

HECLA MINING CO/DE/  
Form DEF 14A  
April 09, 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. )

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  
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 [ ] Soliciting Material Pursuant to §240.14a-12

### HECLA MINING 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):

- [X] No fee required.  
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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 Conduct 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.

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 to declassify 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 93.

**Proxy Proposals**

<b>Proposals</b>	<b>Board Vote Recommendation</b>	<b>Page Reference For More Information</b>
Proposal 1 – Election of Class II Directors	<b>FOR</b> each Director Nominee	11
Proposal 2 – Ratification of the appointment of BDO USA, LLP as our Independent Registered Public Accounting Firm for 2018	<b>FOR</b>	30
Proposal 3 – Approval, on an Advisory Basis, of our Executive Compensation	<b>FOR</b>	75
Proposal 4 – Approval of Amendments to our Certificate of Incorporation and Bylaws to Remove Certain 80% Supermajority Voting Provisions	<b>FOR</b>	76
Proposal 4 – Approval of Amendments to our Certificate of Incorporation and Bylaws to Permit Shareholders to Call Special Meetings of Shareholders Under Certain Circumstances	<b>FOR</b>	80
Proposal 6 – Shareholder Proposal to Declassify our Board of Directors	<b>No Recommendation</b>	82

**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.

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### PROXY STATEMENT SUMMARY

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. See page 12 for more information on the director nominees.

#### **Class II Director Nominees**

##### **George R. Nethercutt, Jr.** (age 73)

Director since 2005  
Chairman of The George Nethercutt Foundation

##### **Stephen F. Ralbovsky** (age 64)

Director since 2016  
Founder and Principal of Wolf Sky Consulting LLC

##### **Catherine “Cassie” J. Boggess** (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

## **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 76 and 80, respectively, the *Corporate Governance and Related Matters* section beginning on page 18 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.

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### PROXY STATEMENT SUMMARY

## **Board Structure**

<b>Governance Policies Board Refreshment and Tenure 87% Independent</b>	Our Corporate Governance Guidelines provide shareholders with information regarding the best practice principles of our corporate governance program and Board framework. 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. 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.
<b>Independent Chairman of the Board Regular Executive Sessions of Independent Directors</b>	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. Directors will not be nominated for re-election after their 75 <sup>th</sup> birthday.
<b>Committee Governance Director Retirement Annual Performance Evaluations</b>	The Governance Committee oversees an annual performance evaluation of our Board, while the Committees perform their own self-evaluations on an annual basis. Our Board and Committees have complete access to all levels of management and can engage advisors at our expense, giving them access to employees with direct responsibility for managing our Company and experts to help them fulfill their oversight responsibilities on behalf of our shareholders. The Compensation Committee and/or our full Board reviews potential CEO and other senior executive successors annually to develop our future leaders and ensure we can sustain business continuity, if any of these key employees were to leave our Company.
<b>Access to Management and Experts</b>	
<b>Succession Planning</b>	

## **Executive Compensation**

<b>Stock Ownership Guidelines Annual Say-on-Pay Vote At-Risk, Performance- Based Compensation</b>	We have stock ownership guidelines for our executive officers and our directors.  Our shareholders have the opportunity annually to cast an advisory vote on our executive compensation. 89.1% of CEO and 77.3% of the other NEO's pay is at-risk <sup>1</sup> . Over 67.7% of total compensation for the CEO is performance-based and 57.1% of total compensation for the other NEOs is performance-based. We grant restricted stock units to retain our senior executives and align their interests with long-term interests of our shareholders. The restricted stock units vest annually in equal amounts over a three-year period.
<b>Stock Awards Change in Control Agreements</b>	Our change in control agreements are double-trigger and contain no excise tax gross-up provision. Our Insider Trading Policy prohibits all directors, executive officers and certain other employees from purchasing or selling any Company securities three weeks before through two days after the public release of any of our periodic results, or at any other time during the year while in possession of material non-public information about the Company.
<b>Insider Trading Policy Anti-hedging and Anti- pledging policies</b>	Our Insider Trading Policy provides that directors and officers are prohibited from hedging or pledging any securities of the Company.
<b>Clawback Policy</b>	Each of the Company's incentive plans (Annual Incentive Plan, Long-term Incentive Plan, Key Employee Deferred Compensation Plan, and 2010 Stock Incentive Plan) have clawback provisions.

<sup>1</sup> Pay at-risk refers to the portion of an employee's compensation that is variable, and therefore "at-risk" of not being paid out. This "at-risk pay" is typically performance-based, versus the fixed pay (for example, salary) that the NEO receives as a condition of employment.

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#### **Shareholder Outreach**

Over the last several years we have undertaken significant shareholder outreach efforts in order to elicit and understand the concerns of our shareholders. After implementing certain changes in 2014 and 2015 to our executive compensation program, our 2016 say-on-pay vote received 81% support, and our 2017 say-on-pay vote received 96% support. The Compensation Committee believes the changes made in 2014 and 2015, and the Company's continued shareholder outreach, have impacted the vote because the Company has remained responsive to the feedback from investors and proxy advisory firms, and enhanced the disclosures on our executive compensation program. The current frequency of shareholder advisory votes on executive compensation is every year.

Once again, in advance of our 2018 Annual Meeting, we engaged with our shareholders and others to seek their feedback. We held one-on-one discussions with shareholders holding over 26 million shares of our common stock, as well as a discussion with one of the major proxy advisory firms. The response was overwhelmingly supportive of our executive compensation program, and complimentary on our disclosures about the program.

In addition to seeking input on our compensation practices, our shareholder outreach program seeks to identify corporate governance matters that are of concern primarily to our shareholders, but also to the major proxy advisory firms.

During our shareholder outreach in 2014, 2015 and 2016, three corporate governance issues were discussed with our shareholders: (i) the ability of shareholders to call special meetings; (ii) the 80% supermajority voting requirement to amend provisions in our Certificate of Incorporation and Bylaws impacting special meetings; and (iii) the absence of a director resignation policy.

At our Annual Meetings held in 2015, 2016 and 2017, we asked shareholders to vote on a proposal to amend our Certificate of Incorporation and Bylaws to permit shareholders to call special meetings under certain circumstances. Under our Certificate of Incorporation, this change required the approval by holders of 80% of our outstanding shares of common stock, yet we only received approval from 41%, 47% and 55%, respectively. In addition, in 2016 and 2017, we added another proposal to amend our Certificate of Incorporation and Bylaws to change the required approval of certain amendments to those documents relating to the ability to call a special meeting from 80% to a two-thirds voting standard. This change also required the approval by holders of 80% of our outstanding shares of common stock, and we only received approval from 46% in 2016 and 54% in 2017. In a continued effort to show our support of shareholder feedback, we are again adding these two proposals to the ballot for shareholders to approve at the 2018 Annual Shareholder Meeting.

In February 2017, the Board approved amendments to our Corporate Governance Guidelines, which included a director resignation policy. Under the policy, any director who is not elected by a majority of the votes cast must tender his or her resignation to the Governance Committee, which will then recommend to the Board whether to accept or reject the resignation offer, and the Board will act on the Governance Committee's recommendation within ninety (90) days following certification of the election results. Any director who tenders his or her resignation pursuant to this provision will not participate in the proceedings of either the Governance Committee or the Board with respect to his or her own resignation offer.

During our shareholder outreach in the fall of 2017, we were asked to include more disclosure in our Proxy Statement under areas such as risk management, board quality/refreshment, and social responsibility/ESG (environment, social and governance criteria). As requested, we have undertaken to provide more disclosure on these issues throughout this Proxy Statement.



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**Key Compensation Actions Taken in 2017**

Below is a brief summary of actions taken by the Compensation Committee in 2017. The compensation of our named executive officers for 2017 is more fully described in the *Compensation Discussion and Analysis* section of this Proxy Statement, starting on page 33 and in the compensation tables starting on page 60.

*Amendments to Compensation Plans.* In 2017, we made amendments to two of our incentive plans, and another amendment was made to how unvested restricted stock units are treated at the time of retirement.

<b>Annual Incentive Plan</b>	<p>Amended the Annual Incentive Plan to include a provision that in the event a plan participant's employment with the Company terminates before the payment date, the participant will not be eligible to receive an Annual Incentive Plan award.</p> <p>Amended the Long-term Incentive Plan to include a provision that in the event a plan participant's employment with the Company terminates for any reason before the end of a performance cycle other than due to death, disability, retirement or involuntary separation from service without cause, the participant will not be eligible to receive a Long-term Incentive Plan award for such performance cycle. Also, if a participant has an involuntary separation from service for cause after the end of the performance cycle and before the award payment date, the participant will not be eligible to receive any award. Further, if participants retire from the Company, the participants will only be eligible to receive their Long-term Incentive Plan award that otherwise becomes payable if they are at least age: (i) 60 and have 15 or more years of service with the Company; (ii) 65 and have 7 or more years of service with the Company; or (iii) 68. If the participant meets these age and years of service requirements, their prorated portion for outstanding plan periods will be paid after the completion of those plan periods.</p>
<b>Long-term Incentive Plan</b>	<p>Amended the vesting schedule for restricted stock units in the event of retirement. Employees who retire before their restricted stock units have vested must meet one of the following requirements in order for their restricted stock units to continue to vest based on the applicable vesting schedule: the employee must at least be age: (i) 60 and have 15 or more years of service with the Company; (ii) 65 and have 7 or more years of service with the Company; or (iii) 68.</p>
<b>Restricted Stock Unit Awards</b>	<p><i>CEO Compensation.</i> In June 2017, the Compensation Committee reviewed the Company's peers and survey data on CEO compensation and found Mr. Baker's targeted total direct compensation to be below the 50<sup>th</sup> percentile. The committee determined that increasing Mr. Baker's base salary by 5% and increasing his Long-term Incentive Plan units and performance-based shares would bring his targeted total direct compensation in alignment with the Company's peers. Specifically, the committee approved the following adjustments to Mr. Baker's compensation: (i) base salary increased from \$605,000 to \$635,000; (ii) Long-term Incentive Plan units increased from 9,500 units to 11,400 units (starting with the 2017-2019 Long-term Incentive Plan period); and (iii) grant date value of performance-based shares increased from \$500,000 to \$600,000.</p>

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## PROXY STATEMENT SUMMARY

*Other NEO Compensation.* In June 2017, the Compensation Committee reviewed all other executive compensation and determined to not increase base salaries for the other NEOs, but to increase long-term incentive grant levels and add performance-based share grants as follows:

NEO	Prior Long-term Incentive Plan Units <sup>1</sup> (#)	Current Long-term Incentive Plan Units <sup>2</sup> (#)	Performance-based Shares <sup>3</sup> (\$)
Lawrence P. Radford	4,200	5,000	120,000
Lindsay A. Hall	4,200	5,000	120,000
Dean W.A. McDonald	3,000	3,600	80,000
David C. Sienko	2,400	3,000	50,000

<sup>1</sup> For Long-term Incentive Plan period 2016-2018.

<sup>2</sup> For Long-term Incentive Plan period 2017-2019.

<sup>3</sup> Based on a 3-year TSR from January 1, 2017 through December 31, 2019. See further disclosure on *Performance-based Shares* on page 51, and in the *Grants of Plan-Based Awards for 2017* table on page 62.

*Annual Incentive Plan ("AIP").* 2017 was a strong year for Hecla, even with our Lucky Friday Mine's unionized workforce on strike. Hecla achieved positive results for 2017, and set the Company up for future performance. Silver production achieved 12.5 million ounces (the second highest in the Company's history) and gold production achieved over 233,000 ounces. When lead and zinc production are included, the overall silver equivalent production achieved 40.9 million ounces, the second highest in the Company's history. We also had significant advances in innovation, with the 40-ton autonomous truck beginning to operate at Casa Berardi, and the testing of ventilation on demand beginning at Greens Creek, both of which should help lower costs going forward. We had record high reserves for silver, gold and lead, and despite the Lucky Friday Mine operations being suspended, we still added \$20 million to our balance sheet. Importantly, we achieved these results with a 19% reduction in the All Injury Frequency Rate.

For 2017, Company performance for AIP purposes was determined by the Compensation Committee to be 108% of target. This result was comprised of 38% for quantitative measures (listed below); 30% for qualitative factors; and 40% was discretionary.

2017 AIP Quantitative Measure Results	Target	Actual	Performance Value
Production (Silver equivalent ounces)	46.5 mm ozs.	40.9 mm ozs.	0%
EBITDA Less Capital <sup>1</sup>	\$100 mm	\$108.7 mm	26%
Work-related injury reduction	2.91 (15% reduction from 2016 rate)	2.76 (19% reduction from 2016 rate)	12%
<b>Total Quantitative</b>			<b>38%</b>

The Compensation Committee approved payout of the AIP awards to be 100% in cash. The AIP (qualitative and discretionary factors) is more fully described in the *Compensation Discussion and Analysis* section of this Proxy Statement, starting on page 33.

*2015-2017 Long-term Incentive Plan ("LTIP").* The 2015-2017 LTIP had a maximum potential unit value of \$375. The Compensation Committee assessed performance under the 2015-2017 LTIP as follows:

Performance Measure	Target	Actual Performance	% of Target	Value Earned Per Unit
Silver Reserve Growth	30.0 silver oz. added (millions)	17.3 silver oz. added (millions)	58%	\$16.50
Production Growth	77.0 silver equivalent oz. (millions)	87.8 silver equivalent oz. (millions)	114%	\$75.00
Cash Flow	\$627.8 Cash Flow (millions)	\$779.5 Cash Flow (millions)	124%	\$100.00
Total Shareholder Return	60% Hecla ranking vs. peers	53.8% Hecla ranking vs. peers	90%	\$18.75
<b>Total Earned Per Unit</b>				<b>\$210.25</b>

The non-GAAP measurement of EBITDA less capital is calculated as the GAAP measure of net loss plus/less the following items: interest expense, income tax provision, depreciation, depletion and amortization expense, interest and other income, acquisition costs, loss on investments, loss on derivatives contracts, provision for environmental matters, provisional price gains, foreign exchange loss, stock-based compensation, Lucky Friday suspension costs, and capital expenditures at our operating mines. A reconciliation of EBITDA less capital to the most comparable GAAP measure of net loss for the year ended December 31, 2017, is included in Appendix E of this Proxy Statement.

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During this three-year period, performance in cash flow generation and production growth exceeded target levels. Performance in reserve growth and total shareholder return were below target, but above minimum threshold levels. As a result, with a range in potential value per unit of \$0 to \$375, in February 2018, the Compensation Committee determined the total 2015-2017 LTIP payout was \$210.25 per unit. The Compensation Committee further approved payout of the LTIP awards to be 50% in cash and 50% in Hecla common stock issued under the 2010 Stock Incentive Plan. The 2015-2017 LTIP is more fully described in the *Compensation Discussion and Analysis* section of this Proxy Statement, starting on page 33.

**CEO Pay Mix For 2017**

**CEO Total Direct Compensation for 2017 - \$4,208,625**

2017 Base Salary – From January 1, 2017 through June 30, 2017, base salary was \$605,000. From July 1, 2017 through December 31, 2017, base salary was \$635,000.

Annual Incentive Plan Payout – \$476,250 (75% of target). Paid 100% in cash.

Long-term Incentive Plan Payout – \$1,997,375. In June 2015, our CEO was awarded 9,500 units under our 2015-2017 Long-term Incentive Plan. For 2017, the plan paid out \$210.25 per unit. Paid 50% in cash and 50% in common stock.

Restricted Stock Units – In June 2017, our CEO was awarded 85,179 restricted stock units with a grant date fair value of \$500,000 (\$5.87 per share), subject to a three-year vesting schedule (one-third in June 2018, one-third in June 2019, and one-third in June 2020).

Performance-based Shares: In June 2017, our CEO was awarded 102,215 performance-based shares with a grant date fair value of \$600,000 (\$5.87 per share), the ultimate value of which is based on our three-year TSR ranking in a peer group (payable in 2020).

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**Board of Directors Selection Process**

Our Bylaws require the Board to have not less than five nor more than nine members. The size of the Board may be increased or decreased within that range from time-to-time by resolution approved by the affirmative vote of a majority of the Board. On May 25, 2017, the Board decreased the size of the Board from nine members to eight members due to the retirement of Dr. Anthony P. Taylor.

**Identifying and Evaluating Nominees for Director  
 Director Selection Process**

<b>Candidate Recommendations</b>	<b>1</b>	<b>Governance Committee</b>	<b>2</b>	<b>Board of Directors</b>	<b>3</b>	<b>Shareholders</b>	<b>4</b>
		Evaluates the Board's needs and screens and interviews candidates					
		Reviews qualifications and expertise, tenure, regulatory requirements and diversity					
From shareholders, management, directors and search firms		Recommends nominees		Discusses, analyzes independence and selects nominees		Votes on nominees at annual meeting	

The Governance Committee uses a variety of methods for identifying and evaluating nominees for director. The Governance Committee is responsible for ensuring that the composition of the Board accurately addresses the needs of our business. In the event vacancies are anticipated, or arise, the Governance Committee considers various potential candidates for director. Candidates may come to the attention of the Governance Committee through current Board members, professional search firms, shareholders or other persons. Consideration of new director nominee candidates typically involves a series of internal discussions, review of information concerning candidates and interviews with selected candidates. The Governance Committee then determines the best qualified candidates based on the established criteria and recommends those candidates to the Board for election.

While the Governance Committee and our Board prioritize maintaining a board that is comprised of directors with a diverse set of skills, experiences, and perspectives, they also recognize the importance of balancing these qualifications with the overall tenure of directors in their long-term approach to board refreshment. The fresh viewpoints and philosophies newer directors bring, coupled with the valuable experience and institutional knowledge the longer-tenured directors possess, benefits the Board and its overall contribution to the Company.

The Board has appointed three highly-qualified directors since 2016 that bring insight to areas such as mining, international business, acquisitions, operations, legal, risk management, geology, engineering, finance and tax. To supplement our newer directors, our longer-tenured directors have extensive knowledge of our operations and have the perspective of overseeing our business activities through economic cycles and across differing competitive environments.

We hold the view that the continuing service of qualified incumbents promotes stability and continuity in the boardroom, contributing to the Board's ability to work as a collective body, while giving us the benefit of familiarity and insight into our affairs that our directors have accumulated during their tenure. Recent additions to the Board provide new perspectives, while directors who have served for a number of years bring experience, continuity, institutional knowledge, and insight into the Company's business and industry. Directors with relevant business and leadership experience provide the Board a useful perspective on business strategy and significant risks and an understanding of the challenges facing the business. Accordingly, the process for identifying nominees reflects our practice of re-nominating incumbent directors who (i) continue to satisfy the Governance Committee's criteria for membership on the Board, (ii) the Governance

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### **PROXY STATEMENT**

Committee believes continue to make important contributions to the Board, and (iii) consent to continue their service on the Board. Directors should also be able to commit the requisite time for preparation and attendance at regularly scheduled Board and committee meetings, as well as be able to participate in other matters necessary to ensure good corporate governance is practiced.

The Governance Committee reviews annually with the Board the composition of the Board as a whole and recommends, if necessary, measures to be taken so that the Board reflects the appropriate balance of knowledge, experience, skills, expertise and diversity required for the Board as a whole and contains at least the minimum number of independent directors required by applicable laws and regulations. Board members should possess such attributes and experience as are necessary for the Board as a whole and contain a broad range of personal characteristics, including diversity of backgrounds, management skills, mining, accounting, finance and business experience.

## **Summary of Director Qualifications and Experience**

### **Director Qualifications and Experience**

Audit Committee Financial Expert  
 Board Service on Public Companies  
 CEO/Administration and Operations  
 Corporate Governance  
 Finance  
 Geology, Mining and Engineering  
 Industry and Mining  
 Industry Association Participation  
 International Business  
 Leadership  
 Legal and Compliance  
 Reputation in the Industry  
 Risk Management

**Baker Boggs Crumley Johnson Nethercutt Raibovsky Rogers Stanley**

In general, and as more fully outlined in our Bylaws and Corporate Governance Guidelines, in evaluating director candidates for election to our Board, the Governance Committee will: (i) consider if the candidate satisfies the minimum qualifications for director candidates as set forth in the Corporate Governance Guidelines; (ii) consider factors that are in the best interests of the Company and its shareholders, including the knowledge, experience, integrity and judgment of each candidate; (iii) consider the contribution of each candidate to the diversity of backgrounds, experience and competencies which the Board desires to have represented, with such diversity being considered among the other desirable attributes of the Board; (iv) assess the performance of an incumbent director during the preceding term; (v) consider each candidate's ability to devote sufficient time and effort to his or her duties as a director; (vi) consider a candidate's independence and willingness to consider all strategic proposals; (vii) consider any other criteria established by the Board and any core competencies or technical expertise necessary to manage and direct the affairs and business of the Company, including, when applicable, to enhance the ability of committees of the Board to fulfill their duties; and (viii) determine whether there exists any special, countervailing considerations against nomination of the candidate.

### **Shareholder Nominees**

The Governance Committee will consider persons recommended by shareholders as nominees for election as directors. Our Bylaws provide any shareholder who is entitled to vote for the election of directors at a meeting called for such purpose may nominate persons for election to the Board by following the procedures set forth on page 96. Shareholders who wish to submit a proposed nominee to the Governance Committee should send written notice to the Corporate Governance and Directors Nominating Committee Chairman, c/o Corporate Secretary, Hecla Mining Company, 6500 N. Mineral Drive, Suite 200, Coeur d'Alene, Idaho 83815-9408, within the time period set forth on page 96. The notification should set forth all information relating to the nominee that is required to be

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### **PROXY STATEMENT**

disclosed in solicitations of proxies for elections of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended ("Exchange Act"), including the nominee's written consent to being named in the Proxy Statement as a nominee and to serving as a director if elected; the name and address of the shareholder or beneficial owner making the nomination or on whose behalf the nomination is being made; and the class and number of shares of stock of the Company owned beneficially and of record by such shareholder or beneficial owner. The Governance Committee will consider shareholder nominees on the same terms as nominees selected by the Governance Committee.

