


BADGER METER INC

MEETING DATE	Fri, 27 Apr 2018 8:30 am	TYPE	AGM	ISSUE DATE	Fri, 13 Apr 2018
MEETING LOCATION	Customer Experience Center, 4545 W. Brown Deer Road, Milwaukee, Wisconsin 53223				
CURRENT INDICES	PIRC Global				
SECTOR	Totalizing fluid meters and counting devices				

PROPOSALS		ADVICE
1.1 Elect Todd A. Adams	Independent Non-Executive Director. However, there are concerns over the director's potential aggregate time commitments. Triodos abstains this resolution.	Abstain
1.2 Elect Thomas J. Fischer	Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board. He is chair of the Audit committee which is not fully independent which Triodos does not support.	Oppose
1.3 Elect Gale E. Klappa	Independent Non-Executive Director. However, there are concerns over the director's potential aggregate time commitments. Triodos abstains this resolution.	Abstain
1.4 Elect Gail A. Lione	Independent Non-Executive Director.	For
1.5 Elect Richard A. Meeusen	President, Chairman and CEO. Combined roles at the head of the Company. There should be a clear division of responsibilities at the head of the Company between the running of the board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision. Combining the three roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal.	Oppose
1.6 Elect James F. Stern	Independent Non-Executive Director.	For
1.7 Elect Glen E. Tellock	Independent Non-Executive Director. However, there are concerns over the director's potential aggregate time commitments. Triodos abstains this resolution.	Abstain
1.8 Elect Todd J. Teske	Independent Non-Executive Director. However, there are concerns over the director's potential aggregate time commitments. Triodos abstains this resolution.	Abstain

2 Advisory Vote on Executive Compensation

Abstain

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.

For fiscal 2017, annual incentives were not considered to be excessive. The CEO's actual bonus for the year was capped at 200% of base salary. The performance awards vest after a three-year performance period which is considered to be sufficiently long-term. The Company uses total shareholder return (TSR) as the sole performance criterion, which is not considered appropriate as TSR functions like a scorecard, which ignores strategy, execution and effort. Best practice states that all executives should hold at least six times base salary in stocks, currently executives hold four times base salary. Executive compensation is aligned with companies of a similar market capitalisation. Mr. Bockhorst's received an additional stock awards in connection with employment at the company, some of which vest in less than three years. These kind of discretionary awards are not considered best practice.

The compensation rating is: BCB. Based on this rating, Triodos abstains this resolution.

3 Appoint the Auditors

Oppose

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 seven years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: B- Annual cash incentives are based on a financial factor based on the attainment of a certain level of adjusted Earnings Before Interest and Taxes (EBIT) and individual performance for all officers except the CEO. The Company granted long-term incentives (LTIs) in the form cash bonus (40%), stock options (30%) and restricted stock units (RSUs) (30%). Relative Total Shareholder Return is the sole criterion used to award the LTIs. Peer groups are disclosed. However, the Company failed to provide the fees it paid to the Compensation Consultants. The disclosure of these fees is encouraged in the interests of greater transparency.

Balance: C- For fiscal 2017, annual incentives were not considered to be excessive. The CEO's actual bonus for the year was capped at 200% of base salary. The performance awards vest after a three-year performance period which is considered to be sufficiently long-term. The Company uses total shareholder return (TSR) as the sole performance criterion, which is not considered appropriate as TSR functions like a scorecard, which ignores strategy, execution and effort. Best practice states that all executives should hold at least six times base salary in stocks, currently executives hold four times base salary. Executive compensation is aligned with companies of a similar market capitalisation. Mr. Bockhorst's received an additional stock awards in connection with employment at the company, some of which vest in less than three years. These kind of discretionary awards are not considered best practice.

Contract: B- Badger Meter Inc. have a strong compensation claw back policy in place that allows for the recoupment of payment if in the event that misconduct by an executive contributes to a restatement of the financial results. Good reason is not adequately defined.

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