% and -36%, respectively).

- w We changed the mix of long-term incentives for 2015 grants to executive officers by replacing time-based RSUs with performance units with vesting linked to our three-year return on invested capital, adjusted as described on Appendix C (“Incentive ROIC”). We refer to these performance units as “ROIC performance units.”

Table of Contents

•Compensation Governance: highlights of our 2015 compensation practices are presented below.

What We Do

- ü 100% performance-based long-term incentive grants: stock appreciation, TSR and ROIC
- ü Significant percentage of target direct compensation tied to performance
- ü Stock and incentive plan designed to permit awards that meet performance-based criteria of Section 162(m)
- ü Clawback policy applicable to annual and long-term incentives
- ü Executive change-in-control agreements and long-term incentive awards: double trigger in a change in control
- ü Stock ownership guidelines: 5x annual salary for CEO; 3x annual salary for other executive officers
- ü Independent executive compensation consultant
- ü Compensation Committee access to other independent advisors
- ü Annual say-on-pay vote

What We Don't Do

- û No executive employment agreements
- û No tax gross-ups under our executive change-in-control agreements
- û No hedging or pledging of Mosaic stock
- û No repricing of options under our stock plan
- û No company cars, no country clubs, no supplemental defined benefit executive retirement plans; no tax gross-ups on spousal travel effective in 2016

Corporate Governance Highlights

Completion of Transition to Declassified Board of Directors. With the elections of directors at the 2016 Annual Meeting, the transition from a classified board to a fully declassified board will be completed. At the 2016 Annual Meeting, and each annual meeting of stockholders of Mosaic thereafter, all directors will be elected to hold office for a one-year term expiring at the next annual meeting of stockholders of Mosaic.

Proxy Access. In March 2016, we adopted a proxy access bylaw effective for our 2017 annual meeting of stockholders, which permits a stockholder, or a group of up to 20 stockholders, owning 3% or more of our outstanding 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 former CEO, and all of the members of our Audit, Compensation and Corporate Governance and Nominating Committees are independent.

Audit Committee Financial Experts. Our Board has determined that three of our directors qualify as "audit committee financial experts" within the meaning of applicable Securities and Exchange Commission rules.

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

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

Director Stock Ownership. Minimum guideline equal to five times the base cash retainer for non-employee directors with five years of service.

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.

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

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

Annual Board and Committee Evaluations.

w Annual self-evaluation by Board and each standing committee, including individual peer review.

w Annual review of each standing committee's charter.

5

Table of Contents

Risk Oversight

Standing management 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.

Completion of Declassification of our Board of Directors

Because the transition from a classified board to a fully declassified board, for which all Board members stand for annual elections, will be completed with the elections of directors at the 2016 Annual Meeting, our Board is proposing an amendment to our Restated Certificate of Incorporation to delete references to the transition process from a classified Board to a fully declassified board. Since the Delaware General Corporation Law, as applicable to corporations without a classified board of directors such as Mosaic, as of the 2016 Annual Meeting, requires that stockholders be afforded the right to remove directors from office with or without cause, our Board is also proposing an amendment to our Restated Certificate of Incorporation to permit stockholders to remove any director with or without cause.

Elimination of authorized Class A and Class B Common Stock and decreasing the total number of shares of capital stock that Mosaic has authority to issue from 1,279,036,543 to 1,015,000,000

Our Board is proposing an amendment to our Restated Certificate of Incorporation to eliminate authorized Class A and Class B Common Stock and to decrease the total number of shares of capital stock that Mosaic has authority to issue from 1,279,036,543 to 1,015,000,000. No shares of our Class A and Class B Common Stock are currently outstanding and the provisions relating to our Class A and Class B Common Stock are no longer operative and serve no continuing purpose. The proposed amendment to our Restated Certificate of Incorporation would eliminate all references to Class A and Class B Common Stock, and eliminate provisions related specifically to the designation and attributes of Class A and Class B Common Stock. The proposed amendments would also decrease the number of authorized shares of capital stock from 1,279,036,543 by the combined amount of previously authorized shares of Class A and B Common Stock, 264,036,543, to 1,015,000,000 shares of capital stock.

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 will be elected for a term that expires in 2016. Each incumbent director, including the director nominees identified in the table below, together with our directors retiring at the 2016 Annual Meeting, was present for at least 94% of the aggregate number of meetings of the Board and committees of the Board of which such director was a member that occurred during 2015. Two directors, William R. Graber and James T. Prokopanko, will be retiring from our Board upon conclusion of the 2016 Annual Meeting.

Name	Age	Director Since	Occupation	Experience/ Qualifications	Independent	Committee Memberships			Other Company Boards
						AC	Comp	Gov	
Nominees for Election as Directors									
Nancy E. Cooper	62	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 • Software Technology • Ethics and Compliance 	X	£	¤		Teradata Corporation Brunswick Corporation

				<ul style="list-style-type: none"> • Risk Management • Executive Leadership • Financial Expertise and Leadership 				
Gregory L. Ebel	52	2012	Chairman, President and CEO, Spectra Energy Corp	<ul style="list-style-type: none"> • Audit Committee Financial Expert • Business Development • Risk Management 	X		<ul style="list-style-type: none"> • • 	Spectra Energy Corp