Regardless of how a candidate is brought to the Governance Committee, qualified candidates are subjected to one or more interviews with appropriate members of the Board. Chosen candidates are extended invitations to join the Board. If a candidate accepts, he or she is formally nominated.

### **Director Qualifications, Evaluation, and Nomination**

The Governance Committee believes nominees for election to the Board should also possess certain minimum qualifications and attributes. The nominee must: (i) exhibit strong personal integrity, character and ethics, and a commitment to ethical business and accounting practices; (ii) not be involved in ongoing litigation with the Company or be employed by an entity engaged in such litigation; and (iii) not be the subject of any ongoing criminal investigations in the jurisdiction of the United States or any state thereof, including investigations for fraud or financial misconduct.

In connection with the director nominees who are up for re-election at the Annual Meeting, the Governance Committee also considered the nominees' roles in: (i) overseeing the Company's efforts in complying with its SEC disclosure requirements; (ii) assisting in improving the Company's internal controls and disclosure controls; (iii) assisting with the development of the strategic plan of the Company; and (iv) working with management to implement the strategic plan and mission statement. Directors are expected to exemplify high standards of personal and professional integrity and to constructively challenge management through their active participation and questioning. Our Bylaws and Corporate Governance Guidelines provide that directors will not be nominated for re-election after their 75<sup>th</sup> birthday.

In addition to fulfilling the above criteria, each nominee for election to the Board at the upcoming Annual Meeting brings a strong and unique background and set of skills to the Board, giving the Board as a whole competence and experience in a wide variety of areas, including corporate governance, executive management, legal, accounting, finance, mining, and board service. The Governance Committee has reviewed the nominees' overall service to the Company during their terms, including the number of meetings attended, level of participation and quality of performance.

### **Selection of New Director in 2017**

In January 2017, upon the recommendation of the Governance Committee, the Board appointed Catherine "Cassie" J. Boggs as a Class II director to our Board. Ms. Boggs is an attorney and has served as General Counsel at Resource Capital Funds since January 2011. She has over 36 years' experience as a mining and natural resources lawyer with experience in domestic and international mining projects. The Governance Committee and Board determined that Ms. Boggs was independent under the New York Stock Exchange ("NYSE") listing standards. The Board initially appointed Ms. Boggs to serve on the Audit Committee and Governance Committee, and in May 2017, she was also appointed to the Compensation Committee.

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PROPOSAL 1 – ELECTION OF CLASS II DIRECTORS

**PROPOSAL 1 – ELECTION OF CLASS II DIRECTORS**

In accordance with our Certificate of Incorporation, the Board is divided into three classes. The terms of office of the directors in each class expire at different times. There are three Class II directors whose terms will expire at the 2018 Annual Meeting: George R. Nethercutt, Jr., Stephen F. Ralbovsky and Catherine J. Boggs.

At a meeting held by the Governance Committee in February 2018, the Governance Committee determined the directors whose terms are expiring - Mr. Nethercutt, Mr. Ralbovsky and Ms. Boggs - were qualified candidates to stand for re-election at the Annual Meeting, and the Board designated Mr. Nethercutt, Mr. Ralbovsky and Ms. Boggs as nominees for re-election as directors of the Company, each for a three-year term expiring in 2021. Each nominee has accepted the nomination and agreed to serve as a director if elected by the Company's shareholders.

It is intended that the proxies solicited hereby from our shareholders that do not provide voting instructions will be voted **FOR** the election of George R. Nethercutt, Jr., Stephen F. Ralbovsky and Catherine J. Boggs. The Board knows of no reason why the nominees will be unable or unwilling to accept election. However, if any nominee becomes unable or is unwilling to accept election, the Board will either reduce the number of directors to be elected or select substitute nominees submitted by the Governance Committee. If substitute nominees are selected, proxies that do not provide voting instructions will be voted in favor of such nominees.

**Biographical Information**

Set forth below is biographical information for each of the director nominees, including the key qualifications, experience, attributes, and skills that led our Board to the conclusion that each of the director nominees should serve as a director. There are no family relationships among any of our directors or executive officers.

Our Board includes individuals with strong backgrounds in executive leadership and management, legal, accounting and finance, and Company and industry knowledge, and we believe that, as a group, they work effectively together in overseeing our business.

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PROPOSAL 1 – ELECTION OF CLASS II DIRECTORS

**Current Class II Nominees for Election to the Board – Term Ending at the 2018 Annual Meeting**

If elected, the nominees will each serve for a three-year term ending in 2021. The nominees are as follows:

**George R. Nethercutt, Jr.**

Chairman of The George Nethercutt Foundation and Of Counsel for Lee & Hayes PLLC

**Director since:** 2005

**Age:** 73

**Other Directorships:**

Washington Policy Center, Juvenile Diabetes Research Foundation International (Board of Chancellors)

**Hecla Committees:**

Corporate Governance and Directors Nominating (Chair)

Compensation

Mr. Nethercutt has served as Chairman of The George Nethercutt Foundation, a non-profit student leadership and civics education charity, since 2005, and was appointed Of Counsel at Lee & Hayes PLLC, a law firm, in September 2010. He has been a board member of Washington Policy Center, a public policy organization providing analysis on issues relating to the free market and government regulation, since January 2005; and Board of Chancellors, Juvenile Diabetes Research Foundation International, a charity and advocate of juvenile diabetes research worldwide, since June 2011. He was a board member of ARCADIS Corporation, an international company providing consultancy, engineering and management services, from May 2005 to April 2017; a Principal of Nethercutt Consulting LLC, a strategic planning and consulting firm, from January 2007 to January 2012, and a member of the board of IP Street, a software company, from May 2011 to January 2015.

**Board Qualification and Skills:**

**Extensive Knowledge of the Company's Business and Industry:** Served as a U.S. Congressman and focused on natural resource policies, mining legislation and environmental policies on public lands.

**Extensive Government Leadership Experience:** Has extensive political background, including working as a staff member in the U.S. Senate in Washington, D.C., where he focused on issues relating to oil and gas, natural resources, mining and commerce. Served as chief of staff to a U.S. Senator from Alaska, working on such issues as agriculture, fisheries, timber and mining. He had his own consulting business which consisted of representing clients with mining and natural resource issues.

**Significant Public Company Board Experience:** Over 12 years of service on Hecla's Board, as well as serving on the board of ARCADIS Corporation for 12 years.

**Designations:** Mr. Nethercutt received his Bachelor of Arts in English from Washington State University in 1967, and a law degree from Gonzaga University Law School in 1971. He has been a member of the Washington State Bar Association since 1972.

**Stephen F. Ralbovsky**

Founder and Principal of Wolf Sky Consulting LLC

**Director since:** 2016

**Age:** 64

**Other Directorships:**

None



**Hecla Committees:**

Audit (Chair)

Corporate Governance and Directors Nominating

Health, Safety, Environmental and Technical

Mr. Ralbovsky has been the Founder and Principal of Wolf Sky Consulting LLC, a tax consulting firm, since June 2014. Prior to that, he was a partner with PricewaterhouseCoopers LLP, an accounting firm, from February 1987 until his retirement in June 2014, where he concentrated his practice on public companies operating in the mining industry. He is a part-time Professor of Practice at the University of Arizona's James E. Rogers College of Law. Mr. Ralbovsky is also a member of several organizations, including AICPA, Arizona Society of CPAs, National Mining Association, and Society for Mining, Metallurgy and Exploration.

**Board Qualification and Skills:**

**High Level of Financial Experience:** Over 38 years' experience in taxation, auditing and accounting.

**Extensive Knowledge of the Company's Business and Industry:** Over 38 years' experience in accounting, where he was heavily involved in the mining industry with emphasis in global mining tax and royalty policy.

**Extensive Senior Leadership Experience:** Has extensive experience in leadership in the accounting industry. Served in numerous senior leadership positions, including U.S. Mining Leader, U.S. Mining Tax Leader, Global Mining Tax Leader and Tax Partner for PricewaterhouseCoopers LLP.

**Designations:** Mr. Ralbovsky received a Bachelor of Business Administration with a major in Accounting from Siena College in 1975. He also received a law degree from Albany Law School in 1978. He is licensed in D.C. and Arizona as a Certified Public Accountant.

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PROPOSAL 1 – ELECTION OF CLASS II DIRECTORS

**Catherine “Cassie” J. Boggs**

General Counsel at Resource Capital Funds

**Director since:** 2017

**Age:** 63

**Other Directorships:**

Funzeleo

**Hecla Committees:**

Audit

Corporate Governance and Directors Nominating

Compensation

Ms. Boggs has been the General Counsel at Resource Capital Funds, a mining-focused private equity firm, since January 2011. She has been a board member of Funzeleo, a non-profit organization that inspires and prepares youth for high-demand science and math-based careers, since January 2016, as well as serving as President of the Rocky Mountain Mineral Law Foundation, a non-profit organization dedicated to the study of laws and regulations relating to mining, oil and gas, energy, public lands, water, environmental and international law, from July 2012 to July 2013, and a board member of the Rocky Mountain Mineral Law Foundation, from July 2011 to July 2015.

**Board Qualification and Skills:**

**High Level of Legal Experience:** Over 36 years’ experience as an attorney, having practiced law in several U.S. and overseas jurisdictions.

**Extensive Knowledge of the Company’s Business and Industry:** Over 36 years’ experience as a mining and natural resources lawyer with experience in domestic and international mining projects.

**Extensive Knowledge of Risk Assessment:** In addition to managing all legal affairs of Resource Capital Funds, she is responsible for legal due diligence, country and political risk assessments, and participates in the structuring and implementation of risk mitigation strategies.

**Extensive Senior Leadership Experience:** Has extensive experience in leadership in the mining industry, having worked for Barrick Gold Company, serving in a variety of leadership roles, including serving as the CEO of Tethyan Copper Company, a gold and copper development project in Pakistan, interim President of the African Business Unit, and as interim General Counsel of African Barrick Gold (now known as Acacia Mining) in its formation and initial public offering.

**Designations:** Ms. Boggs received a Bachelor of Arts with a major in Economics from University of Denver in May 1976. She received a Master of Science in Resource Development from Michigan State University in December 1977, and a law degree from the University of Denver College of Law in 1981.

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**PROPOSAL 1 – ELECTION OF CLASS II DIRECTORS**

Our directors whose terms are not expiring this year follow. They will continue to serve as directors for the remainder of their terms or until their respective successors are appointed or elected.

**Continuing Class III Members of the Board – Term Ending at the 2019 Annual Meeting**

**Ted Crumley**

Former Executive Vice President and Chief Financial Officer

OfficeMax Incorporated

**Director since:** 1995

**Board Chairman since:** 2006

**Age:** 73

**Other Directorships:**

None

**Hecla Committees:**

Executive

Compensation

Mr. Crumley served as the Executive Vice President and Chief Financial Officer of OfficeMax Incorporated, a distributor of office products, from January 2005 until his retirement in December 2005. He was also Senior Vice President of OfficeMax Incorporated from November 2004 to January 2005.

**Board Qualification and Skills:**

**High Level of Financial Experience:** Substantial financial experience gained from a long career with OfficeMax Incorporated and Boise Cascade Corporation.

**Senior Leadership/Executive Officer Experience:** Has over 30 years' experience in management, finance and accounting in the natural resources industry. Served in numerous senior leadership positions, including Executive Vice President and Chief Financial Officer of OfficeMax Incorporated and Senior Vice President and Chief Financial Officer of Boise Cascade Corporation.

**Significant Public Company Board Experience:** Over 22 years' service on Hecla's Board, including as Chairman since 2006.

**Extensive Knowledge of the Company's Business and Industry:** With over 22 years of service on Hecla's Board, Mr. Crumley understands all aspects of our business, including the mining elements.

**Designations:** Mr. Crumley received his Bachelor of Business Administration with a major in Accounting from Idaho State University College of Business in 1969.

**Terry V. Rogers, C. Dir., H.R.C.C.C.**

Former Senior Vice President and Chief Operating Officer  
Cameco Corporation

**Director since:** 2007

**Age:** 71

**Other Directorships:**

Centerra Gold Inc.

**Hecla Committees:**

Compensation (Chair)

Health, Safety, Environmental and Technical

Executive

Mr. Rogers served as Senior Vice President and Chief Operating Officer of Cameco Corporation, a uranium producer, from February 2003 until his retirement in June 2007. He has served on the Board of Directors of Centerra Gold Inc., a Canadian gold mining company, and its predecessor company, Cameco Gold, since February 2003.

**Board Qualification and Skills:**

**High Level of Financial Experience:** Financial experience gained from his senior leadership/executive officer experience with Cameco Corporation and prior companies.

**Senior Leadership/Executive Officer Experience:** Has experience in management in the mining industry. Served in numerous senior leadership positions, including Senior Vice President and Chief Operating Officer of Cameco Corporation, and former President of Kumtor Operating Company (a subsidiary of Cameco Corporation).

**Significant Public Company Board Experience:** In addition to serving on the Board of Hecla, has over 14 years of service on the Board of Centerra Gold Inc., including serving as chairman of the human resources and compensation committee, and as a member of the audit committee.

**Extensive Knowledge of the Company's Business and Industry:** Over 30 years' experience in the mining industry, including, open-cast, open-pit and underground operations in coal, gold, and uranium mines around the world.

**Designations:** Mr. Rogers received an Associate degree in Applied Science from the Superior Technical Institute in Wisconsin in 1972. He also obtained a Chartered Director (C. Dir.) designation from The Directors College in 2011, as well as a Human Resources and Compensation Committee Certified (H.R.C.C.C.) designation from The Directors College in 2013.

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PROPOSAL 1 – ELECTION OF CLASS II DIRECTORS

**Charles B. Stanley**

Chief Executive Officer, President and Chairman of the Board  
QEP Resources, Inc.

**Director since:** 2007

**Age:** 59

**Other Directorships:**

QEP Resources, Inc.

**Hecla Committees:**

Health, Safety, Environmental and Technical (Chair)

Audit

Corporate Governance and Directors Nominating

Mr. Stanley has been Chief Executive Officer and President of QEP Resources, Inc., an independent natural gas and oil exploration and production company, since May 2010. He was appointed Chairman of the Board of QEP Resources, Inc. in May 2012. He also served as Chairman, Chief Executive Officer, President and Director of QEP Midstream Partners, LP, a master limited partnership that owns, operates, acquires and develops midstream energy assets, from May 2013 to December 2014.

**Board Qualification and Skills:**

**High Level of Financial Experience:** Substantial financial experience gained from a long career with QEP Resources, Inc. and prior companies.

**Extensive Senior Leadership/Executive Officer Experience:** In addition to his current position as Chief Executive Officer and President of QEP Resources, Inc., Mr. Stanley served in numerous other senior leadership positions, including Chief Executive Officer and President of QEP Midstream Partners, LP, and Chief Operating Officer of Questar Corporation.

**Significant Public Company Board Experience:** In addition to serving on the Board of Hecla, has served on the board of QEP Resources, Inc. the past 7 years and as Chairman of the Board since 2012. Prior to serving on QEP's board, Mr. Stanley served on the board of Questar Corporation for 8 years. He has served on the boards of various natural gas industry trade organizations.

**Extensive Knowledge of the Company's Business and Industry:** Over 34 years' experience in the international and domestic upstream and midstream oil and gas industry. He is a geologist with an extensive background in natural resources.

**Designations:** Mr. Stanley received a Bachelor of Science degree in Geology in 1981, as well as a Master of Science degree in Geology in 1983, from Virginia Tech.

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PROPOSAL 1 – ELECTION OF CLASS II DIRECTORS

Continuing Class I Members of the Board – Term Ending at the 2020 Annual Meeting

**Phillips S. Baker, Jr.**

President and Chief Executive Officer

**Director since:** 2001

**Age:** 58

**Other Directorships:**

QEP Resources, Inc.

**Hecla Committees:**

Executive (Chair)

Mr. Baker has been our CEO since May 2003 and has served as our President since November 2001. He has served as a Director of QEP Resources, Inc., an independent natural gas and oil exploration and production company, since May 2010. Mr. Baker has served as Chairman of the Board for the National Mining Association, a U.S. mining advocate and national trade organization that represents the interests of mining businesses, since October 2017, and has been a Board member since September 2010. He also served as Vice Chairman of the Board for the National Mining Association from October 2015 to October 2017. He has also served as a Board member of the National Mining Hall of Fame and Museum, a federally chartered non-profit national mining museum, since February 2012.

**Board Qualification and Skills:**

**High Level of Financial Experience:** Substantial financial experience gained in his roles of President, CEO, and previously as Chief Financial Officer of the Company and other companies.

**Extensive Senior Leadership/Executive Officer Experience:** Has served as Hecla's President for 17 years and as CEO for 15 years. Has 23 years of executive and management experience in the mining industry.

**Significant Public Company Board Experience:** In addition to serving on the Board of Hecla, has served on the board of QEP Resources, Inc. for 8 years. He serves as chair of the audit committee and as a member of the governance committee for QEP Resources, Inc.

**Extensive Knowledge of the Company's Business and Industry:** Over 31 years' experience in the mining industry.

**Designations:** Mr. Baker received a Bachelor of Business Administration in Accounting from Texas A&M University in 1981, and a law degree and Master of Business Administration from the University of Houston in 1985. He became a member of the State Bar of Texas in 1985, and received his Certified Public Accountant designation in 1986 from the Texas State Board of Public Accounting.

**George R. Johnson**

Former Senior Vice President of Operations with B2Gold Corporation

**Director since:** 2016

**Age:** 69

**Other Directorships:**

B2Gold Corporation

**Hecla Committees:**

Health, Safety, Environmental and Technical  
Audit

Mr. Johnson served as Senior Vice President of Operations of B2Gold Corporation, a Canadian gold mining company, from August 2009 until his retirement in April 2015. He has served on the Board of Directors of B2Gold Corporation since March 2016.

**Board Qualification and Skills:**

*Extensive Knowledge of the Company's Business and Industry:* Over 45 years of foreign and domestic experience in underground and open-pit mine construction and operations management.

*Senior Leadership/Executive Officer Experience:* Has extensive experience in management in the mining industry, including as Senior Vice President of Operations at B2Gold Corporation.

*Designations:* Mr. Johnson received a Bachelor of Science with a major in Mining Engineering from the University of Washington in 1972.

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CORPORATE RESPONSIBILITY AND COMMUNITY ENGAGEMENT  
**CORPORATE RESPONSIBILITY AND  
COMMUNITY ENGAGEMENT**

Hecla's Commitment to Corporate Responsibility

**Environmental Stewardship**

**Community Engagement**

See <http://hecla-mining.com/our-responsibility/> for further information on our commitment to corporate responsibility.

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### CORPORATE GOVERNANCE AND RELATED MATTERS

#### **CORPORATE GOVERNANCE AND RELATED MATTERS**

We believe that good corporate governance practices reflect our values and support our strong strategic and financial objectives and performance. Our corporate governance practices are generally reflected in our Bylaws, Corporate Governance Guidelines, Code of Conduct, and committee charters, which can all be found at <http://www.hecla-mining.com>. The charters of each committee spell out the committees' roles and responsibilities assigned to each by the Board. In addition, the Board has established policies and procedures that address matters such as chief executive officer succession planning, transactions with related persons, risk oversight, communications with the Board by shareholders and other interested parties, as well as the independence and qualifications of our directors. This corporate governance section provides insights into how the Board has implemented these policies and procedures to benefit Hecla and our shareholders.

#### **The Board's Role and Activities in 2017**

Hecla's Board acts as the ultimate decision-making body of the Company on certain fundamental matters and advises and oversees senior management, which is responsible for the day-to-day operations and management of the Company. In carrying out its responsibilities, the Board reviews and assesses Hecla's long-term strategy. During 2017, there were four meetings of the Board. Directors are expected to make every effort to attend the Annual Meeting, all Board meetings and the meetings of the committees on which they serve. All members of the Board attended last year's Annual Meeting of Shareholders, which was held in May 2017. In 2017, each director attended over 95% of the meetings of the Board and the committees of which they are a member.

#### **Role of Board in Risk Oversight**

The Board is responsible for overseeing Hecla's risk management practices related to our business strategies and operations. In performing this oversight role, our Board is responsible for ensuring that the risk management processes designed and implemented by management are functioning, and that necessary steps are taken to foster a culture of risk-adjusted decision-making with Hecla. Throughout the year, our Board receives reports on strategic plans and risks facing each of our operations and Company as a whole. These risks may include financial risks, political risks, legal and regulatory risks, competitive risks, information technology risks, and other risks related to the manner in which we do business. Our management is accountable for day-to-day risk management efforts. Employees who lead various risk areas, such as information technology, environmental, health and safety, tax, sustainability, and corporate social responsibility, report periodically to Board committees and occasionally to our full Board.

