


BADGER METER INC

MEETING DATE	Fri, 29 Apr 2016 8:30 am	TYPE	AGM	ISSUE DATE	Mon, 25 Apr 2016
MEETING LOCATION	Milwaukee Public Museum, 800 W. Wells Street, Milwaukee, Wisconsin 53233				
CURRENT INDICES	PIRC Global				
SECTOR	Totalizing fluid meters and counting devices				

PROPOSALS		ADVICE
1.1 Elect Ronald H. Dix	Non-Executive Director. Not considered independent owing to a tenure of over nine years and because he is a former executive of the Company. There is insufficient independence on the Board.	Withhold
1.2 Elect Thomas J. Fischer	Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independence on the Board.	Withhold
1.3 Elect Gale E. Klappa	Lead Outside Director.	For
1.4 Elect Gail A. Lione	Independent Non-Executive Director.	For
1.5 Elect Richard A. Meeusen	Chairman, President and Chief Executive Officer. Combined roles at the top of the Company which Triodos does not support. It is considered best practice for these positions to be separated with a Chief Executive Officer responsible for the running of the business and the Chairman responsible for the functioning of the Board.	Withhold
1.6 Elect Andrew J. Policano	Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independence on the Board. [newline]He is chair of the Nomination committee and less than 20% of the Board are women which Triodos does not support.	Withhold
1.7 Elect Steven J. Smith	Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independence on the Board.	Withhold
1.8 Elect Todd J. Teske	Independent Non-Executive Director.	For
2 Advisory Vote on Executive Compensation	The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CDC. Performance was targeted at the 55th percentile, which is not considered challenging. Stock options vest at 20% per year over five years. This is not considered sufficiently long term to link pay with performance. Triodos does not support this resolution.	Oppose
3 Appoint the Auditors	EY proposed. No non-audit fees were paid to the auditors in the past three years. This approach is commended. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. Triodos opposes this resolution.	Oppose

4 Amend Omnibus Stock Plan

Oppose

The Board asks shareholders to re-approve the material terms of the 2011 Omnibus Incentive Plan performance goals on which awards intended to be performance-based compensation under Section 162(m) of the Internal Revenue Code may be based. Under the Code, publicly held companies may not deduct compensation over \$1 million paid to certain executive officers in any one year. Section 162(m) of the Code provides an exception for "performance-based" compensation when the material terms of the performance goals are disclosed to and approved by stockholders every five years. The proposal does not seek to increase the number of shares available for issuance under the plan or otherwise modify it. The stockholders last approved the performance goals in 2011.

The plan itself identifies a number of performance metrics that may be used in conjunction with the plan, but leaves it to the discretion of the Compensation Committee as to which metrics are chosen. Shareholders cannot tell from the plan what performance targets (if any) would be applied to the metrics selected by the Committee. Given that, there is no meaningful way that shareholders can approve or re-approve performance 'goals' of which they have scant prior knowledge. Accordingly, Triodos does not support this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: C - The Company has achieved an average level of disclosure for the fiscal year. The annual bonus is based on Earnings Before Interest and Taxes (EBIT) and individual performance performance element for all executive officers except the CEO. Long-term incentives consist of 40% restricted stock awards, 30% stock option awards and 30% cash-based performance units. The cash-based performance units are based on Relative Total Shareholder Return goals.

Balance: D - The Company has achieved a poor balance for rewards. No annual bonus awards were paid out due to a failure to achieve the EBIT target. This indicates the target was challenging. However, long-term incentive payouts exceeded guidelines (200% of base salary). Payouts for cash-based performance units was at 200% target, which is excessive. Performance was targeted at the 55th percentile, which is not considered challenging. Stock options vest at 20% per year over five years. This is not considered sufficiently long term to link pay with performance.

Contracts: C - The Company has achieved an average approach to contracts with executives. The clawback policy is appropriate. Potential severance and change of control payments are considered excessive.

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