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**CORPORATE GOVERNANCE AND RELATED MATTERS**

The Board and its committees' risk oversight, and management's responsibility for risk, are foundational components of our risk management program. This program is designed to provide comprehensive, integrated oversight and management of risk and to facilitate transparent identification and reporting of key business issues to senior management and the Board and its committees. The following are the key risk oversight and management responsibilities of our Board, its committees and management:

Monitors (including through committee reports) and assesses risk exposure:

- Operational      Legal and regulatory
- Strategic      Reputational      Financing, including borrowing, liquidity, capital allocation and pension plan funding

**Audit Committee**

Financial statement integrity and reporting

Monitors internal controls

Oversees audit work

**Governance Committee**

Monitors compliance with securities and financial regulations

Monitors governance structure, policies and processes

Legal and policy matters with potential significant reputational impact

Shareholder concerns

**Compensation Committee**

Oversees executive compensation policies and practices

Independent compensation consultant assesses the Company's compensation arrangements to determine if their provisions and operations create undesired or unintentional risks of a material nature

**Health, Safety, Environmental and Technical Committee**

Oversees operational, reserves, and other technical risks, environment, health and safety compliance, as well as risks relating to public policy initiatives

**Management**

Business units identify and manage business risks

Major financing and other business risk exposures

Risk management updates provided through business reports from management provided at meetings of the Board and its committees throughout the year

Information security, technology, and privacy and data protection

Following consideration of the information provided by management, the Board provides feedback and makes recommendations, as needed, to help minimize the Company's risk exposure. We also believe that our leadership structure and the use of executive sessions aids the Board in risk oversight.

To the extent any risks identified by each standing committee of the Board are material or otherwise merit discussion by the whole Board, the respective committee chair will raise such risks at the next scheduled meeting of the Board, or sooner if merited.

For the foregoing reasons, we have determined that our risk oversight is appropriate in the context of our specific circumstances, risk management efforts, and the Board's administration of its oversight function.

**Director Independence**

Our Corporate Governance Guidelines provide, among other things, that the Board will have a majority of directors who meet the criteria for independence required by the NYSE. In determining independence each year, the Governance Committee affirmatively

determines whether directors have any “material relationship” with the Company. When assessing the “materiality” of a director’s relationship with the Company, the Governance Committee considers all relevant facts and circumstances, not merely from the director’s standpoint,

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**CORPORATE GOVERNANCE AND RELATED MATTERS**

but from that of the persons or organizations with which the director has an affiliation. The Governance Committee also reviews the frequency or regularity of services or transactions between the Company and directors, whether the services or transactions are being carried out at arm's length in the ordinary course of business and whether the services or transactions are being provided substantially on the same terms to the Company as those prevailing at the time from unrelated parties for comparable services or transactions. Material relationships can include commercial, banking, industrial, consulting, legal, accounting, charitable and familial relationships. To guide its determination of whether a director is independent, the Board has adopted the following NYSE listing standards:

A director will not be independent if:

the director is, or has been, within the last three years, our employee, or an immediate family member<sup>2</sup> is, or has been within the last three years, an executive officer;<sup>3</sup>

the director or an immediate family member has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from us, other than director and committee fees and pension and other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

the director is: (i) a current partner or employee of a firm that is our internal or external auditor; (ii) the director has an immediate family member who is a current partner of a firm that is our internal or external auditor and who personally works on the Company's audit; (iii) the director has an immediate family member who is a current employee of a firm that is our internal or external auditor and who personally works on the Company's audit; or (iv) the director or an immediate family member was within the last three years a partner or employee of a firm that is our internal or external auditor and personally worked on our audit within that time;

the director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of our present executive officers at the same time serves or served on that company's compensation committee; or

the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, us for property or services in an amount which, in any of the last three calendar years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

Pursuant to our Corporate Governance Guidelines, the committee undertook its annual review of director independence in February 2018. During this review, the committee considered transactions and relationships between each director or any member of his immediate family and Hecla and our subsidiaries and affiliates, including relationships described below and any reported on page 27 under *Certain Relationships and Related Transactions*. The committee also examined transactions and relationships between directors or their affiliates and members of our senior management or their affiliates. As provided in the Corporate Governance Guidelines, the purpose of this review was to determine whether any such relationships or transactions were inconsistent with a determination that the director is independent.

Based upon an assessment of all facts and circumstances known to the committee, including, among other things, a review of questionnaires submitted by our directors, the committee and the Board affirmatively determined that the following directors are independent of the Company and its management under the standards set forth by the NYSE:

Ted Crumley  
Catherine J. Boggs  
George R. Johnson  
George R. Nethercutt, Jr.

Stephen F. Ralbovsky  
Terry V. Rogers  
Charles B. Stanley

Messrs. Stanley and Baker both serve as members of the board of directors of QEP Resources, Inc., of which Mr. Stanley is also the chief executive officer. The committee reviewed this relationship with the Board, and the Board made the affirmative decision that this relationship did not disqualify Mr. Stanley from being independent. Neither Mr. Baker nor Mr. Stanley serves on the Compensation Committee of either Hecla or QEP Resources, Inc.

Mr. Baker is our President and CEO. As such, he cannot be deemed independent under the NYSE listing standards.

Directors are expected to immediately inform the Board of any material change in their circumstances or relationships that may impact their independence.

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An "immediate family member" includes a person's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone (other than domestic employees) who shares such person's home.

<sup>3</sup>The term "executive officer" has the same meaning specified for the term "officer" in Rule 16a-1(f) under the Exchange Act, or any successor rule.

<sup>20</sup> [www.hecla-mining.com](http://www.hecla-mining.com)

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### CORPORATE GOVERNANCE AND RELATED MATTERS

#### **Retirement Age**

The Company has no current retirement plan for non-management directors. Our Bylaws and Corporate Governance Guidelines provide that directors will not be nominated for re-election after their 75<sup>th</sup> birthday.

As of December 31, 2017, the average age of members of our Board was approximately 66 and the average tenure of our Board was approximately 10 years.

#### **Family Relationships**

There are currently no family relationships between the directors or executive officers of Hecla.

#### **Board Leadership and Executive Sessions**

Currently, the positions of CEO and Chairman of the Board (“Chairman”) 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 serve as a sounding board and advisor to the CEO, and to lead the activities of the Board. The Board has also determined that having a non-management director serve as Chairman is in the best interest of shareholders. This structure ensures a greater role for the independent directors in the oversight of the Company and it enhances the Board’s independence and, we believe, senior management’s accountability to the Board.

If the individual elected as Chairman is the CEO, the independent directors will elect an Independent Lead Director for a one-year term. This would help ensure continued robust independent leadership of the Board.

Currently, our Chairman, Mr. Ted Crumley, chairs meetings of the Board, as well as the executive sessions with independent members of the Board. His duties include chairing annual meetings of shareholders, overseeing the preparation of agendas for Board meetings, preparing for executive sessions of the Board and providing feedback to the CEO, staying current on developments to determine when it may be appropriate to alert the Board to significant pending developments, serving as a liaison between independent directors and the CEO with respect to sensitive issues, and other matters. Executive sessions of independent directors are included on the agenda for every regularly scheduled Board meeting and during 2017, executive sessions were held at each regularly scheduled Board meeting. The executive sessions are chaired by the Chairman. Our independent directors meet in executive sessions without management present, unless the independent directors request their attendance.

For the foregoing reasons, we have determined that our leadership structure is appropriate in the context of our specific circumstances.

#### **Director Orientation and Continuing Education**

Upon joining the Board, new directors undergo a comprehensive orientation program that introduces them to the Company, including our business operations, strategy, financial position, key members of management and corporate governance. This program is considered a valuable part of the director onboarding process. Directors also are encouraged to enroll in director education programs. To enhance the Board’s understanding of some of the unique issues affecting our mining operations, directors are regularly invited to visit our mine sites, where they tour the facilities and interact directly with the personnel responsible for our day-to-day operations. These activities collectively help to ensure that the Board remains knowledgeable about the most important issues affecting our Company and its business.

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CORPORATE GOVERNANCE AND RELATED MATTERS  
**Our Board’s Commitment to Shareholder Engagement**

*Why and how we engage.* Our Board and management team recognize the benefits of regular engagement with our shareholders in order to remain attuned to their different perspectives on matters affecting Hecla. Dialogue and engagement efforts allow our Board and management the opportunity to:

- discuss developments in our business and provide transparency and insight about our strategy and performance; and
- assess issues that may affect our business, corporate responsibility and governance practices.

1	<b>Investor Relations and Senior Management</b>	2	<b>Shareholder Engagement</b>
<p>We provide institutional investors, proxy advisors and equity analysts with opportunities and events to engage with and provide feedback to our senior management.</p> <p>Our senior management participates in formal industry conferences, analyst conferences and non-deal roadshows.</p> <p>To learn more about our engagement with institutional investors, please visit our website at <a href="http://ir.hecla-mining.com/Presentations">http://ir.hecla-mining.com/Presentations</a>.</p>			
		<p>During October and November 2017, we engaged with investors representing nearly 15% of our shareholder base.</p>	

4	<b>Outcome from Investor Feedback</b>	3	<b>Board Involvement</b>
<p>Some tangible examples of the results of our shareholder outreach activities include:</p> <p>Enhanced our proxy statement disclosures to provide more detail on our:</p> <ul style="list-style-type: none"> <li>executive compensation program;</li> <li>board/committee evaluation process;</li> <li>environmental, social and governance responsibilities; and</li> <li>Board’s risk oversight.</li> </ul>			
		<p>Because of this outreach, we deliver our shareholders’ views and specific feedback to the Board and respective committees.</p>	

**Board and Committee Evaluations**

Our Board recognizes that a thorough, constructive evaluation process enhances our Board’s effectiveness and is an essential element of good corporate governance. Accordingly, every year, our Board and each committee of the Board conducts a self-evaluation of its performance and effectiveness. Our Board and committee evaluations cover the following topics:

- Board and committee composition, including skills, background and experience;
- Review of key areas of focus for the Board and committees, and effectiveness in overseeing those responsibilities;
- Satisfaction of director performance, including that of the Board chair;
- Board and committee information needs and quality of materials presented;
- Areas where the Board should increase its focus;
- Satisfaction with the Board and committee schedules, agendas, time allocated for topics and encouragement of open communication and discussion;
- Access to management, experts and internal and external resources;

Oversight of financial reporting process and internal control procedures;

Ethics and compliance;

Company's strategic direction and annual operating plan;

Succession planning;

Selection and evaluation process of Board candidates; and

Understanding risks.

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CORPORATE GOVERNANCE AND RELATED MATTERS

Evaluation Process

<p><b>1 Corporate Governance Review</b></p> <p>During 2017, we re-examined our evaluation process to ensure that the process allows directors the opportunity to provide actionable feedback on the functioning of the Board as a whole. As a result, the evaluation process was conducted on an anonymous basis, using our board portal.</p>	<p><b>2 Annual Board and Committee Evaluations</b></p> <p>The Board and each committee conduct annual evaluations through the use of an electronic questionnaire that covers the topics discussed above.</p>	<p><b>3 Summary of Evaluations</b></p> <p>Hecla's Secretary aggregates and summarizes our directors' responses to the questionnaires, highlighting comments. Responses are not attributed to specific Board or committee members to promote candor.</p>	<p><b>4 Board and Committee Review</b></p> <p>Using the questionnaires and summaries as guides, our chairperson of the Governance Committee reviews the results of the Board evaluation and each committee chairperson reviews the results of each committee evaluation. The evaluations and summaries are shared and discussed with the full Board and each committee. The Board and committees assess the progress in the areas targeted for improvement a year earlier, and develop actions to take to enhance the Board and committee's effectiveness over the next year.</p>
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**Committees of the Board and Committee Assignments**

The Board has five standing committees: Audit; Compensation; Corporate Governance and Directors Nominating; Health, Safety, Environmental and Technical; and Executive. Information regarding these committees is provided below. Except for the Executive Committee, all committees are composed entirely of independent directors. The charters of each committee (other than Executive) are available on our website at <http://www.hecla-mining.com> under "Investors" by selecting "Corporate Governance." You may also obtain copies of these charters by contacting the Company's Investor Relations Department. The members of the Board on the date of this Proxy Statement, and the committees of the Board on which they serve, are identified below, along with the number of meetings held in 2017.

<p><b>Executive Committee Members</b></p> <p>Phillips S. Baker, Jr., Chair Ted Crumley Terry V. Rogers</p>	<p><b>Functions of the Committee</b></p> <p>empowered with the same authority as the Board in the management of our business, except for certain matters enumerated in our Bylaws and Delaware law, which are specifically reserved to the whole Board</p>	<p><b>Meetings in 2017</b></p> <p>None</p>
<p><b>Audit Committee Members<sup>1, 2, 3</sup></b></p> <p>Stephen F. Ralbovsky, Chair George R. Johnson Charles B. Stanley Catherine J. Boggs</p>	<p><b>Functions of the Committee</b></p> <p>assist the Board in fulfilling its oversight responsibilities review the integrity of our financial statements review the independent auditor's qualifications and independence</p>	<p><b>Meetings in 2017</b></p> <p>5</p>

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review the performance of our internal auditor and the independent auditor  
review our compliance with laws and regulations, including disclosure controls and procedures  
please refer to "Report of the Audit Committee" on page 31

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## CORPORATE GOVERNANCE AND RELATED MATTERS

		<b>Meetings in 2017</b>
<b>Compensation Committee Members<sup>2</sup> Functions of the Committee</b>		
Terry V. Rogers, Chair	approve compensation levels and programs for the executive officers, including the CEO	
Ted Crumley	administer our stock-based plans	
George R. Nethercutt, Jr.		
Catherine J. Boggs	please refer to the "Compensation Discussion and Analysis" on page 33	5
<b>Corporate Governance and Directors Nominating Committee Members<sup>2</sup> Functions of the Committee</b>		<b>Meetings in 2017</b>
	consider matters of corporate governance	
	periodically review our Corporate Governance Guidelines, Code of Conduct, and other corporate procedures to ensure compliance with laws and regulations	
	review any director candidates, including those nominated or recommended by shareholders	
	identify individuals qualified to become directors consistent with criteria approved by the Board	
	recommend to the Board the director nominees for the next annual meeting of shareholders, any special meeting of shareholders, or to fill any vacancy on the Board	
George R. Nethercutt, Jr., Chair	review the appropriateness of the size of the Board relative to its various responsibilities	
Charles B. Stanley	recommend committee assignments and committee chairpersons for the standing committees for consideration by the Board	3
Stephen F. Ralbovsky		
Catherine J. Boggs		
<b>Health, Safety, Environmental and Technical Committee Members Functions of the Committee</b>		<b>Meetings in 2017</b>
	review the operational and exploration performance	
	review the operational, reserve and other technical risks	
	review and monitor health, safety and environmental policies	
	review the implementation and effectiveness of compliance systems	
	review the effectiveness of health, safety and environmental policies, systems and monitoring processes	
	review audit results and updates from management with respect to health, safety and environmental performance	
	review emerging health, safety and environmental trends in legislation and proposed regulations affecting the Company	
Charles B. Stanley, Chair	review the technical activities of the Company	
Terry V. Rogers	make recommendations to the Board concerning the advisability of proceeding with the exploration, development, acquisition or divestiture of mineral properties and/or operations	4
Stephen F. Ralbovsky		
George R. Johnson		

<sup>1</sup> The Board has determined that each of the members of the Audit Committee is financially literate and Messrs. Ralbovsky and Stanley each qualify as an audit committee "financial expert" as defined by SEC rules.

<sup>2</sup> Each member of the Audit, Compensation, and Corporate Governance and Directors Nominating Committee satisfies the definition of "independent director" as established in the NYSE listing standards and SEC rules.

<sup>3</sup> No members on the Audit Committee serve on the audit committee of any other public companies.

**Diversity**

While the Board has not adopted a formal policy on diversity, the Company's Corporate Governance Guidelines provide that, as a whole, the Board should include individuals with a diverse range of experience to give the Board depth and breadth in the mix of skills represented. The Board seeks to include an array of skills and experience in its overall composition rather than requiring every director to possess the same skills, perspective, and interests. This guideline is implemented by seeking to identify candidates who bring diverse skill sets, backgrounds, and experiences, including ethnic and gender diversity, to the Board when director candidates are needed.

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### CORPORATE GOVERNANCE AND RELATED MATTERS

#### Director Communications

Shareholders or other interested parties wishing to communicate with the Chairman or with the independent directors as a group may do so by delivering or mailing the communication in writing to: Chairman of the Board, c/o Corporate Secretary, Hecla Mining Company, 6500 N. Mineral Drive, Suite 200, Coeur d'Alene, Idaho 83815-9408. Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of our internal auditor and handled in accordance with procedures established by the Audit Committee with respect to such matters. From time to time, the Board may change the process by which shareholders may communicate with the Board or its members. Please refer to our website at <http://www.hecla-mining.com> under the tab entitled "Investors" and then select the tab entitled "Corporate Governance" for any changes in this process.

#### Succession Planning

Considering the critical importance of executive leadership to the Company's success, the Compensation Committee is charged with the responsibility of developing a process for identifying and evaluating candidates to succeed our CEO and to report annually to the Board on the status of the succession plan. As part of the annual report, the committee may also address issues related to the preparedness for the possibility of an emergency situation involving senior management and an assessment of the long-term growth and development of the senior management team.

The CEO and Director of Human Resources communicate with the Compensation Committee annually regarding succession planning. The Compensation Committee reviews recommended candidates for senior management positions as part of the process to identify and gauge the availability of qualified candidates for those positions and receives reports concerning development plans that are utilized to strengthen the skills and qualifications of the candidates. The criteria used when assessing the qualifications of potential CEO successors include, among others, strategic vision and leadership, operational excellence, financial management, executive officer leadership development, ability to motivate employees, and an ability to develop an effective working relationship with the Board.

In conjunction with our succession reviews, management also reviews potential successors for the top management roles across Hecla. In connection with those reviews, we can conclude that "ready now" potential successors exist. We create development plans for the potential successors who are identified as being ready in one to two years or three to five years. Those potential successors are then sent to specific leadership classes and seminars for further training.

Our Corporate Governance Guidelines also provide that in the event of the death, resignation, removal or incapacitation of the President and CEO, the Chairman will act as the President and CEO until a successor is duly elected. In addition, our Corporate Governance Guidelines and Bylaws provide that in the event of the death, resignation, removal or incapacitation of our current Chairman, the President and CEO will act as Chairman until his successor is duly elected.

#### Electronic Access to Corporate Governance Documents

Our corporate governance documents are available by accessing our website at <http://www.hecla-mining.com> under the tab entitled "Investors" and then selecting the tab entitled "Corporate Governance." These include:

Corporate Governance Guidelines;

Whistleblower Policy;

Charters of the Audit, Compensation, Corporate Governance and Directors Nominating and Health, Safety, Environmental and Technical Committees of the Board;

Code of Ethics for our Chief Executive Officer and Senior Financial Officers; and

Code of Conduct.

The information on our website is not incorporated by reference into this Proxy Statement.

Shareholders may also request a free copy of these documents from: Investor Relations, Hecla Mining Company, 6500 N. Mineral Drive, Suite 200, Coeur d'Alene, Idaho 83815-9408; (208) 769-4100.



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### CORPORATE GOVERNANCE AND RELATED MATTERS

#### [Corporate Governance Guidelines](#)

The Corporate Governance Guidelines were adopted by the Board to ensure that the Board is independent from management, that the Board adequately performs its function as the overseer of management, and to help ensure that the interests of the Board and management align with the interests of our shareholders. In February 2017, the Governance Committee recommended and the Board approved amendments to the Corporate Governance Guidelines to include a director resignation policy. The policy provides that any director who is not elected by a majority of votes cast shall tender his or her resignation to the Governance Committee. The Governance Committee will recommend to the Board whether to accept or reject the resignation offer, or whether other action should be taken. In determining whether to recommend that the Board accept any resignation offer, the Governance Committee will be entitled to consider all factors believed relevant by the Governance Committee's members. The Board will act on the Governance Committee's recommendation within ninety (90) days following certification of the election results. In deciding whether to accept the resignation offer, the Board will consider the factors considered by the Governance Committee and any additional information and factors that the Board believes to be relevant. If the Board accepts a director's resignation offer pursuant to this process, the Governance Committee will recommend to the Board and the Board will thereafter determine whether to fill such vacancy or reduce the size of the Board. Any director who tenders his or her resignation pursuant to this provision will not participate in the proceedings of either the Governance Committee or the Board with respect to his or her own resignation offer. If a director's resignation is not accepted by the Board, the director shall continue to serve until the next annual meeting of shareholders or until his or her successor is duly elected and qualified, or his or her earlier resignation or removal.

#### [Code of Conduct](#)

We believe that operating with honesty and integrity has earned trust from our shareholders, credibility within our communities and dedication from our employees. Our directors, officers and employees are required to abide by our Code of Conduct to promote the conduct of our business in a consistently legal and ethical manner. Our Code of Conduct covers many topics, including conflicts of interest, confidentiality, fair dealing, proper use of the Company's assets, and compliance with laws, rules and regulations. In addition to the Code of Conduct for directors, officers and employees, our CEO, Chief Financial Officer and Controller are also bound by a Code of Ethics for the Chief Executive Officer and Senior Financial Officers.

The Governance Committee has adopted procedures to receive, retain, and react to complaints received regarding possible violations of the Code of Conduct, and to allow for the confidential and anonymous submission by employees of concerns regarding possible violations of the Code of Conduct. Our employees may submit any concerns regarding apparent violations of the Code of Conduct to their supervisor, our General Counsel, the Chair of the Governance Committee, or through an anonymous telephone hotline.

In December 2017, the Governance Committee recommended and the Board approved certain amendments to the Code of Conduct. The amendments included new sections to the Code of Conduct (i.e., conflicts of interest, harassment, accounting policies, computer and information systems, disclosure and public communications, community engagement, safety, health and security, environmental, and record retention).

#### [Whistleblower Policy](#)

We have a Whistleblower Policy adopted by our Audit Committee that encourages our employees to report to appropriate Company representatives, without fear of retaliation, certain accounting information relating to possible fraud. Our employees may submit any concerns regarding financial statement disclosures, accounting, internal accounting controls or auditing matters to the Audit Committee, our General Counsel, or through an anonymous telephone hotline or website. The goal of this policy is to discourage illegal activity and business conduct that damages Hecla's reputation, business interests, and our relationship with shareholders.

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## CORPORATE GOVERNANCE AND RELATED MATTERS

**Certain Relationships and Related Transactions**

We review all relationships and transactions with related persons to determine whether such persons have a direct or indirect material interest. Transactions with related persons are those that involve our directors, executive officers, director nominees, greater than 5% shareholders, immediate family members of these persons, or entities in which one of these persons has a direct or indirect material interest. Transactions that are reviewed as related party transactions by us are transactions that involve amounts that would exceed \$120,000 (the current threshold required to be disclosed in the Proxy Statement under SEC regulations) and certain other transactions. Pursuant to our Code of Conduct, employees and directors have a duty to report any potential conflicts of interest to the appropriate level of management or to the Governance Committee. We evaluate these reports along with responses to our annual director and officer questionnaires for any indication of possible related party transactions. Our legal staff is primarily responsible for the development and implementation of processes and controls to obtain information from the directors and executive officers with respect to related party transactions. If a transaction is deemed by us to be a related party transaction, the information regarding the transaction is discussed with the Board. As required under the SEC rules, transactions that are determined to be directly or indirectly material to Hecla or a related party are disclosed in our Proxy Statement.

In December 2007, we created the Hecla Charitable Foundation (the "HCF"). We have made and intend to continue to make charitable contributions to the HCF, which in turn has provided and intends to continue to provide grants to other organizations for charitable and educational purposes. Messrs. Phillips S. Baker, Jr. and Dr. Dean W.A. McDonald (our Chief Executive Officer and our Senior Vice President – Exploration, respectively) serve as directors of the HCF, and Luther J. Russell (our Vice President – External Affairs) serves as President and as a director of the HCF. In December 2007, our Board approved a contribution of 550,000 shares of our common stock to the HCF. Since 2007, the HCF has sold 279,860 shares of our common stock. Cash contributions totaling \$2.0 million and \$1.5 million were made by the Company to the HCF during 2011 and 2010, respectively. The funds from the sale of the shares and the additional cash were put into various investment accounts. The HCF is currently operating in a self-sufficient manner. We gave no additional funds to the HCF during 2017. The HCF holds 270,140 shares of our common stock as of December 31, 2017. The value of those shares based on the closing price of our common stock on the NYSE on December 29, 2017 (\$3.97), was \$1,072,456. In 2017, the HCF gave \$343,678 in donations.

In 2017, we did not make any contribution to any charitable organization, of which a director served as an executive officer, which exceeded the greater of \$1 million or 2% of the charitable organization's consolidated gross revenues.

**Political Contributions**

It is Hecla's policy that Company funds or assets will not be used to make a political contribution to any political party or candidate. The Hecla Mining Company Political Action Committee ("Hecla PAC") is a forum for employees to voluntarily contribute to a fund that supports the election of candidates to Congress that support the principles of free enterprise, good government, and a fair and reasonable business environment for the natural resources industry. Decisions about contributions to specific federal candidates are made by members of the Hecla PAC. In total, Hecla employees, through the Hecla PAC, contributed less than \$1 million in 2017 to political parties and candidates.

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**Table of Contents****COMPENSATION OF NON-MANAGEMENT DIRECTORS**  
**COMPENSATION OF NON-MANAGEMENT DIRECTORS**

The Compensation Committee of the Board is responsible for recommending to the independent members of the Board the form and amount of compensation for our non-management directors. The independent members of the Board consider the committee's recommendation and make final determination of non-management director compensation.

Compensation for non-management directors is designed to reflect current market trends and developments with respect to compensation of board members. It consists of a combination of cash retainers and equity awards.

**Peer Group Benchmarking**

The Compensation Committee periodically engages its independent compensation consultant to benchmark director compensation against the Company-selected peer group, which is the same group of companies the committee uses to benchmark executive compensation (see page 37 for a list of these companies). When considering non-management director compensation for calendar year 2017, the committee reviewed and considered the results of a benchmarking report prepared by the Compensation Committee's independent compensation consultant. The report reviewed the Company's calendar year annual cash retainers, fees for Board and committee chairmanships, and the annualized present value of equity compensation for the Company-selected peer group (primarily based on reported calendar year 2016 compensation or calendar year 2017 compensation, if disclosed). The following discussion of compensation applies only to our non-management directors, and does not apply to Mr. Baker who, as an employee of the Company, is compensated as an executive officer and does not receive additional compensation for his service as a director.

**Components of Non-Management Director Compensation**

<b>Compensation Element</b>	<b>Value</b>
Annual Board Retainer	\$66,000
Annual Board Chairman Retainer	\$90,000
Annual Committee Retainer for:	\$12,000
Health, Safety, Environmental & Technical Committee	
Audit Committee	
Compensation Committee	
Annual Committee Chairman Retainer for:	\$12,000
Health, Safety, Environmental & Technical Committee	
Audit Committee	
Compensation Committee	
Annual Committee Retainer for:	\$8,000
Corporate Governance and Directors Nominating Committee	
Executive Committee	
Annual Committee Chairman Retainer for:	\$8,000
Corporate Governance and Directors Nominating Committee	
Annual Equity	\$100,000

Annual cash retainers are paid in quarterly installments. No other attendance fees are paid to the non-management directors.

**Equity Compensation**

On May 25, 2017, our shareholders approved the amended and restated Hecla Mining Company Stock Plan for Nonemployee Directors ("Director Stock Plan"). The plan is currently scheduled to terminate May 15, 2027, and is subject to termination by the Board at any time. Pursuant to the current plan, before September 30 each year, each non-management director is credited with a number of shares determined by dividing \$100,000 by



**Table of Contents****COMPENSATION OF NON-MANAGEMENT DIRECTORS**

the average closing price for Hecla's common stock on the NYSE for the prior calendar year. A minimum of 25% of the annual stock retainer under the Director Stock Plan will be contributed to a grantor trust established by the Company. Each director may elect, prior to the first day of the applicable year, to have a greater percentage contributed to the grantor trust for that year. The remaining portion of the stock retainer will be transferred to the non-management director as soon as practicable.

Non-management directors joining the Board after September 30 of any year will be credited with a pro rata grant of shares when they join the Board. A minimum of 25% of their stock retainer for that year will be contributed to the trust. Each director may elect, within 30 days after becoming a participant in the Director Stock Plan, to have a greater percentage contributed to the grantor trust for that year. The remaining portion will be transferred to these directors as soon as practicable after they become members of the Board.

The shares held in the grantor trust are subject to the claims of our creditors until delivered under the terms of the Director Stock Plan. Delivery of the shares from the trust occurs upon the earliest of: (i) death or disability; (ii) retirement from the Board; (iii) a cessation of the director's service for any other reason; (iv) a change in control of the Company (as defined in the Director Stock Plan); or (v) a time elected by the director, except that shares must be held in the trust for at least two years prior to delivery. As of December 31, 2017, there were 3,282,337 shares remaining available for issuance under the Director Stock Plan.

The following chart summarizes the annual cash and equity compensation for our non-management directors during 2017.

**Non-Management Director Compensation for 2017**

Director	Fees Earned or Paid in Cash (\$)	Stock Awards <sup>1</sup> (\$)		All Other Compensation <sup>2</sup> (\$)	Total (\$)
Catherine J. Boggs	92,000	108,667	3	0	221,181
		20,514	4		
Ted Crumley, Chairman	176,000	108,667	3	0	284,667
George R. Johnson	90,000	108,667	3	7,500	206,167
George R. Nethercutt, Jr.	96,000	108,667	3	0	204,667
Stephen F. Ralbovsky	98,000	108,667	3	0	206,667
Terry V. Rogers	116,000	108,667	3	3,750	228,417
Charles B. Stanley	110,000	108,667	3	0	218,667
Dr. Anthony P. Taylor <sup>5</sup>	42,516	0		0	42,516

The amounts shown in this column represent the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board ("FASB") ASC Topic 718. For a description of the assumptions used in valuing the awards please see Note 9 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

<sup>2</sup> Amounts in this column reflect matching contributions under the Company's charitable matching gift program.

On July 5, 2017, each non-management director received 21,777 shares of our common stock under the terms of the Director Stock Plan. Based on our closing stock price on the NYSE on July 5, 2017 (\$4.99), the grant date fair value for each grant of 21,777 shares credited to Ms. Boggs and Messrs. Crumley, Johnson, Nethercutt, Ralbovsky, Rogers and Stanley, was \$108,667. (This amount does not reflect the actual amount that may be realized by each director).

On January 4, 2017, Ms. Boggs received a prorated award of 3,683 shares of our common stock under the terms of the Director Stock Plan.

<sup>4</sup> Based on our closing stock price on the NYSE on January 4, 2017 (\$5.57), the grant date fair value for the grant of 3,683 shares credited to Ms. Boggs on January 4, 2017, was \$20,514. (This amount does not reflect the actual amount that may be realized by Ms. Boggs).

<sup>5</sup> Dr. Taylor retired from the Board on May 25, 2017.

**Other**

The Company covers directors under its overall director and officer liability insurance policies, as well as reimbursing them for travel, lodging, and meal expenses incurred in connection with their attendance at Board and committee meetings, meetings of shareholders, and for traveling to visit our operations. Directors are eligible, on the same basis as Company employees, to participate in the Company's matching gift program, pursuant to which the Hecla Charitable Foundation matches contributions made to qualifying nonprofit organizations. Beyond these items, no other cash compensation was paid to any non-management director.

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PROPOSAL 2 – RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS OUR  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2018

**PROPOSAL 2 – RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS OUR INDEPENDENT  
REGISTERED PUBLIC ACCOUNTING FIRM FOR 2018**

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the independent registered public accounting firm retained to audit our financial statements. The committee appointed BDO USA, LLP (“BDO”) as the independent registered public accounting firm for Hecla for the calendar year ending December 31, 2018. BDO has been retained in that capacity since 2001. The Audit Committee is aware that a long-tenured auditor may be believed by some to pose an independence risk. To address these concerns, our Audit Committee:

reviews all non-audit services and engagements provided by BDO, specifically with regard to the impact on the firm’s independence;

conducts a quarterly assessment of BDO’s service quality, and its working relationship with our management;

conducts regular private meetings separately with each of BDO and our management;

interviews, and approves the selection of BDO’s new lead engagement partner with each rotation; and

at least annually obtains and reviews a report from BDO describing all relationships between the independent auditor and Hecla.

The members of the Audit Committee believe that the continued retention of BDO to serve as our independent registered public accounting firm is in the best interests of Hecla and its shareholders.

Although ratification is not required, the Board is submitting the appointment of BDO to our shareholders for ratification because we value our shareholders’ views on our independent registered public accounting firm, and as a matter of good governance practice. In the event our shareholders fail to ratify the appointment, it will be considered as a direction to the Board and to the Audit Committee to consider the appointment of a different firm. Even if the appointment is ratified, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such change would be in the best interest of the Company and our shareholders.

Representatives of BDO will be present at the Annual Meeting with the opportunity to make statements and respond to appropriate questions from shareholders present at the meeting.

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PROPOSAL 2 – RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS OUR  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2018

**Report of the Audit Committee**

The Audit Committee's principal functions are to assist the Board in fulfilling its oversight responsibilities, and to specifically review: (i) the integrity of our financial statements; (ii) the independent auditor's qualifications and independence; (iii) the performance of our internal auditor and the independent auditor; and (iv) our compliance with laws and regulations, including disclosure controls and procedures. During 2017, the Audit Committee worked with management, our internal auditor and our independent auditor to address Sarbanes-Oxley Section 404 internal control requirements. The Audit Committee met five times in 2017.

The Audit Committee acts under a written charter as amended on December 12, 2017. You may obtain a copy of the charter in the "Investors" section of <http://www.hecla-mining.com> under "Corporate Governance."

In performing its functions, the Audit Committee:

met with our internal auditor and independent registered public accounting firm, with and without management present, to discuss the overall scope and plans for their respective audits, the results of their examinations and their evaluations of Hecla's internal controls;

reviewed and discussed with management the audited financial statements included in our Annual Report;

discussed with our independent registered public accounting firm the matters required to be discussed by the applicable Public Company Accounting Oversight Board ("PCAOB") standards; and

received the written disclosures and the letter from our independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent registered accountant's communication with the Audit Committee concerning independence, and discussed with them matters relating to their independence. Based on the review and discussions described in this report, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and in the Audit Committee Charter, the Audit Committee recommended to the Board that the audited financial statements be included in our Annual Report on Form 10-K for the calendar year ended December 31, 2017, for filing with the SEC.

*Respectfully submitted by  
The Audit Committee of the  
Board of Directors*

Stephen F. Ralbovsky, Chair  
Catherine J. Boggs  
George R. Johnson  
Charles B. Stanley

**Table of Contents**PROPOSAL 2 – RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS OUR  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2018**Audit and Non-Audit Fees**

The following table represents fees for professional audit services rendered by BDO for the audit of our annual financial statements for the years ended December 31, 2016 and December 31, 2017, and fees for other services rendered by BDO during those periods.

	2017	2016
Audit Fees <sup>1</sup>	\$894,550	\$762,425
Audit Related Fees <sup>2</sup>	87,000	87,000
Tax Fees	—	—
All Other Fees	—	—
Total	\$981,550	\$849,425

<sup>1</sup> Relates to services rendered in connection with the annual audit of our consolidated financial statements, quarterly reviews of financial statements included in our quarterly report on Form 10-Q, fees related to the registration of securities with the SEC, and the attempted bond refinancing in the second quarter of 2017.

<sup>2</sup> Consisted principally of fees for audits of financial statements of employee benefit plans.

The Audit Committee requires pre-approval of all audit services and permissible non-audit services to be provided by the independent registered public accounting firm. The Audit Committee reviews each non-audit service to be provided and assesses the impact of the service on the firm's independence. On a periodic basis, management reports to the Audit Committee the actual spending for projects and services compared to the approved amounts. In addition, the Audit Committee has delegated authority to grant certain pre-approvals to the Audit Committee chair. Pre-approvals granted by the Audit Committee chair are reported to the full Audit Committee at its next regularly scheduled meeting.

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## COMPENSATION DISCUSSION AND ANALYSIS

## COMPENSATION DISCUSSION AND ANALYSIS

Our Compensation Committee (hereinafter referred to as the “committee”) strives to design a fair and competitive compensation program for executive officers that will attract, motivate and retain highly qualified and experienced executives, reward performance and provide incentives based on our performance, with an overall emphasis to maximize our long-term shareholder value. Our executive compensation program consists of several components, including base salary, annual and long-term performance awards (paid in cash or equity), equity awards, a deferred compensation plan and retirement benefits. This *Compensation Discussion and Analysis* (“CD&A”) provides information regarding our compensation objectives, the relationship between the components of our compensation program and our objectives and factors considered by the committee in establishing compensation levels for our NEOs. The NEOs who are discussed throughout this CD&A and in the compensation tables are:

<b>Name</b>	<b>Age</b>	<b>Principal Position</b>
Phillips S. Baker, Jr.	58	President and CEO
Lindsay A. Hall	62	Senior Vice President and Chief Financial Officer
Lawrence P. Radford	57	Senior Vice President – Operations
Dr. Dean W.A. McDonald	61	Senior Vice President – Exploration
David C. Sienko	49	Vice President – General Counsel

**Executive Summary**

Hecla is a leading primary low-cost silver producer with operating silver mines in Alaska (Greens Creek), Idaho (Lucky Friday), and Mexico (San Sebastian) and is a gold producer with an operating mine in Quebec, Canada (Casa Berardi). We also produce lead and zinc. In addition to our operating mines, we have a number of exploration properties and pre-development projects in seven silver and gold mining districts in North America. With an active exploration and pre-development program, we have generally grown our reserve base for future production.

Our philosophy is to operate mines safely by promoting a deeply-rooted value-based culture, leveraging mining skills developed over the Company’s long history and by innovating new practices. We strive to achieve excellent mine safety and health performance. We implement this goal by training employees in safe work practices; establishing, following and improving safety standards; investigating accidents, incidents and losses to avoid recurrence; involving employees in the establishment of safety standards, and participating in the National Mining Association’s CORESafety program. In 2016, we were proud to be the first hardrock mining company to be certified under the National Mining Association’s CORESafety system. Because of our implementation of these safety standards, in 2017, we achieved an overall 19% reduction in All Injury Frequency Rate across all four of our operating mines.

We believe very strongly that the future of mining lies in productivity increases, and one of the best ways to increase productivity and safety is by automating certain mining tasks which allows the miners to move away from the mining face, and in some cases, operate the machinery from surface, or have machinery that operates by itself. In 2017, we began work with a third-party equipment manufacturer to develop a remote vein miner (“RVM”), a disc-cutting, continuous-mining machine. We believe RVMs could be used to eliminate the current drill-and-blast method and increase safety and productivity at the Lucky Friday Mine. We have begun introducing automated drilling, tele-remote mucking, automated hauling trucks and battery powered equipment at some of our operations. Although mostly on a trial basis, we can see the benefits that this innovation brings and are excited for the potential transformation they will enable in the future. In addition, we invested in mill improvements and other innovations that we expect will yield significant returns over the long-term for relatively modest investments.

**Table of Contents****COMPENSATION DISCUSSION AND ANALYSIS**

One of our biggest successes in 2017 was investing in exploration, which resulted in record silver, gold and lead reserves and near record zinc reserves. Our operating and strategic framework is based on expanding our production and locating and developing new resource potential. In 2017:

we produced the most gold at our Casa Berardi mine since its acquisition in 2013, primarily due to record ore throughput;

Casa Berardi surface drilling increased reserves almost 250,000 ounces from two new proposed pits, part of a 14% increase in reserves;

San Sebastian's gold reserves increased 17% while maintaining silver reserves of more than 5 million ounces;

Greens Creek increased gold reserves 8% and zinc reserves 7%;

we substantially completed underground development at our San Sebastian mine, allowing us to begin underground production there in January 2018; and

we increased overall proven and probable reserves at December 31, 2017, with reserves for silver, gold, zinc and lead increasing by 3%, 12%, 15% and 8%, respectively, compared to their levels in 2016. The reserves for all metals except zinc, represent the highest levels in our history.

**Key Operating and Financial Results**

The mining business requires long-term planning and implementation of operating strategies over several years to deliver successful operating and financial results.

Accordingly, in the table below and summary that follows, we set forth our key operating and financial results for years 2017, 2016 and 2015.

<b>Key Results</b>	<b>As of and for the Year Ended December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Silver (ounces) produced	12,484,844	17,177,317	11,591,603
Gold (ounces) produced	232,684	233,929	189,327
Lead (tons) produced	22,733	42,472	39,965
Zinc (tons) produced	55,107	68,516	70,073
Sales of products	\$ 577,775	\$ 645,957	\$ 443,567
Net income (loss)	\$ (23,519 )	\$ 69,547	\$ (86,968 )
Basic income (loss) per common share	\$ (0.06 )	\$ 0.18	\$ (0.23 )
EBITDA <sup>4</sup>	\$ 156,302	\$ 236,184	\$ 107,316
Cash from operating activities (in millions)	\$ 115.9	\$ 225.3	\$ 106.4
Cash, cash equivalents and short-term investments (in millions)	\$ 219.9	\$ 198.9	\$ 155.2

Our overall operating and financial results are more fully described in *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Annual Report on Form 10-K filed with the SEC on February 15, 2018. In 2017, we achieved the following:

revenues of \$577.8 million, the second highest in Company history after our record set in 2016, in spite of a strike at our Lucky Friday Mine during most of 2017;

cash flows from operations of \$115.9 million;

cost of sales and other production costs and depreciation, depletion and amortization at our silver operations of \$240.6 million compared to \$298.7 million in 2016;

total cash cost, after by-product credit, per silver ounce of (\$0.01), the lowest in 7 years;<sup>5</sup>

all-in sustaining cost ("AISC"), after by-product credits, per silver ounce of \$7.86, down 33%;

<sup>4</sup>Earnings before interest, taxes, depreciation, and amortization ("EBITDA") is a measurement that is not in accordance with GAAP. EBITDA is used by management, and we believe is useful to investors, for evaluating our operational performance. A reconciliation of this non-GAAP measure to

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net income (loss), the most comparable GAAP measure, can be found in Appendix E under *Reconciliation of Net Income (Loss) (GAAP) to Earnings Before Interest, Taxes, Depreciation, and Amortization (non-GAAP)*.

Cash cost, after by-product credits, per silver and gold ounce is a non-GAAP measurement, a reconciliation of which to cost of sales and other direct production costs and depreciation, depletion and amortization, the most comparable GAAP measure, is included in Appendix E to this Proxy Statement.

AISC, after by-product credits, is a non-GAAP measurement, a reconciliation of which to cost of sales and other direct production costs and depreciation, and depletion and amortization, the most comparable GAAP measure, is included in Appendix E to this Proxy Statement. AISC, after by-product credits, includes cost of sales and other direct production costs, expenses for reclamation and exploration at the mines sites, corporate exploration related to sustaining operations, and all site sustaining capital costs. AISC, after by-product credits, is calculated net of depreciation, depletion, and amortization and by-product credits.

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### COMPENSATION DISCUSSION AND ANALYSIS

silver production of 12.5 million ounces, the second highest in Company history, in spite of the ongoing strike at our Lucky Friday Mine;

gold production of 232,684 ounces, the third highest in Company history, primarily as a result of higher throughput at Casa Berardi and continued production at San Sebastian;

silver equivalent production of 40.9 million ounces or gold equivalent of 554,843 ounces;

gold production at Casa Berardi of 156,653 ounces, the highest since its acquisition in 2013;

successful exploration and pre-development activities during the year;

19% reduction in All Injury Frequency Rate across the four mines; and

achieved the above milestones while maintaining a cash and short-term investments balance of approximately \$220 million as of December 31, 2017, an increase of approximately \$21 million during the year.

### [Shareholder Outreach and 2017 Advisory Vote on Executive Compensation](#)

Over the last several years we have undertaken significant shareholder outreach efforts in an effort to elicit and understand the concerns of our shareholders. In response to shareholder concerns gleaned from our shareholder outreach, we made changes to our executive compensation program in 2014 and 2015, and we believe as a result of those changes, last year's say-on-pay vote achieved 96% support. We believe that open dialogue with our shareholders and reflecting their feedback in our compensation decisions was critical to our success in achieving such a high percentage of support.

In advance of our upcoming 2018 Annual Meeting, we continued to reach out to our shareholders to gain feedback on any further executive compensation concerns they had. During our discussions, all shareholders we spoke to, as well as a proxy advisory firm, were complimentary of our past changes in executive compensation, and were pleased with the disclosures in our proxy statement.

### [Oversight and Determination of the Executive Compensation Program](#)

*Role of the Committee.* The committee, consisting entirely of independent members (Rogers, Crumley, Nethercutt and Boggs), has primary responsibility for executive compensation decisions. The committee carries out its responsibilities under a charter approved by the Board. The committee has the authority to approve all executive compensation, including our CEO's (but not that of our independent directors, which remains decided by the full Board). The committee receives assistance from its independent executive compensation consultant, Mercer, and uses this information in making decisions and conducting its annual review of the Company's executive compensation program. In 2017, with the assistance of Mercer, the committee assessed the Company's compensation arrangements to determine if their provisions and operation create undesired or unintentional risks of a material nature. The committee found that our compensation policies and practices do not create inappropriate or unintended significant risk to the Company as a whole.

*Role of Independent Compensation Consultant.* Mercer performs executive compensation services solely on behalf of the committee, is engaged by and reports directly to the committee, meets separately with the committee with no members of management present, and consults with the committee chair between meetings.

The committee has assessed Mercer's independence in light of SEC rules and NYSE listing standards, and has determined that Mercer's work does not raise any conflicts of interest or independence concerns. The Mercer consultants who worked with the committee were Tracy Bean, project manager, who was assisted by Raphael Katsman, a principal of Mercer.

Pursuant to a written agreement dated January 24, 2017 between Mercer and the Compensation Committee, below are the material aspects of the services the committee asked Mercer to perform with respect to executive compensation and related matters in 2017:

evaluate the competitiveness of the total direct compensation package provided to Hecla's executive officers; and specifically, to compare Hecla's current executive officer compensation with compensation provided to executives in similar roles in comparable organizations;





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### COMPENSATION DISCUSSION AND ANALYSIS

review updated information regarding Hecla's executive compensation program and the positions to be benchmarked, including organization charts, position descriptions, current total compensation and other relevant data;

review last year's peer group to determine if the included companies continue to be appropriate and if any additional companies should be considered for inclusion;

collect and analyze compensation data from the most recent proxy filings of the peer group and from survey sources and summarize the market pay data by the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentile levels and compare Hecla's executive compensation levels to the proxy and survey data separately;

analyze the year-over-year change in compensation levels for Hecla compared to each market data source;

analyze Hecla's long-term incentive and equity practices compared to peers;

prepare a report to the committee summarizing their methodology, findings and overall recommendations;

assist the committee in meeting its obligation to issue a Compensation Committee Report recommending inclusion of the CD&A in the proxy statement; and

provide ongoing advice and consultation throughout the year to assist the committee, including attendance at committee meetings, if needed.

In addition to providing technical support and input on market practices, the committee's goal in using a compensation and benefits consultant is to provide external benchmark information for assessing compensation relative to our compensation philosophy. As described under *Benchmarking Using Compensation Peer Groups*, Mercer assisted the committee in identifying the appropriate companies to be included in our peer group for executive and director compensation and pay practices, and in benchmarking our executive and director pay against the peer group.

In June 2017, Mercer performed a competitive analysis and presented its findings and recommendations to the committee. The competitive analysis provided detailed comparative data for each executive officer position and assessed each component of pay, including base salary, short- and long-term incentives and total target compensation, as well as the mix of compensation among these pay elements. We compared this information to our executives' compensation by similarity of position. The committee also reviewed our performance and carefully evaluated each executive's performance during the year against established goals, leadership qualities, operational performance, business responsibilities, career with Hecla, current compensation arrangements and long-term potential.

The committee has established procedures that it considers adequate to ensure that Mercer's advice to the committee remains objective and is not influenced by Company management. These procedures include: a direct reporting relationship between the Mercer consultant and the committee; a provision in the committee's engagement letter with Mercer specifying the information and recommendations that can and cannot be shared with management; an annual update to the committee on Mercer's financial relationship with Hecla, including a summary of the work performed for Hecla during the preceding 12 months; and written assurances from Mercer that within the Mercer organization, the Mercer consultants who perform services for Hecla have a reporting relationship determined separately from Mercer's other lines of business and from its other work for Hecla.

The total amount of fees for executive compensation consulting services Mercer provided to the committee in 2017 was \$47,162.

During 2017, management hired Mercer or its affiliates to provide consulting services on our benefit plans, including support under the Affordable Care Act. The total amount of fees for these additional consulting services in 2017 was \$149,933. The decision to engage Mercer or its affiliates for these additional consulting services was made by management, and neither the committee nor the Board approved these other services.

*Role of Management.* The committee considers input from the CEO in making determinations regarding our executive compensation program and the individual compensation of each NEO (other than the CEO). As part of our annual review process, the CEO reviews the performance of each NEO (other than the CEO), and their contribution to the overall performance of the Company. Approximately mid-year, the CEO presents recommendations to the committee regarding base salary adjustments, target annual incentive awards, stock-based grants, and long-term performance unit grants, based on a thorough analysis of relevant market compensation data comparing Hecla with an applicable peer group within the mining industry. The CEO and senior

management also make recommendations to the committee regarding our annual quantitative and qualitative goals, and annual long-term goals for the NEOs (other than the CEO), as well as recommendations regarding the participation in our stock-based compensation plans and amendments to the plans, as necessary.

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*Benchmarking Using Compensation Peer Groups.* To attract and retain key executives, our goal is to provide competitive compensation. We generally align our NEO base compensation to the 25<sup>th</sup> percentile and total compensation to the 75<sup>th</sup> percentile of our peer companies and survey composite data. However, total compensation can exceed the 75<sup>th</sup> percentile when our Company performance and individual experience, responsibilities and performance warrant.

Central to the pay review process is the selection of a relevant peer group. Because we operate in a global business that is dominated by Canadian companies, our peer group reflects this with only five U.S. companies among our peer group. In addition, our co-headquarters is in Vancouver, British Columbia, where some of our NEOs work. The committee reviews and determines the composition of our peer group on an annual basis, based on recommendations from Mercer. In May 2017, the committee added Eldorado Gold as a peer, and removed Thompson Creek Metals due to it being acquired by Centerra Gold in 2016.

In 2017, Hecla's peer group was made up of the following 16 companies, whose aggregate profile was comparable to Hecla in terms of size, industry and competition for executive talent.

<b>Company</b>	<b>Annual Revenue<sup>1</sup> (\$millions US)</b>	<b>Market Cap<sup>1</sup> (\$millions US)</b>	<b>Total Assets<sup>1</sup> (\$millions US)</b>	<b>Corporate Location</b>
IAMGOLD Corporation	987	1,801	3,401	Canada
Centerra Gold Inc.	761	1,367	2,655	Canada
Pan American Silver Corporation	775	2,312	1,898	Canada
New Gold Inc.	684	2,030	3,948	Canada
Coeur Mining Inc.	666	1,687	1,319	United States
Stillwater Mining Company <sup>2</sup>	711	1,956	1,327	United States
B2Gold Corp.	683	2,321	2,336	Canada
Alamos Gold Inc.	482	2,703	2,492	Canada
Detour Gold Corporation	658	2,382	2,370	Canada
Tahoe Resources Inc.	785	2,946	3,071	United States
Primero Mining	219	152	678	Canada
Silver Standard Resources Inc.	491	1,072	1,439	Canada
Royal Gold, Inc.	360	4,147	3,160	United States
Endeavour Silver Corp.	157	451	181	Canada
Eldorado Gold	433	2,555	4,798	Canada
First Majestic Silver Corp.	278	1,267	857	Canada
<b>Median</b>	<b>662</b>	<b>1,993</b>	<b>2,353</b>	
<b>Hecla Mining Company</b>	<b>646</b>	<b>2,091</b>	<b>2,372</b>	United States

<sup>1</sup> In \$US millions as of year-end 2016.

<sup>2</sup> In May 2017, Stillwater Mining Company was acquired by Sibanye Gold Limited.

The peer group is composed entirely of publicly held companies, most of which are engaged in the business of mining precious metals with revenue, market capitalization and total assets within a reasonable range of Hecla's. We believe these peer companies are appropriate because they are in the same industry, compete with us for executive talent, have executives in positions similar to ours, and are considered by the committee to be in an acceptable range of revenue, market capitalization and/or total assets compared to Hecla.

During our shareholder outreach, many of our largest shareholders have informed us that, compared to peer groups selected by proxy advisory firms, they consider our peer group to be the most relevant and appropriate for compensation and performance benchmarking purposes. The peer group selected last year by Glass-Lewis included 14 of our 16 selected peers. The peer group selected by Institutional Shareholder Services ("ISS") included only 3 of our 16 selected peers. The rest of the peer group selected by ISS contained U.S.-based companies in

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### **COMPENSATION DISCUSSION AND ANALYSIS**

the agricultural product, forest products, industrial and specialty chemicals, metal powders, coatings, paper and other industries – companies and industries whose market fundamentals are different from the precious metals mining industry. We understand that ISS's internal policies prohibit its selection of Canadian companies (which account for 11 of our peers), and require that Hecla be compared to companies having only similar revenue instead of similar market capitalization or total assets. We believe that a fair compensation peer group, in terms of both industry profile and size, should not be selected for Hecla without including Canadian companies.

In making compensation decisions, and taking into consideration recommendations made by Mercer, the committee also reviews survey data provided by Mercer from the following mining and general industry survey sources:

Mercer U.S. Mining Industry Compensation Survey

Mercer Canadian Mining Industry Compensation Survey

Mercer U.S. Premium Executive Remuneration Suite (general industry)

Our program targets base salaries between the 25<sup>th</sup> percentile and median (50<sup>th</sup> percentile), with incentive opportunities that can provide above-median total compensation based on performance. Compensation for NEOs within this group may be positioned higher or lower than the 75<sup>th</sup> percentile where the committee believes appropriate, considering each executive's roles and responsibilities and experience in their position within Hecla.

Mercer provided the committee with a report summarizing executive compensation levels at the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentiles of the peer group and the survey data for positions comparable to those held by each of our NEOs. The committee also received an analysis from Mercer comparing the target total cash compensation (base salary plus target annual incentive) and target total direct compensation (base salary plus target annual incentive plus the value of long-term target incentives) for each of the NEOs against these benchmarks. For retention and competitive considerations, in comparison to the peer group data or survey data applicable to each NEO's position, we target each NEO's total cash compensation at the median level and the total target direct compensation at or above the median level, and deliver compensation above or below these levels when warranted by performance.

In 2017, target total direct compensation (base salary, short- and long-term incentives) for our NEOs was between the median and the 75<sup>th</sup> percentile of both the peer group and survey data.

In 2017, the committee also approved a separate peer group to be used specifically with regard to TSR. The TSR peer group is as follows:

IAMGOLD Corporation  
Silver Standard Resources Inc.  
Detour Gold Corporation  
Centerra Gold  
B2Gold Corp.  
Primero Mining  
Tahoe Resources Inc.

First Majestic Silver Corp.  
Pan American Silver Corporation  
New Gold Inc.  
Coeur Mining Inc.  
Alamos Gold Inc.  
Endeavour Silver Corp.  
Eldorado Gold

## **Compensation Philosophy and Objectives**

We operate in a competitive and challenging industry. Over the past decade, a worldwide mining boom has significantly increased the demand for executives with mining-related skills and experience. In addition, the supply of mining executives is very limited, particularly in the United States. As a result, having a viable compensation strategy is critical to our success.

Our compensation philosophy is to pay our NEOs competitive levels of compensation that best reflect their individual responsibilities and contributions to the Company, while providing incentives to achieve our business and financial objectives. While comparisons to compensation levels at companies in our peer group are helpful in assessing the overall competitiveness of our compensation program, we believe that our executive compensation program also must be internally consistent and equitable in order for the Company to achieve our corporate objectives.

The pay-for-performance philosophy of our executive compensation programs described in this Proxy Statement plays a significant role in our ability to produce strong operating, exploration, strategic, and financial results. It enables us to attract and retain a highly experienced and successful team to manage our business. Our compensation programs strongly support our business objectives

and are aligned with the value provided to our shareholders. Further, as an executive's level of responsibility within our organization increases, so does

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the percentage of total compensation that we link to performance – through the annual incentive and long-term incentive programs, as well as share performance.

In setting policies and practices regarding compensation, the guiding philosophy of the committee is to:

have compensation that is primarily at-risk and based on strategic objectives and tactical activities; and

acquire, retain and motivate talented executives.

The committee believes that a mix of both cash and equity incentives is appropriate, as cash incentives reward executives for achieving both short- and long-term quantitative and qualitative goals, while equity incentives align the interests of our executives with those of our shareholders. In determining the amount of the cash and equity incentives, the committee considers each officer's total compensation on both a short- and long-term basis to assess the retention and incentive value of his or her overall compensation.

The committee conducts its annual review process near the end of each calendar year in order to align each executive's compensation awards with the Company's operational, financial and strategic results for the calendar year.

We also maintain (or avoid) the following pay practices that we believe enhance our pay-for-performance philosophy and further align our NEOs' interests with those of shareholders:

#### **We DO Have these Practices**

Incentive award metrics that are objective and tied to Company performance

81.9% of CEO and 77.3% of NEO pay is at-risk

Over 67.7% of total compensation for the CEO is performance-based

57.1% of total compensation for NEOs other than the CEO is performance-based

100% of the CEO's annual incentive compensation is tied solely to Company performance

Rigorous stock ownership requirements for our NEOs and directors

Compensation recoupment "clawback" policy

Double-trigger change in control severance for NEOs

Equity awards that vest over a three-year period to promote retention

Anti-hedging and anti-pledging policies

Our NEOs, including our CEO, must remain employed with the Company through the payment date of their Annual Incentive Plan awards, or the awards are forfeited

Our NEOs, including our CEO, must remain employed with the Company through the payment date of their Long-term Incentive Plan awards, or the awards are forfeited, except in the case of retirement

#### **We DO NOT Have these Practices**

Repricing of stock options

Perquisites

Excise tax gross-ups

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### COMPENSATION DISCUSSION AND ANALYSIS

#### Elements of Total Compensation

We have a multifaceted compensation program. For the year ended December 31, 2017, our executive compensation program consisted of the following elements:

#### **BASE SALARY**

**Objective:** Provide a fixed level of cash compensation for performing day-to-day responsibilities.

**Terms:** Paid semi-monthly.

#### **INCENTIVE PAY**

##### Annual Incentive Plan

**Objective:** Focus executives on achieving Company's short-term goals, and the performance steps necessary to achieve longer-term objectives.

**Key Features:** Based on achievement of the Company goals and individual performance. Some goals are quantitative, such as EBITDA, production, and cash position, while others are qualitative. Weighting is 50% quantitative corporate performance goals, 25% qualitative/other goals, and 25% discretionary factor as determined by the committee.

**Terms:** Determined by the committee and paid in a single payment following the performance year. Awarded in the first half of each year. Designed to be awarded in cash, but may be paid in equity (in full or part). Any NEO receiving an Annual Incentive Plan award must be employed with the Company at the time of payment, or their award is forfeited.

##### Long-term Incentive Plan

**Objective:** Focus executives on longer-term value creation as determined by the specific targets of the plan.

**Key Features:** Based on corporate goals achieved over a three-year performance period. A new three-year performance period begins each calendar year and performance units are granted in the first half of each year. Each three-year plan identifies key long-term objectives that are expected to create long-term value for shareholders such as operating performance, increasing production and resources, increasing shareholder return, and developing significant capital programs.

**Terms:** Determined by the committee and paid in a single payment following the three-year performance period. Awarded in the first quarter of each year. Designed to be awarded in cash, but may be paid in equity (in full or part). Any NEO receiving a Long-term Incentive Plan award must be employed with the Company at the time of payment, or their award is forfeited, except in the case of retirement. At the time of an employee's retirement, in order to receive any LTIP award that otherwise becomes payable, the employee must at least be age: (i) 60 and have 15 or more years of service with the Company; (ii) 65 and have 7 or more years of service with the Company; or (iii) 68. If the participant meets these age and years of service requirements, their prorated portion for outstanding plan periods will be paid after the completion of those plan periods.

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### COMPENSATION DISCUSSION AND ANALYSIS

#### **EQUITY**

##### **Restricted Stock Units**

**Objectives:** Align management's interests with those of shareholders and provide incentive for NEOs to remain with the Company for the long term.

**Key Features:** Restricted stock unit awards are denominated in shares and delivered in stock with a vesting schedule of three years for NEOs.

**Terms:** Restricted stock units are granted between May and August of each year. If an NEO leaves the Company for any reason, other than death or retirement, before the vesting date, he or she will forfeit his or her restricted stock units. Also, if an NEO retires before their restricted stock units have vested, he or she must meet certain requirements in order for his or her restricted stock units to continue to vest based on the applicable vesting schedule. At the time of an employee's retirement, in order to receive any unvested restricted stock units, the employee must at least be age: (i) 60 and have 15 or more years of service with the Company; (ii) 65 and have 7 or more years of service with the Company; or (iii) 68.

##### **Performance-based Shares**

**Objectives:** Provide incentive for NEOs to remain with the Company for the long term and to align the NEO's interests with those of shareholders.

**Key Features:** Performance-based shares realize more value the higher the TSR ranks within the selected peer group and have no value if the share performance doesn't exceed the 50th percentile in the peer group.

**Terms:** Performance-based shares are granted to the NEOs in the second quarter of each year and are based on a three-year TSR.

#### **KEY EMPLOYEE DEFERRED COMPENSATION PLAN**

**Objective:** Increased exposure to the Company to the extent deferred compensation is tied to the value of Hecla stock, while also providing a tax deferral opportunity and encouraging financial planning.

**Key Features:** Allows for the voluntary deferral of base salary, annual incentive pay, long-term incentive pay and restricted stock unit payouts.

**Terms:** Generally, employee must make election in the previous year to defer in the coming year.

#### **BENEFITS**

**Objectives:** Attract and retain highly qualified executives.

**Key Features:** Participation in retirement plans, partial company-paid health, dental and vision insurance, life insurance, and accidental death and dismemberment insurance.

**Terms:** Same terms for all U.S. permanent full-time salaried employees. Non-U.S. employees receive similar benefits.

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## COMPENSATION DISCUSSION AND ANALYSIS

**Total Compensation Mix**

Our executive compensation program – composed primarily of base salary, short- and long-term incentives, and equity awards – is intended to align the interests of our NEOs with the long-term interests of our shareholders. The program is designed to accomplish this by rewarding performance that results in an increase in the value of our shareholders' investment in Hecla. We believe that the proportion of at-risk, performance-based compensation should comprise a significant portion of executive pay.

The mix of compensation for our CEO and other NEOs, which we believe is similar to our peer group, is shown below.

**CEO Mix of Target Pay****Other NEO Mix of Target Pay**

*2017 Target Compensation Structure.* The following table lists total 2017 target compensation for the NEOs.

NEO	Base Salary <sup>1</sup> (\$)	Annual Incentive Target Award (\$)	Long-term Incentive Plan Target Award (\$)	Equity <sup>2</sup> (\$)	Total (\$)
Baker	635,000	635,000	1,140,000	1,100,000	3,510,000
Hall	380,000	380,000	500,000	465,000	1,725,000
Radford	380,000	380,000	500,000	465,000	1,725,000
McDonald	275,000	275,000	360,000	380,000	1,290,000
Sienko	250,000	175,000	300,000	204,000	929,000

<sup>1</sup> Base salaries for calendar year 2017. For Mr. Baker, his base salary was increased from \$605,000 to \$635,000, effective July 1, 2017.

<sup>2</sup> Consists of the following grant date fair values for restricted stock units and performance-based shares:

NEO	Restricted Stock Units (\$)	Performance-based Shares (\$)	Total Equity Award Grant Date Fair Value (\$)
Baker	500,000	600,000	1,100,000
Hall	345,000	120,000	465,000
Radford	345,000	120,000	465,000
McDonald	300,000	80,000	380,000
Sienko	154,000	50,000	204,000

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Individual base salaries and annual incentive targets for the NEOs are based on the scope of each NEO's responsibilities, individual performance and market data. At the beginning of each year, we also define the key strategic objectives each NEO is expected to achieve during that year, which are evaluated and approved by the committee.

**Overview of our Compensation Decisions and Results for 2017****Base Salary**

*Design.* Pursuant to our market positioning policy, the committee targets base salaries between the 25<sup>th</sup> percentile and median of Hecla's peer group for our NEOs. An individual NEO's base salary may be set above or below this market range for that particular position, depending on the committee's subjective assessment of the individual NEO's experience, recent performance and expected future contribution, retention concerns, and the recommendation of our CEO (other than for himself). The committee does not use any type of quantitative formula to determine the base salary level of any of the NEOs. The committee reviews NEO salaries at least annually as part of its overall competitive market assessment, as previously described. Typically, the committee makes annual salary adjustments in the middle of each year for the 12-month period from July 1 to June 30.

*Analysis and Decision.* In June 2017, the committee reviewed a market analysis prepared by Mercer. The base salaries of our NEOs have remained unchanged since July 1, 2014 (except for 2016, when our CEO took a 20% base salary reduction, and each of the other NEOs took a 10% base salary reduction; these reductions were reversed for 2017). The committee found Mr. Baker's base salary to be below the 25th percentile, and increased his base salary from \$605,000 to \$635,000. The committee also reviewed the base salaries for the other NEOs and determined no adjustments were needed.

The following table shows base salaries for all NEOs from July 1, 2014 through December 31, 2017:

**Base Salary for NEOs July 1, 2014 through December 31, 2017**

NEO	7/1/14 to 12/31/15 Salary (\$)	1/1/16 to 12/31/16 Salary <sup>1</sup> (\$)	1/1/17 to 6/30/17 Salary (\$)	7/1/17 to 12/31/17 Salary (\$)	Percentage Increase In 2017 (%)
Baker	605,000	484,000	605,000	635,000	5
Hall	0	342,000	380,000	380,000	0
Radford	380,000	342,000	380,000	380,000	0
McDonald	275,000	247,500	275,000	275,000	0
Sienko	250,000	225,000	250,000	250,000	0

<sup>1</sup> In calendar year 2016, Mr. Baker took a 20% reduction in base salary, and all other NEOs took a 10% reduction; these reductions were reversed for 2017.

**Incentive Plans**

*Company Performance and Relationship to NEO Compensation.* Our incentive compensation plans include the Hecla Mining Company Annual Incentive Plan and the Hecla Mining Company Executive and Senior Management Long-Term Performance Payment Plan. The plans include performance measures that we believe contribute to Hecla's sustained long-term success and that can lead to improved stock price performance. In February 2017, the Compensation Committee and the Board approved amendments to the incentive compensation plans to include a provision in each plan that if any employee participating in the plans leave the Company, either voluntarily or involuntarily (other than retirement), before the payment date of the award, such employee shall forfeit his or her award. The Compensation Committee also approved a provision under the Executive and

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Senior Management Long-Term Performance Payment Plan pertaining to the retirement of a participant. The amendment provided that in order to qualify for vesting of long-term incentive award benefits, the employee must retire under the Hecla Mining Company Retirement Plan, and be at least age: (i) 60 and have 15 or more years of service with the Company; (ii) 65 and have 7 or more years of service with the Company; or (iii) 68, in order to receive their incentive award.

*Hecla Mining Company Annual Incentive Plan ("AIP").* Consistent with Hecla's pay-for-performance philosophy, substantially all salaried employees, including our NEOs, are eligible to participate in the AIP. Early in the current year, the committee approves a company-wide, short-term incentive pool that is available for payment to salaried employees, including the NEOs, the amount of which is based on Company performance during the prior year.

*Target Opportunities.* Each NEO has a target AIP award opportunity expressed as a percentage of base salary, along with threshold and maximum award levels. The target award opportunities are determined based on the following: market assessments and the committee's market positioning policy; the individual NEO's organization level, scope of responsibility and ability to impact Hecla's overall performance; and internal equity among the NEOs. Actual awards are paid after the end of each annual performance period and can range from 0% to 200% of the target awards, based on the committee's assessment of our actual performance and the achievement of an individual NEO's goals. Having a limit on our AIP awards reduces the likelihood of windfalls to executives and encourages financial discipline. It is also competitive with typical peer group practice.

For 2017, target AIP award opportunities for the NEOs were as follows:

<b>NEO</b>	<b>Target Annual Incentive (% of base salary)</b>
Phillips S. Baker, Jr.	100%
Lindsay A. Hall	100%
Lawrence P. Radford	100%
Dr. Dean W.A. McDonald	100%
David C. Sienko	70%

The market analysis prepared by Mercer in June 2017 indicated that our target annual incentives were generally at the median of peers.

*Performance Measures.* Our management develops proposed targets for each Company performance measure based on a variety of factors, including historical corporate performance, internal budgets, forecasts and growth targets, market expectations and strategic objectives. The committee reviews the targets and adjusts them, as it deems appropriate. The committee believes that linking annual incentive awards to pre-established goals creates a performance-based compensation strategy consistent with shareholder interests. The committee also believes that incentive compensation targets should be established to drive real and sustainable improvements in operating performance and the strategic position of the Company.

*AIP Components.* In 2014, the AIP was amended to use a more formulaic approach to awards, with less committee discretion. The AIP includes the following components and relative weights:

quantitative corporate performance factors comprising 50% of the targeted award;

qualitative/other goals, normally comprising 25% of the targeted award; and

a discretionary factor as determined by the committee, normally comprising 25% of the targeted award.

Each component can achieve two times the target (200%) with respect to the component, with the maximum total payout limited to two times the target award level (200%).

*Quantitative Corporate Performance Factors.* For 2017, the quantitative corporate performance factors under the AIP were divided into three factors (including weighting): production (20%), EBITDA less capital (20%), and All Injury Frequency Rate reduction (10%).

The production factor converts gold, lead and zinc to silver equivalent at ratios of 71 oz. silver to 1 oz. gold, 16.4 lbs. of lead, and 13.3 lbs. of zinc. Our production target required that we achieve 46.5 million silver equivalent ounces. Maximum payout is attained if production achieves 48.5 million ounces. The minimum payout is achieved if production is greater than 43.5 million ounces.



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**Production Goal Metrics****2017 Production in Silver Equivalent Ounces (includes all metals)**

<b>2017 Production Metrics</b>		<b>% Performance Value</b>
48.5 mm	Maximum	40%
47.5 mm		30%
<b>46.5 mm</b>	<b>Target</b>	<b>20%</b>
44.5 mm		10%
<43.5 mm		0%

The EBITDA less capital<sup>7</sup> target was \$100 million. Maximum payout is achieved if EBITDA less capital is \$135 million. There is no payout if EBITDA less capital is less than \$60 million.

**EBITDA Less Capital Goal Metrics**

<b>2017 EBITDA Less Capital Metrics</b>		<b>% Performance Value</b>
\$135 mm	Maximum	40%
\$125 mm		30%
<b>\$100 mm</b>	<b>Target</b>	<b>20%</b>
\$60 mm		10%
<\$60 mm		0%

The work-related injury rate reduction target is 15% at year-end, which achieves a long-term goal. Maximum payout is achieved if our work-related injury rate reduction is met at 35%. The threshold payout level is 5% reduction, below which no payout is earned.

**Work-Related Injury Rate Reduction**

<b>2017 AIFR Goal Metrics</b>		<b>Factor Value</b>
35%	Maximum	20%
25%		15%
<b>15%</b>	<b>Target</b>	<b>10%</b>
5%		5%
<5%		0%

*Qualitative Corporate Performance Factors.* In addition to quantitative corporate performance factors, our AIP has a component that is based on qualitative goals relating not only to Hecla as a whole, but also to each NEO. This component is targeted to account for 25% of the total AIP target award, but can account for 0 to 50% of the target award.

For our 2017 AIP, qualitative objectives for NEOs included those related to (i) safety and health, (ii) environmental, (iii) technology and innovation, (iv) continuous improvement, (v) operations, (vi) finance/accounting/IT, (vii) employee development, (viii) acquisitions, (ix) mine life extension, exploration and reserve growth, (x) investor relations, (xi) government and community affairs, and (xii) legal. While most of the goals are subjective in nature, to the extent possible, objective and quantifiable targets are set in order to improve accountability for results.

For 2017, the committee assessed qualitative performance at 30%. The committee based its assessment on the following factors:

achieved a 75% company-wide rating for all Environmental Management System elements;

each mine site demonstrated progress in technology and innovation;

mine sites established benchmarks and targets for improvement;

began underground development at San Sebastian;

completed contract for milling access at San Sebastian through 2020;

improved recoveries at Greens Creek;

completed front-line supervisor training at the mine sites;

drilling success at San Sebastian;

added two new analysts covering Hecla;

successfully settled multiple environmental lawsuits;

installed various technology upgrades in the corporate office; and

improved safety performance at Greens Creek, Casa Berardi and San Sebastian.

*Discretionary Factor.* The final component of our AIP is at the discretion of the committee and it is targeted to account for 25% of the total AIP target award, but can

The non-GAAP measurement of EBITDA less capital is calculated as the GAAP measure of net loss plus/less the following items: interest expense, income tax provision, depreciation, depletion and amortization expense, interest and other income, acquisition costs, loss on investments, loss on derivatives contracts, provision for environmental matters, provisional price gains, foreign exchange loss, stock-based compensation, Lucky Friday suspension costs, and capital expenditures at our operating mines. A reconciliation of EBITDA less capital to the most comparable GAAP measure of net loss for the year ended December 31, 2017, is included in Appendix E of this Proxy Statement.

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account for 0 to 50% of the target award. For 2017, the committee determined the discretionary factor performance value to be at 40%. The committee based its assessment primarily on the following significant performance results by Hecla in 2017:

- Hecla is among industry leaders in advancing ore sorting testing;
- exploration success at Little Baldy and Kinskuch;
- San Sebastian, Casa Berardi and Greens Creek all performed very well;
- remote vein miner testing was advanced;
- strong retention of Lucky Friday salaried staff during the strike;
- success at recovering insurance proceeds related to environmental lawsuits;
- successfully executed succession plans for key positions;
- safe work by the Lucky Friday salaried staff;
- positioned Hecla as a leader in innovation;
- negotiated improved smelter treatment charges;
- increased production at the Casa Berardi mill; and
- increased reserves at Casa Berardi.

The 2017 individual goals for each of our NEOs were set in February 2017. The committee believes that our NEOs' performance goals should support and help achieve the Company's strategic objectives and be tied to their areas of responsibility. Individual performance goals for each NEO, except the CEO, were proposed by the CEO and reviewed and approved by the committee. The CEO's goals are based 100% on corporate performance.

After the end of the year, the committee, based on each NEO's self-assessment and our CEO's input, reviews each NEO's progress against his individual performance goals. When making its award determinations the committee did not assign a specific weighting to any of the individual goals, but instead reviewed each NEO's progress against his individual goals in the aggregate. The following is a summary description of the performance goal results for each of the NEOs for 2017, except our CEO, who is discussed separately below.

**Mr. Hall**

**Goal Results**

- instrumental in managing Hecla's cash position in 2017;
- extended the term of Hecla's revolving credit facility;
- continuous improvement to the financial team's performance;
- managing a growing finance and accounting function commensurate with the Company's growth;
- successful improvement of internal controls and risk management; and
- finalized a value and vision business model that is integrated with the corporate acquisition model.

Year-end 2017  
Performance  
Results

**Mr. Radford**

**Goal Results**



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instrumental in continuing the strong operating performance at Greens Creek, Casa Berardi, and San Sebastian;

successfully advancing the technological innovations to achieve improved production and recoveries in the future;

improved safety performance at all locations to injury rates below the average in each jurisdiction – USA, Quebec, and Mexico;

met goal of a 10% reduction in citations and a 24% reduction in significant and substantial citations;

extended underground mine life and added additional years for Casa Berardi, San Sebastian and Greens Creek;

began underground development at San Sebastian;

Year-end 2017  
Performance

improved recoveries at Greens Creek; and

Results

revised seismic protocols and ground support that provide greater assurance of safe operations.

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**Dr. McDonald**      **Goal Results**

- increased confidence in mine resources;
- increased the Company's reserves, while using among the lowest metals prices in the industry;
- led the exploration department and met or exceeded drilling goals;
- identified and analyzed potential new business opportunities;
- continued drilling success at San Sebastian; found more resources, developed mine plans and negotiated milling access at San Sebastian;
- found more resources and reserves at Casa Berardi to extend mine life;
- developed near-term exploration plans to increase resources and reserves at Greens Creek to extend its mine life;
- enhanced the ability to estimate resources and reserves, including training of new resource modelers;
- replaced production and added an additional 21 million ounces of silver equivalent (including silver and gold) to reserves;
- advanced technology study at San Sebastian to drill deep targets based on the information from the study; and
- completed mine plans and financial models for our Montana properties.

Year-end 2017  
Performance  
Results

**Mr. Sienko**                      **Goal Results**

- successful in resolving several significant regulatory and legal matters involving environmental, health and safety, and other civil litigation issues;

Year-end 2017  
Performance  
Results

- monitored and enhanced reporting on corporate governance; and
  - reviewed company-wide policies and made changes to certain policies, including the Code of Conduct.
- Based on each NEO's performance in managing their function and the progress they made towards the Company's AIP Components and their individual goals as discussed above, the committee, in its discretion, determined that the NEO's advanced important objectives and created long and short-term value for Hecla. Dr. McDonald's performance was both above target and more than 2016, while Mr. Radford was above target. Mr. Sienko was at target and Mr. Hall was below target.

*CEO Performance for 2017.* Mr. Baker's annual incentive is based 100% on corporate performance. Although overall metal production decreased from the historic highs achieved in 2016, Mr. Baker's leadership led to achieving significant strategic goals and objectives for the year, including increased reserves, advancing the strategic planning process for the Company, increased cash balance, improved safety metrics, and assuring growth in skills and performance in the Company's management team. However, share performance, the Lucky Friday Mine strike, and other factors caused the committee to award Mr. Baker 75% of his targeted annual incentive award.

*2017 AIP – Analysis and Decisions.* The committee reviewed the performance versus the AIP goals on a quarterly basis. For 2017, based on the assessment by the committee of the Company's overall performance on both quantitative and qualitative measures as well as relevant discretionary factors under the AIP, the committee determined Company performance to be at 108% of target (out of a possible range of 0-200%). This was comprised of 38% related to the quantitative factors (0% for Production, 26% for EBITDA less capital, and 12% for work-related injury reduction); 30% for qualitative factors; and 40% for discretionary.

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## COMPENSATION DISCUSSION AND ANALYSIS

2017 AIP Quantitative Measure Results	Maximum	Target	Minimum	Actual	Performance Value
Production					
Silver equivalent ounces	48.5 mm ozs.	46.5 mm ozs.	44.5 mm ozs.	40.9 mm ozs.	0%
EBITDA less capital <sup>8</sup>	\$135 mm	\$100 mm	\$60 mm	\$108.7 mm	26%
Work-related injury reduction	35%	15%	5%	20%	12%
<b>Total Quantitative</b>					<b>38%</b>

As reflected in the table above, EBITDA less capital and work-related injury reduction exceeded target levels, while the production target was less than minimum.

Set forth in the table below is each NEO's target award and actual award, which was paid 100% in cash.

Name	Base Salary (\$)	Base Salary Factor (%)	Target Annual Incentive (\$)	% to Target <sup>1</sup> (%)	Actual Award <sup>2</sup> (\$)
Phillips S. Baker, Jr.	635,000	100	635,000	75	476,250
Lindsay A. Hall	380,000	100	380,000	75	285,000
Lawrence P. Radford	380,000	100	380,000	120	456,000
Dr. Dean W.A. McDonald	275,000	100	275,000	135	371,250
David C. Sienko	250,000	70	175,000	70	175,000

<sup>1</sup> The percentages listed for each of the NEOs includes corporate achievement of goals and individual performance.

<sup>2</sup> The amount reported in this column was paid in cash to the NEO and is included in the *Summary Compensation Table for 2017* on page 60 under "Non-Equity Incentive Plan Compensation."

*Hecla Mining Company Executive and Senior Management Long-Term Performance Payment Plan ("LTIP")*. We use the LTIP to focus executives on meeting long-term (three-year) corporate performance goals. The LTIP is also designed to attract and retain executives in a highly competitive talent market. The committee considers mining and general industry market practices, as well as the objectives of the LTIP, when determining the terms and conditions of long-term incentive goals, such as resource additions and cash flow generation.

Under the LTIP, a new performance period begins each calendar year and runs for three years. The three-year performance period recognizes that some value-creating activities require a significant period of time to be implemented and for measurable results to accrue. Starting a new performance period each year also gives the committee flexibility to adjust for new business conditions, circumstances or priorities in setting the performance metrics and goals for each three-year cycle. Performance units are assigned to each NEO at the beginning of each three-year period, and provide the basis for the amount of awards made to each NEO under the LTIP. Performance units are designed to encourage management to deliver long-term value. Performance units reinforce Hecla's business strategy by clearly establishing our key performance elements (e.g., reserve growth, production growth, cash flow, and relative TSR) and the associated long-term performance objectives that must be met for us to be successful and create value for shareholders.

*2015-2017 LTIP*. In March 2015, the committee approved the 2015-2017 LTIP, which has a target unit value of \$100. The 2015-2017 LTIP units have a maximum potential value of \$375. Performance units are paid out as soon as practicable after the end of each performance period, upon approval by the committee. At the discretion of the committee, the payouts may be in the form of cash, common stock, restricted stock units, or a combination of these forms.

The non-GAAP measurement of EBITDA less capital is calculated as the GAAP measure of net loss plus/less the following items: interest expense, income tax provision, depreciation, depletion and amortization expense, interest and other income, acquisition costs, loss on investments, loss on derivatives contracts, provision for environmental matters, provisional price gains, foreign exchange loss, stock-based compensation, Lucky Friday suspension costs, and capital expenditures at our operating mines. A reconciliation of EBITDA less capital to the most comparable GAAP measure of net loss for the year ended December 31, 2017, is included in Appendix E of this Proxy Statement.

<sup>48</sup> [www.hecla-mining.com](http://www.hecla-mining.com)

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The tables below summarize the performance unit valuation ranges for silver equivalent reserve growth, production growth, cash contribution, and TSR for the 2015-2017 plan period – the four performance goals approved by the committee in March 2015. These are important goals for the following reasons:

*Silver equivalent reserve growth.* Silver equivalent reserve growth remains a fundamental value creator. We need to replace and add reserves to extend mine lives and grow production. This is critical to the achievement of our long-term success. In this context, reserves include the silver equivalent of gold and base metals. Silver equivalent reserve and resource growth includes gold converted to silver equivalent at 71 to 1.

*Cash flow.* The design of the cash flow goal is identical to that contained in prior years since silver cost per ounce and production are key elements in creating shareholder value. When used in the context of our LTIP, “cash flow” is measured by comparing (i) the actual cash cost, after by-product credits multiplied by actual silver/gold production versus (ii) budgeted cash cost, after by-product credits multiplied by the budgeted silver/gold production over a three-year period. “Cash cost, after by-product credits,” a non-GAAP measure, includes all direct and indirect operating cash costs related directly to the physical activities of producing the primary metal, including mining, processing and other plant costs, third-party refining expense, on-site general and administrative costs, royalties and mining production taxes, and offsets that amount by the production value of all metals other than the primary metal produced at each unit.

*Silver production growth.* One of the most important components of value is demonstrable production growth.

*TSR.* TSR provides a performance metric relative to our peers. This objective differs from the other objectives which are focused on activities that in an absolute sense should be value drivers: reserves and resources, production, and cash contribution. TSR measures the price appreciation of our stock, including dividends paid during the performance period, and thereby simulates the actual investment performance of Hecla stock. Any payout is based on how Hecla’s TSR performance compares to the TSR of the common stock of a group of our peer companies.

**2015-2017 Performance Unit Valuation****Silver Equivalent (includes Gold) Reserve Growth**

Ounce Target (millions)	Additional Reserve (millions)	Unit Value
420	100	\$ 100.00
360	40	\$ 50.00
350	30	\$ 25.00
320	0	\$ 5.00

**Cash Flow**

% of Target	Unit Value
115%	\$ 100.00
110%	\$ 50.00
105%	\$ 35.00
100%	\$ 25.00
95%	\$ 22.50
90%	\$ 20.00
85%	\$ 17.50
80%	\$ 15.00

**Silver Equivalent (includes Gold) Production Growth**

Target (in mm ozs.)	Average Annual Target (in mm ozs.)	Unit Value
82.5	27.5	\$ 75.00
78.5	26.2	\$ 50.00
77.0	25.7	\$ 25.00
74.5	24.8	\$ 10.00

**Total Shareholder Return**

%ile rank within Peer Group Companies	Unit Value
100%	\$ 100.00
90%	\$ 75.00
80%	\$ 50.00
70%	\$ 35.00

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60%	\$	25.00
50%	\$	15.00
<50%	\$	0.00

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2015-2017 LTIP – Analysis and Decisions. The committee assessed performance under the 2015-2017 LTIP as follows:

Performance Measure	Target	Actual Performance	% of Target	Value Earned Per Unit
Silver Reserve Growth	30.0 silver equivalent oz. added (millions)	17.3 silver equivalent oz. added (millions)	58%	\$ 16.50
Production Growth	77.0 silver equivalent oz. added (millions)	87.8 silver equivalent oz. added (millions)	114%	\$ 75.00
Cash Flow	\$627.8 cash flow (millions)	\$779.5 cash flow (millions)	124%	\$ 100.00
Total Shareholder Return	60% Hecla ranking vs. peers	53.8% Hecla ranking vs. peers	90%	\$ 18.75
<b>Total Earned Per Unit</b>				<b>\$ 210.25</b>

During this three-year period, performance in cash flow generation and production growth exceeded target levels. Performance in reserve growth and TSR were below target, but above minimum threshold levels. As a result, with a range in potential value per unit of \$0 to \$375, in February 2018, the committee determined that the total 2015-2017 LTIP payout was \$210.25 per unit. The committee and the Board further approved payout of the LTIP awards to be 50% in cash and 50% in Hecla common stock issued under the 2010 Stock Incentive Plan.

The following chart shows the number of performance units awarded in 2015 to each NEO, the unit value achieved, the total amount of the award (number of units x \$210.25 = amount received), and the amount of cash and number of shares received.

Name	2015-2017 Performance Units (#)	Unit Value (\$)	Total Amount of Award <sup>1</sup> (\$)	Cash Received (\$)	Equity Received <sup>2</sup> (#)
Phillips S. Baker, Jr.	9,500	210.25	1,997,375	998,688	254,119
Lindsay A. Hall	1,983	210.25	416,926	208,463	53,044
Lawrence P. Radford	3,400	210.25	714,850	357,425	90,948
Dr. Dean W.A. McDonald	2,600	210.25	546,650	273,325	69,548
David C. Sienko	1,900	210.25	399,475	199,738	50,824

<sup>1</sup> The amount reported in this column was paid in cash and equity to the NEO and is also reported in the *Summary Compensation Table for 2017* on page 60 under "Non-Equity Incentive Plan Compensation."

<sup>2</sup> The equity portion of the 2015-2017 LTIP award was determined by subtracting the cash portion from the total award to determine the equity value, then dividing that by the closing price of the Company's common stock on the NYSE on March 12, 2018 (\$3.93).

<sup>3</sup> Mr. Hall's 2015-2017 LTIP units were prorated because he joined the Company in July 2016.

**Restricted Stock Units.** Restricted stock units ("RSUs") are granted to the NEOs under the 2010 Stock Incentive Plan. RSUs are used to retain our NEOs and align their interests with the long-term interests of our shareholders. The committee awarded RSUs to each NEO in June 2017. The RSUs vest in three equal amounts with vesting dates of June 21, 2018, June 21, 2019, and June 21, 2020. See *Grants of Plan-Based Awards for 2017* on page 62.

In December 2014, the committee amended the 2010 Stock Incentive Plan and Key Employee Deferred Compensation Plan so that any RSUs vesting after 2014 would no longer be credited with dividend equivalents. In February 2017, the committee amended the 2010 Stock Incentive Plan so unvested RSUs are forfeited by participants upon termination of employment in advance of vesting, with the exception of termination due to retirement if certain criteria are met. In the case of an employee retiring before the amendment, RSU recipients aged 55 or above, and who had at least 10 years of service, were eligible to receive their unvested RSUs. For 2017, and future awards, in order to incentivize RSU recipients to continue working for the Company, the committee amended the RSU awards to require both an age and years of service trigger in order to qualify for vesting of the RSUs as of the employee's retirement. The amendment provides that for purposes of the RSU awards, RSU recipients who retire under Hecla Mining Company's Retirement Plan must be at least age: (i) 60 and have 15 or more years of service with the Company; (ii) 65 and have

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## COMPENSATION DISCUSSION AND ANALYSIS

7 or more years of service with the Company; or (iii) 68, in order to receive their unvested RSUs after retirement. If one of the above requirements are met, the recipient will receive their RSUs on the original vesting dates.

In June 2017, we granted RSUs to 91 employees, including all NEOs, under the 2010 Stock Incentive Plan.

*Performance-based Shares.* We grant performance-based share awards to certain executive officers, including our NEOs. The value of the awards is based on the ranking of the market performance of our common stock relative to the performance of the common stock of a group of peer companies over a three-year measurement period. The number of shares to be issued is based on the value of the awards divided by the share price at grant date. The compensation cost is measured using a Monte Carlo simulation to estimate their value at grant date.

In June 2017, the committee granted performance-based shares to our NEOs, with a grant date fair value listed below. The value of these performance-based shares will be based on the TSR of our common stock for the three-year period from January 1, 2017 through December 31, 2019, based on the percentile rank listed below within a group of peer companies.

NEO	Grant Date Value of Performance-based Shares	Target Number of Shares <sup>1</sup>
Phillips S. Baker, Jr.	\$ 600,000	102,215
Lawrence P. Radford	\$ 120,000	20,443
Lindsay A. Hall	\$ 120,000	20,443
Dr. Dean W.A. McDonald	\$ 80,000	13,629
David C. Sienko	\$ 50,000	8,518

<sup>1</sup> Target number of shares is determined by dividing the grant date fair value of the performance-based shares by the closing price of our common stock on the NYSE on June 7, 2017 (\$5.87).

**Company TSR Rank Among Peers**

50<sup>th</sup> percentile

**60<sup>th</sup> percentile**

100<sup>th</sup> percentile

If Hecla's performance is below the 50<sup>th</sup> percentile, the award is zero. If Hecla's performance is between the 50<sup>th</sup> and 100<sup>th</sup> percentile, the award is prorated. For any award, the number of shares issued at the conclusion of the three-year performance period (December 31, 2019) will be based on the grant date share price (June 7, 2017) of \$5.87.

**TSR Performance Multiplier**

Threshold award at 50% of target

**Target award at grant value**

Maximum award at 200% of target

Hecla's TSR performance versus that of our peer group will be based on the average closing share price over the last sixty (60) calendar days prior to January 1, 2017, as the base price and average closing share price over the last sixty (60) calendar days of the three-year performance period to determine relative share value performance and ranking among peers.

The industry peer group used for purposes of the 2017-2019 TSR performance-based award discussed above is listed on page 38.

*2015 – 2017 Performance-based Shares – Analysis and Decision.* On July 1, 2015, the committee granted 204,918 performance-based shares of Hecla's common stock to our CEO.

To determine the relative share performance, Hecla's TSR performance versus that of peer group companies was based on the average closing share price over the last sixty (60) calendar days prior to January 1, 2015, as the base price, compared with the average closing share price over the last sixty (60) calendar days of the three-year performance period (ending December 31, 2017).

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The following table shows the calculation of the performance-based share results at the end of the three-year performance period on December 31, 2017. Hecla's TSR ranked 6<sup>th</sup> among the 14 companies in the peer group based on TSR from 2015 through 2017, including dividends paid during that period. Ranking 6<sup>th</sup> places Hecla at 61.5% among the peer companies, which equates to an award value of \$518,750 or 212,602 shares at the \$2.44 closing price of Hecla's common stock on July 1, 2015.

**TOTAL SHAREHOLDER RETURN – January 1, 2015 through December 31, 2017**

<b>Peer Name</b>	<b>Average Stock Price over 60-day period leading up to 1/1/2015 (\$)</b>	<b>Average Stock Price over 60-day period leading up to 12/31/17 (\$)</b>	<b>Dividends Paid (1/1/14 thru 12/31/17) (\$)</b>	<b>TSR thru 12/31/17 (%)</b>	<b>Rank (#)</b>	<b>Payout (\$)</b>
IAMGOLD	2.27	5.60	0.00	146.70	1	1,000,000
B2 Gold	1.93	3.44	0.00	78.24	2	903,750
SSR Mining*	5.12	8.61	0.00	68.16	3	807,500
Coeur Mining	4.40	7.39	0.00	67.95	4	711,250
Pan American Silver	9.69	15.23	0.43	61.56	5	615,000
<b>Hecla</b>	<b>2.51</b>	<b>3.95</b>	<b>0.03</b>	<b>58.57</b>	<b>6</b>	<b>518,750</b>
<b>TARGET PAYOUT</b>						500,000
Detour Gold	8.83	13.51	0.00	53.00	7	345,000
<b>THRESHOLD PAYOUT</b>						250,000
First Majestic Silver	4.77	6.84	0.00	43.40	8	0
Centerra Gold	5.37	7.33	0.28	41.71	9	0
Alamos Gold	7.25	6.34	0.08	-11.45	10	0
Endeavour Silver	2.54	2.19	0.00	-13.78	11	0
New Gold	4.14	3.20	0.00	-22.71	12	0
Tahoe Resources	14.88	4.51	0.61	-65.59	13	0
Primerio Mining	3.82	0.07	0.00	-98.17	14	0
AuRico Gold**						

\* SSR Mining was previously called Silver Standard Resources.

\*\* AuRico Gold merged into Alamos Gold in 2015.

*Stock Options.* In the past six years, we have not issued any stock options to our NEOs (or any other employee). Any stock options granted under the 2010 Stock Incentive Plan will be issued with an exercise price based on the fair market value (the closing sales price of our common stock on the NYSE on the date of grant).

**Other**

*Nonqualified Deferred Compensation Plan.* We maintain the Key Employee Deferred Compensation Plan (the "KEDCP"), a nonqualified deferred compensation plan, under which participants may defer all or a portion of their annual base salary, performance-based compensation awarded under our AIP and LTIP, and RSUs granted under the 2010 Stock Incentive Plan. Participants may elect to have their deferred base salary and AIP or LTIP awards valued based on Hecla common stock and credited to a stock account. Deferred RSUs are credited to a stock account. The KEDCP provides for discretionary matching contributions on base salary, AIP and LTIP amounts deferred to a stock account and discretionary company contributions that are credited to a participant's stock account. The deferral features promote alignment of the interests of participants with those of our shareholders. Investment accounts are credited monthly with an amount based on the prime rate for corporate borrowers. Participants receive distributions from their accounts only upon separation from service with us, a fixed date or schedule selected by the participant, death, disability, an unforeseeable emergency or a change in control, as these events are defined under Section 409A of the Internal Revenue Code. The amounts deferred are unfunded and unsecured obligations of Hecla, receive



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## COMPENSATION DISCUSSION AND ANALYSIS

no preferential standing, and are subject to the same risks as any of our other general obligations. Additional details about the KEDCP are described in the narrative accompanying the *Nonqualified Deferred Compensation for 2017* table on page 65.

*Benefits.* We provide our employees with a benefits package that is designed to attract and retain the talent needed to manage Hecla. As part of that, all U.S. salaried employees, including the NEOs, are eligible to participate in the Hecla Mining Company Retirement Plan (the “Retirement Plan”), the Capital Accumulation Plan (a 401(k) plan, which includes matching contributions by Hecla up to 6%), health, vision, dental coverage, and paid time off, including vacations and holidays. All Canadian salaried employees, including NEOs, are eligible to participate in a similar benefits package. NEOs are eligible to receive certain additional benefits, as described below. The committee intends for the type and value of such benefits offered to be competitive with general market practices.

*Other Qualified and Nonqualified Benefit Plans.* Under the Retirement Plan, upon normal retirement, each participant is eligible to receive a monthly benefit equal to a certain percentage of final average annual earnings for each year of credited service. Additional details about the Retirement Plan are in the narrative accompanying the *Pension Benefits* table on page 65. Under Hecla’s unfunded Supplemental Excess Retirement Plan, the amount of any benefits not payable under the Retirement Plan because of the limitations imposed by the Internal Revenue Code and/or the Employee Retirement Income Security Act, and the reduction of benefits, if any, due to a deferral of salary made under our KEDCP, will be paid out of our general funds to any employee who may be adversely affected. The Retirement Plan and Supplemental Excess Retirement Plan define earnings for purposes of the plans to include base salary plus any other cash incentives up until July 1, 2013, after which only base salary plus one-half of AIP compensation is included (no LTIP compensation is included).

*Personal Benefits.* We do not provide company-paid cars, country club memberships, or other similar perquisites to our executives. The only material personal benefit provided by Hecla is a relocation benefit, which is offered as needed to meet specific recruitment needs.

**Clawback Policy**

At its February 2013 meeting, the Compensation Committee adopted a clawback policy with respect to incentive awards to executive officers. The policy provides that in the event of a restatement of our financial results as a result of material non-compliance with financial reporting requirements, the Board will review incentive compensation that was paid to our current and former executive officers under the Company’s AIP and LTIP (or any successor plans) based solely on the achievement of specific corporate financial goals (“Incentive Award”) during the period of the restatement. If any Incentive Award would have been lower had it been calculated based on the Company’s restated financial results, the Board will, as and to the extent it deems appropriate, including with respect to intent or level of culpability of the relevant individual(s), seek to recover from any executive officer, any portion of an Incentive Award paid in excess of what would have been paid based on the restated financial results. The policy does not apply in any situation where a restatement is not the result of material non-compliance with financial reporting requirements, such as any restatement due to a change in applicable accounting rules, standards or interpretations, a change in segment designations or the discontinuance of an operation.

In December 2015, the Compensation Committee amended each of our incentive plans (AIP, LTIP, KEDCP, and 2010 Stock Incentive Plan) to include a clawback provision consistent with the clawback policy described above.

**Insider Trading Policy**

Our insider trading policy prohibits all directors, executive officers (as defined under Section 16 of the Exchange Act) and certain other employees designated as insiders from purchasing or selling any Company securities three weeks before through two days after the public release of any of our periodic results (including the filing of any Form 10-Q or Form 10-K), or at any other time during the year while in possession of material non-public information about the Company. In addition, directors and officers are prohibited from short-term trading, short sales, options trading, trading on margin, hedging or pledging any securities of the Company.

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### COMPENSATION DISCUSSION AND ANALYSIS

#### **Change in Control Agreements**

We have entered into change in control agreements (“CIC Agreements”) with each of our NEOs. Under the terms of our CIC Agreements, the CEO and the other NEOs are entitled to payments and benefits upon the occurrence of specified events, including termination of employment (with or without cause) following a change in control of the Company. The specific terms of these arrangements, as well as an estimate of the compensation that would have been payable had they been triggered as of fiscal year-end, are described in detail in the section entitled *Potential Payments Upon Termination or Change in Control* on page 66.

The termination of employment provisions of the CIC Agreements were entered into to address competitive concerns when the NEOs were recruited to Hecla by providing these individuals with a fixed amount of compensation that would offset the risk of leaving their prior employer or foregoing other opportunities to join the Company. At the time of entering into these arrangements, the committee considered the aggregate potential obligations of the Company in the context of the desirability of hiring the individual and the expected compensation upon joining Hecla.

The committee believes that these CIC Agreements are important for a number of reasons, including providing reasonable compensation opportunities in the unique circumstances of a change in control that are not provided by other elements of our compensation program. Further, change in control benefits, if structured appropriately, serve to minimize the distraction caused by a potential transaction and reduce the risk that key executives will leave Hecla before a transaction closes. The committee also believes that these agreements motivate the executives to make decisions that are in the best interests of our shareholders in the event of a pending change in control. These agreements provide executives with the necessary job stability and financial security during a change in control transaction and the subsequent period of uncertainty to help them stay focused on managing Hecla rather than on their own personal employment situation. The committee believes that all of these objectives serve our shareholders’ interests. The committee also believes that change in control provisions are an essential component of the executive compensation program and are necessary to attract and retain senior talent in the highly competitive talent market in which we compete.

The change in control provisions were developed by the Company and the committee based on market and industry competitive practices. The Company and the committee periodically review the benefits provided under the CIC Agreements to ensure that they serve our interests in retaining our key executives, are consistent with market and industry practice, and are reasonable.

#### **Tax and Accounting Considerations**

Our compensation programs are affected by each of the following:

*Accounting for Stock-Based Compensation.* We take into account certain requirements of GAAP in determining changes to policies and practices for our stock-based compensation programs.

*Section 162(m) of the Internal Revenue Code.* Section 162(m) of the Internal Revenue Code of 1986, as amended (“Code Section 162(m)”), generally provides that compensation in excess of \$1 million paid to the CEO and certain other NEOs (“covered employees”) of a public company will not be deductible for U.S. federal income tax purposes.

Our primary objective in designing and administering our compensation policies is to support and encourage the achievement of our strategic goals and to enhance long-term shareholder value. We also believe that it is important to preserve flexibility in administering compensation programs. For these and other reasons, the committee has determined that it will not necessarily seek to limit executive compensation to the amount that would be fully deductible under Code Section 162(m).

Effective for taxable years beginning after December 31, 2017, the exemption from Code Section 162(m) for performance-based compensation was repealed in the tax reform legislation signed into law on December 22, 2017. Thus, it is anticipated that future compensation in excess of \$1 million paid to covered employees will not be deductible for U.S. federal income tax purposes.

The committee will continue to monitor developments and assess alternatives for managing the deductibility of compensation payments and benefits to the extent reasonably practicable, as determined by the committee to be consistent with our compensation policies and in the best interests of the Company and our shareholders.

*Section 409A of the Internal Revenue Code.* Section 409A imposes additional significant taxes in the event that an executive officer or director receives “deferred compensation” that does not satisfy the requirements of Section 409A. We believe that we have designed and operated our plans appropriately to comply with Section 409A.



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## FUTURE COMPENSATION ACTIONS

## FUTURE COMPENSATION ACTIONS

**Base Salaries for 2018**

Due to the low prices of metals in 2015, the Compensation Committee approved salary reductions for calendar year 2016. Our CEO's base salary was reduced by 20%, and our other NEOs' base salaries were reduced by 10%. Effective January 1, 2017, base salaries were restored to pre-2016 levels. Base salaries are reviewed mid-year, and in June 2017, Mr. Baker's base salary was increased from \$605,000 to \$635,000. All other NEOs' base salaries remained the same.

<b>NEO</b>	<b>1/1/18 to 6/30/18 Salary (\$)</b>
Phillips S. Baker, Jr.	635,000
Lindsay A. Hall	380,000
Lawrence P. Radford	380,000
Dr. Dean W.A. McDonald	275,000
David C. Sienko	250,000

**2018 AIP**

Because of the potential Klondex Mines transaction, the committee has not approved all aspects of the 2018 AIP. However, the factors have not changed and may be modified by the committee from time to time, including with respect to the relative weights:

quantitative corporate performance factors comprising 50% of the targeted award;

qualitative/other goals, comprising 25% of the targeted award; and

a discretionary factor as determined by the committee, comprising 25% of the targeted award.

Each component can achieve two times the target with respect to the component, with the maximum total payout limited to two times the target award level (200%).

**Quantitative Goals**

The 2018 AIP is like the 2017 AIP. For the 2018 AIP, the quantitative corporate performance factors are divided into three factors (including weighting): production (20%), EBITDA less capital (20%), and all injury frequency rate reduction (10%).

The production factor converts gold, lead and zinc to silver equivalent at a ratio of 71.2 oz. silver to 1 oz. gold, 16.4 lb. lead, and 13.3 lb. zinc. Our production target requires that we achieve 44.0 million silver equivalent ounces. Maximum payout is attained if production achieves 47.0 million ounces. The minimum payout is achieved if production is greater than 37.0 million ounces. Production levels reflect outcomes from not closing the Klondex acquisition and a continuation of the strike at our Lucky Friday Mine, to better than expected production from all mines. The maximum payout would be a new record level of production.

<b>PRODUCTION GOAL METRICS</b>		
<b>2018 Production in Silver Equivalent Ounces (includes all metals)</b>		
<b>2018</b>		
<b>Production Metrics</b>		<b>Factor Value</b>
47.0mm	Maximum	40%
45.5mm		30%
<b>44.0mm</b>	<b>Target</b>	<b>20%</b>
42.3mm		10%
<37.0mm		0%

The minimum threshold for the EBITDA less capital goal is >\$32 million. The maximum limit is \$120 million. The target is \$92 million. The range of outcome reflects the potential expected production results with price assumptions from the budget to spot prices in March 2018.

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## FUTURE COMPENSATION ACTIONS

<b>EBITDA LESS CAPITAL GOAL METRICS</b>		
<b>2018 EBITDA Less</b>		
<b>Capital Metrics</b>		<b>Factor Value</b>
\$120mm	Maximum	40%
\$105mm		30%
<b>\$92mm</b>	<b>Target</b>	<b>20%</b>
\$48mm		10%
< \$32m		0%

The All Injury Frequency Rate ("AIFR") reduction target is 10%. The 2017 AIFR was 2.76. A 10% reduction would result in a rate of 2.48 as the target. A 35% reduction would result in a rate of 1.79 as the maximum threshold. A reduction of less than 5%, or 2018 AIFR rate of 2.62, would result in no payout.

<b>AIFR REDUCTION</b>		
<b>2018 AIFR Result</b>		<b>Factor Value</b>
30%	Maximum	20%
20%		15%
<b>10%</b>	<b>Target</b>	<b>10%</b>
5%		5%

**Qualitative Goals**

There are over 100 qualitative goals that are recommended by management, approved by the committee, and cover the areas of safety and health, environmental, technology and innovation, continuous improvement, operations, financial and cost controls, balance sheet management, employee development, benefit plans, acquisitions, mine life extension, exploration and reserve growth, investor relations, government and community affairs, and legal.

**Outstanding LTIP Periods**

Below we provide the current three-year LTIP periods that are outstanding.

**2016-2018 LTIP**

In February 2016, the committee approved the 2016-2018 LTIP, which has a target unit value of \$100. The 2016-2018 LTIP has the same factors as the 2015-2017 LTIP, with a maximum potential payout of \$375 per unit.

**2016-2018 Performance Unit Valuation****Silver Equivalent (includes Gold)****Reserve Growth**

<b>Ounce Target</b> <b>(millions)</b>	<b>Additional Reserve</b> <b>(millions)</b>	<b>Unit Value</b>
423	100	\$ 100.00
363	40	\$ 50.00
353	30	\$ 25.00
323	0	\$ 5.00

**Cash Flow****% of Target**

	<b>Unit Value</b>
115%	\$100.00
110%	\$50.00
105%	\$35.00
100%	\$25.00
90%	\$15.00

**Silver Equivalent (includes Gold)****Production Growth**

<b>Target</b> <b>(in mm ozs.)</b>	<b>Average Annual Target</b> <b>(in mm ozs.)</b>	<b>Unit Value</b>
93.0	31.0	\$ 75.00
89.5	29.5	\$ 50.00
87.0	29.0	\$ 25.00
84.0	28.0	\$ 10.00

**Total Shareholder Return**

**%ile rank within Peer Group Companies**

	<b>Unit Value</b>
100%	\$100.00
90%	\$75.00
80%	\$50.00
70%	\$35.00
60%	\$25.00
50%	\$15.00
<50%	\$0.00

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## FUTURE COMPENSATION ACTIONS

**2017-2019 LTIP**

In February 2017, the committee approved the 2017-2019 LTIP, which has a target unit value of \$100. The 2017-2019 LTIP has four factors, three of which are repeat factors from the 2016-2018 LTIP, with a maximum potential payout of \$375 per unit. The three factors include: silver equivalent reserve growth (gold is converted into silver equivalent at a ratio of 71 to 1), silver equivalent production growth (includes silver and gold, but not base metals), and total shareholder return. The fourth factor is mine site operating cash flow less capital, which replaces the cash flow goal from previous plans. This goal also includes the impact associated with any acquisitions (or dispositions) of operating mine sites.

**2017-2019 Performance Unit Valuation****Silver Equivalent (includes Gold)****Reserve Growth****Ounce Target Additional Reserve**

(millions)	(millions)	Unit Value
405.6	90	\$ 75.00
375.6	60	\$ 50.00
345.6	30	\$ 25.00
315.6	0	\$ 5.00

**Silver Equivalent (includes Gold)****Production Growth**

Target (in mm ozs.)	Average Annual Target (in mm ozs.)	Unit Value
100.0	33.3	\$100.00
96.0	32.0	\$ 75.00
93.0	31.0	\$ 50.00
90.0	30.0	\$ 25.00
85.0	28.3	\$ 10.00

**Mine Site Operating Cash****Flow Less Capital****Cash Target**

(millions)	Unit Value
\$375	\$100.00
\$350	\$50.00
\$300	\$25.00
\$250	\$ 5.00

**Total Shareholder Return**

%ile rank within Peer Group Companies	Unit Value
100%	\$ 100.00
90%	\$ 90.00
80%	\$ 75.00
70%	\$ 50.00
60%	\$ 30.00
50%	\$ 25.00
<50%	\$ 0.00

**2018-2020 LTIP**

In February 2018, the committee approved the 2018-2020 LTIP, which has a target unit value of \$100. The 2018-2020 LTIP has four factors, which are repeat factors from the 2017-2019 LTIP, with a maximum potential payout of \$375 per unit. The four factors include: silver equivalent reserve growth (gold is converted into silver equivalent at a ratio of 71 to 1), silver equivalent production growth (includes silver and gold, but not base metals), total shareholder return and mine site operating cash flow less capital.

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## FUTURE COMPENSATION ACTIONS

**2018-2020 Performance Unit Valuation**

## Silver Equivalent (includes Gold)

## Reserve Growth

## Silver Equivalent

Ounce Target (millions)	Additional Reserve (millions)	Unit Value
427.6	90	\$ 75.00
397.6	60	\$ 50.00
367.6	30	\$ 25.00
337.6	0	\$ 10.00

## Silver Equivalent (includes Gold)

## Production Growth

Target (in mm ozs.)	Average Annual Target (in mm ozs.)	Unit Value
105.0	35.0	\$ 100.00
96.0	32.0	\$ 75.00
90.0	30.0	\$ 50.00
86.0	28.7	\$ 25.00
80.0	26.7	\$ 10.00

## Mine Site Operating Cash

## Flow Less Capital

## Cash Target

(millions)	Unit Value
\$425	\$ 100.00
\$375	\$ 50.00
\$350	\$ 25.00
\$330	\$ 10.00

## Total Shareholder Return

Ranking within Peer Group Companies	Unit Value
Top 2	\$ 100.00
Top 4	\$ 75.00
Top 6	\$ 50.00
Top 8	\$ 25.00
<Top 8	\$ 0.00

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

The members of the Compensation Committee are set forth in the *Compensation Committee Report*. There are no members of the Compensation Committee who were officers or employees of Hecla or any of our subsidiaries during the fiscal year, formerly were officers of Hecla or any of our subsidiaries, or had any relationship otherwise requiring disclosure under the proxy rules promulgated by the SEC or the NYSE.



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COMPENSATION COMMITTEE REPORT  
**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed the *Compensation Discussion and Analysis* with Hecla's management and its independent compensation consultant. Based on its review and discussions, the committee recommended to the Board, and the Board has approved, the *Compensation Discussion and Analysis* included in this Proxy Statement and incorporated by reference in Hecla's Annual Report on Form 10-K for the year ended December 31, 2017.

*Respectfully submitted by  
The Compensation Committee of the  
Board of Directors*

Terry V. Rogers, Chair  
Catherine J. Boggs  
Ted Crumley  
George R. Nethercutt, Jr.  
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**Table of Contents**COMPENSATION OF NAMED EXECUTIVE OFFICERS  
COMPENSATION OF NAMED EXECUTIVE OFFICERS

## Summary Compensation Table for 2017

The following compensation tables provide information regarding the compensation of our CEO, CFO, and three other most highly compensated officers for the year ended December 31, 2017.

Name and Principal Position	Year	Salary <sup>1</sup> (\$)	Stock Awards <sup>2</sup> (\$)	Non-Equity Incentive Plan Compensation <sup>3</sup> (\$)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings <sup>4</sup> (\$)	All Other Compensation (\$)	Total (\$)
Phillips S. Baker, Jr. President and CEO	2017	618,750	842,802 <sup>5</sup>	2,473,625	1,017,111	18,306	7 4,970,594
	2016	484,000	1,190,811	2,876,375	924,335	15,900	5,491,421
	2015	605,000	1,151,290	1,768,250	599,477	15,900	4,139,917
Lindsay A. Hall <sup>8</sup> Senior Vice President and CFO	2017	380,000	413,558 <sup>5</sup>	701,926	143,281	17,790 <sup>6</sup>	7 1,656,555
	2016	156,750	344,999	326,027	13,146	9,200	850,122
Lawrence P. Radford Senior Vice President – Operations	2017	380,000	413,558 <sup>5</sup>	1,170,850	160,820	18,306	7 2,143,534
	2016	342,000	345,000	1,388,650	125,898	15,900	2,217,448
	2015	380,000	335,000	890,000	105,114	15,900	1,726,014
Dr. Dean W. A. McDonald <sup>8</sup> Senior Vice President – Exploration	2017	275,000	345,705 <sup>5</sup>	917,900	241,254	17,402 <sup>6</sup>	7 1,797,261
	2016	247,500	300,000	882,600	196,766	15,900	1,642,766
	2015	275,000	300,000	580,000	110,743	15,900	1,281,643
David C. Sienko Vice President and General Counsel	2017	250,000	182,566 <sup>5</sup>	574,475	95,618	62,394	7 1,165,053
	2016	225,000	154,000	723,775	82,310	15,900	1,200,985
	2015	250,000	154,001	397,000	36,365	15,900	853,266

<sup>1</sup> Salary amounts include base salary both earned and paid in cash during the fiscal year listed.

<sup>2</sup> Represents RSUs awarded and performance-based shares granted in each of fiscal years 2017, 2016 and 2015. The amounts represent the aggregate grant date fair value of the awards granted to each NEO computed in accordance with stock-based accounting rules (FASB ASC Topic 718). Assumptions used in the calculation of these amounts are included in *Note 9 – Stockholders' Equity* to our calendar year 2017 consolidated financial statements, which is included in our Annual Report on Form 10-K filed with the SEC on February 15, 2018 (the "Form 10-K"). RSUs vest in three substantially equal annual installments beginning on June 21 the following year from the date they are granted. Consistent with the requirements of FASB ASC Topic 718, the value of performance-based shares is based on the estimated outcome as of the date of grant. In accordance with FASB ASC Topic 718, this result is based on a relative TSR result modeled using a Monte Carlo simulation.

Please see the *Grants of Plan-Based Awards for 2017* table on page 62 for more information about the awards granted in 2017.

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## COMPENSATION OF NAMED EXECUTIVE OFFICERS

<sup>3</sup> This column represents the performance payments awarded and earned by the NEOs for the calendar years 2015, 2016 and 2017 under our AIP and for the LTIP plan periods 2013-2015, 2014-2016, and 2015-2017. The 2015 AIP and 2013-2015 LTIP awards were paid 50% in cash and 50% in common stock. The 2016 AIP and 2014-2016 LTIP awards were paid 75% in cash and 25% in common stock. The 2017 AIP was paid 100% in cash, and the 2015-2017 LTIP awards were paid 50% in cash and 50% in common stock. The awards for each of the plan years are as follows:

Name	Year	AIP Award (\$)	LTIP Plan Period	LTIP Units (#)	Unit Value (\$)	LTIP Award (\$)	Total AIP and LTIP (\$)	Total AIP and LTIP Paid in Cash (\$)	Total AIP and LTIP Paid in Shares (#)	
Baker	2017	476,250	2015-2017	9,500	210.25	1,997,375	2,473,625	1,475,238	254,119	*
	2016	907,500	2014-2016	9,500	207.25	1,968,875	2,876,375	2,157,281	108,789	
	2015	695,750	2013-2015	8,250	130.00	1,072,500	1,768,250	884,125	374,629	
Hall	2017	285,000	2015-2017	1,983	210.25	416,926	701,926	493,463	53,044	*
	2016	205,200	2014-2016	583	207.25	120,827	326,027	244,520	12,331	
Radford	2017	456,000	2015-2017	3,400	210.25	714,850	1,170,850	813,425	90,948	*
	2016	684,000	2014-2016	3,400	207.25	704,650	1,388,650	1,041,486	52,521	
	2015	500,000	2013-2015	3,000	130.00	390,000	890,000	445,000	188,559	
McDonald	2017	371,250	2015-2017	2,600	210.25	546,650	917,900	644,575	69,548	*
	2016	343,750	2014-2016	2,600	207.25	538,850	882,600	661,950	33,381	
	2015	242,000	2013-2015	2,600	130.00	338,000	580,000	290,000	122,881	
Sienko	2017	175,000	2015-2017	1,900	210.25	399,475	574,475	374,738	50,824	*
	2016	330,000	2014-2016	1,900	207.25	393,775	723,775	542,831	27,374	
	2015	150,000	2013-2015	1,900	130.00	247,000	397,000	198,500	84,110	

\* Consists only of LTIP awards, which were paid 50% in common stock. The number of shares was determined based on the closing price of Hecla's common stock on the NYSE on March 12, 2018 (\$3.93).

(i) Mr. Hall's 2014-2016 and 2015-2017 LTIP units were prorated due to Mr. Hall joining the Company in July 2016.

The amounts reported in this column for 2017 are changes between December 31, 2016 and December 31, 2017 in the actuarial present value of the accumulated pension benefits. Pension values may fluctuate significantly from year to year depending on a number of factors, including age, years of service, average annual earnings and the assumptions used to determine the present value. The Company cautions that the values reported in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column are theoretical as those amounts are

<sup>4</sup> calculated pursuant to SEC requirements and are based on assumptions used in preparing the Company's audited financial statements for the applicable calendar years. The Company's retirement plans utilize a different method of calculating actuarial present value for the purpose of determine a lump sum payment, if any. The change in pension value from year to year as reported in the table is subject to market volatility and may not represent the value that an NEO will actually accrue or receive under the Company's retirement plans during any given year. None of the amounts reported in this column are above-market nonqualified deferred compensation earnings.

Includes: (i) restricted stock units granted to each NEO on June 7, 2017, and (ii) performance-based shares awarded to each NEO on June 7, 2017. See *Grants of Plan-Based Awards for 2017* table on page 62 and *Performance-based Shares* on page 51 for a description of the performance-based shares.

As non-U.S. citizens, Mr. Hall and Dr. McDonald are not participants in the Hecla Mining Company Retirement Plan, or the unfunded SERP. In lieu of participation in these plans, Mr. Hall and Dr. McDonald are expected to receive a similar benefit as if they had participated in these plans. See *Retirement Plan* on page 73 for a description of non-U.S. employee's retirement benefits.

<sup>7</sup> Includes the following:

NEO	Matching 401(k) Contribution (\$)	Annual Life Insurance Premium (\$)	Other (\$)	Total (\$)
Baker	16,200	2,106	0	18,306
Hall	16,200	1,590	0	17,790
Radford	16,200	2,106	0	18,306
McDonald	16,200	1,202	0	17,402
Sienko	16,200	1,626	44,568	62,394

(i) These amounts are in lieu of 401(k) match made on behalf of Mr. Hall and Dr. McDonald. Canadian employees are excluded from participation in the Hecla Capital Accumulation Plan. Mr. Hall and Dr. McDonald are paid in Canadian funds. The amounts reported are in U.S. dollars based on the applicable exchange rates as reported in *The Wall Street Journal* from time-to-time.

(ii)

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Commission and closing costs paid on the sale of Mr. Sienko's home in Chicago.

<sup>8</sup> Mr. Hall and Dr. McDonald receive their compensation in Canadian funds. The amounts reported for Mr. Hall and Dr. McDonald are in U.S. dollars based on the applicable exchange rates as reported in *The Wall Street Journal* from time-to-time during this time period.

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## COMPENSATION OF NAMED EXECUTIVE OFFICERS

The following table shows all plan-based awards granted to the NEOs during 2017.

## Grants of Plan-Based Awards for 2017

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards <sup>1</sup> (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Phillips S. Baker, Jr.									
Restricted Stock Units <sup>2</sup>	6/7/17							85,179	500,001
Performance-based Shares <sup>3</sup>	6/7/17				51,108	102,215	204,430	102,215	342,801
LTIP <sup>4</sup>		0	1,140,000	4,275,000					
AIP <sup>5</sup>		0	635,000	1,270,000					
Lindsay A. Hall									
Restricted Stock Units <sup>2</sup>	6/7/17							58,773	344,998
Performance-based Shares <sup>3</sup>	6/7/17				10,222	20,443	40,886	20,443	68,560
LTIP <sup>4</sup>		0	500,000	1,875,000					
AIP <sup>5</sup>		0	380,000	760,000					
Lawrence P. Radford									
Restricted Stock Units <sup>2</sup>	6/7/17							58,773	344,998
Performance-based Shares <sup>3</sup>	6/7/17				10,222	20,443	40,886	20,443	68,560
LTIP <sup>4</sup>		0	500,000	1,875,000					
AIP <sup>5</sup>		0	380,000	760,000					
Dr. Dean W.A. McDonald									
Restricted Stock Units <sup>2</sup>	6/7/17							51,107	299,998
Performance-based Shares <sup>3</sup>	6/7/17				6,815	13,629	27,258	13,629	45,707
LTIP <sup>4</sup>		0	360,000	1,350,000					
AIP <sup>5</sup>		0	275,000	550,000					
David C. Sienko									
Restricted Stock Units <sup>2</sup>	6/7/17							26,235	153,999
Performance-based Shares <sup>3</sup>	6/7/17				4,259	8,518	17,036	8,518	28,567
LTIP <sup>4</sup>		0	300,000	1,125,000					
AIP <sup>5</sup>		0	175,000	350,000					

The restricted stock unit amounts represent the aggregate grant date fair value of the awards granted to each NEO computed in accordance with stock-based accounting rules (FASB ASC Topic 718). Assumptions used in the calculation of these amounts are

included in *Note 9 – Stockholders' Equity* to our calendar year 2017 consolidated financial statements, which is included in our Annual Report on Form 10-K filed with the SEC on February 15, 2018 (the "Form 10-K"). Annual RSUs vest in three substantially equal annual installments beginning on June 21 in the following year from the date they are granted. Consistent with the requirements of FASB ASC Topic 718, the value of performance-based shares is based on the estimated outcome as of the date of grant. In accordance with FASB ASC Topic 718, this result is based on a relative TSR result modeled using a Monte Carlo simulation.

Represents the number of RSUs granted on June 7, 2017 to the NEOs under the terms of the 2010 Stock Incentive Plan. The restrictions lapse for one-third of the RSUs on June 21, 2018, one-third on June 21, 2019, and one-third on June 21, 2020, at which time the units are converted into shares of our common stock. The grant date fair value of the RSUs is the number of RSUs multiplied by the closing price of the Company common stock on the grant date of June 7, 2017 (\$5.87).

Represents the number of performance-based shares of Hecla common stock, having a target value for each NEO of: Baker, \$600,000; Hall, \$120,000; Radford, \$120,000; McDonald, \$80,000; and Sienko, \$50,000, with the potential of up to 200% of this target value (subject to specific performance terms and conditions established for these shares) awarded to the NEOs under the 2010 Stock Incentive Plan. Determination of the actual number of these performance-based shares to be received by the NEOs will be based on the TSR of Hecla common stock for the three-year period from January 1, 2017 through December 31, 2019, based on the following percentile rank within peer group companies:

100<sup>th</sup> percentile rank = maximum award at 200% of target;

60<sup>th</sup> percentile rank = target award at grant value;

50<sup>th</sup> percentile rank = threshold award at 50% of target.

Hecla's TSR performance versus that of peer group companies will be based on a comparison of the average share price over the last 60 calendar days prior to January 1, 2017, as the base price, and the average share price the last 60 calendar days of the three-year performance period, plus dividends, to determine relative share value performance and ranking among peers.



**Table of Contents****COMPENSATION OF NAMED EXECUTIVE OFFICERS**

Represents the potential value of the payout for each NEO under the 2017-2019 LTIP period if the threshold, target or maximum goals are satisfied for all performance measures. The potential payouts are performance-driven and therefore completely at-risk. The business

<sup>4</sup> measurements and performance goals for determining the payout are described in the *Compensation Discussion and Analysis* beginning on page 33. Dollar amounts shown are valued as follows on a per unit basis: Threshold, \$0; Target, \$100; and Maximum, \$375. The number of units awarded to each NEO for the 2017-2019 LTIP period are as follows:

NEO	2017-2019 LTIP Units (#)
Baker	11,400
Hall	5,000
Radford	5,000
McDonald	3,600
Sienko	3,000

<sup>5</sup> Represents the potential value of the payout for each NEO under the 2017 AIP described on page 44. The total payout to each NEO under the 2017 AIP is described in footnote 3 to the *Summary Compensation Table* on page 60.

The following table provides information on the current holdings of stock awards by the NEOs. This table includes unvested RSUs, and unvested performance-based shares. There were no unexercised stock options held by any NEO at year-end.

**Outstanding Equity Awards at Fiscal Year-End for 2017**

Name	Stock Awards		Equity Incentive Plan Awards:		Equity Incentive Plan Awards:
	Number of Shares or Units of Stock That Have Not Vested <sup>1</sup> (#)	Market Value of Shares or Units of Stock That Have Not Vested <sup>2</sup> (\$)	Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)		Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested <sup>3</sup> (\$)
Phillips S. Baker, Jr.	229,243	910,095	113,636	4	451,135
			102,215	5	405,794
Lindsay A. Hall	95,691	379,893	20,443	5	81,159
Lawrence P. Radford	156,810	622,536	20,443	5	81,159
Dr. Dean W. A. McDonald	137,544	546,050	13,629	5	54,107
David C. Sienko	70,607	280,310	8,518	5	33,816

<sup>1</sup> The following table shows the dates on which the restricted stock units in the outstanding equity awards table vest and the corresponding number of shares, subject to continued employment through the vest date.

Vesting Date	Number of Unvested Restricted Stock Units				
	Baker	Hall	Radford	McDonald	Sienko
6/21/18	134,578	38,050	91,492	80,745	41,450
6/21/19	66,272	38,050	45,727	39,763	20,412
6/21/20	28,393	19,591	19,591	17,036	8,745
<b>Total</b>	<b>229,243</b>	<b>95,691</b>	<b>156,810</b>	<b>137,544</b>	<b>70,607</b>

<sup>2</sup> The market value of the RSUs is based on the closing market price of our common stock on the NYSE as of December 29, 2017, which was \$3.97.

<sup>3</sup> The market value of the performance-based shares is based on the closing market price of our common stock on the NYSE as of December 29, 2017, which was \$3.97.

<sup>4</sup> Award of performance-based shares, the value of which will be determined based on the TSR of Hecla common stock for the three-year period from January 1, 2016 through December 31, 2018.

<sup>5</sup> Award of performance-based shares, the value of which will be determined based on the TSR of Hecla common stock for the three-year period from January 1, 2017 through December 31, 2019.

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COMPENSATION OF NAMED EXECUTIVE OFFICERS

The following table shows information concerning the exercise of stock options and the number of stock awards that vested during calendar year 2017 for each of the NEOs, and the value realized on the exercise of options and vesting of stock awards during calendar year 2017.

Option Exercises<sup>1</sup> and Stock Vested for 2017

<b>Name</b>	<b>Stock Awards Number of Shares Acquired on Vesting (#)</b>		<b>Value Realized on Vesting (\$)</b>	
Phillips S. Baker, Jr.	212,602	3	0	2
	68,306	4		