Triodos Investment Management

BADGER METER INC

MEETING DATE	Fri, 26 Apr 2019 8:30 am	TYPE	AGM	ISSUE DATE	Wed, 24 Apr 2019
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.	**For**
1.2	**Elect Kenneth C. Bockhorst** Chief Executive.	**For**
1.3	**Elect Thomas J. Fischer** Non-Executive Director. Not considered independent owing to a tenure of over nine years. He is Chair of the Audit Committee and the committee is not fully independent.	**Withhold**
1.4	**Elect Gale E. Klappa** Lead Independent Director. Not considered independent as the director has a cross directorship with another director. Both Gale E. Klappa and Thomas J. Fischer sit on the Board of WEC Energy Group. It is considered that a Lead Independent Director should be independent, in order to fulfil the responsibilities assigned to that role. He is Chair of the Remuneration Committee and the committee is not fully independent.	**Withhold**
1.5	**Elect Gail A. Lione** Independent Non-Executive Director.	**For**
1.6	**Elect Richard A. Meeusen** Non-Executive Chairman. Not considered to be independent as he was previously the CEO of the Company. He has been CEO within past two years.	**Withhold**
1.7	**Elect Tessa M. Myers** Independent Non-Executive Director.	**For**
1.8	**Elect James F. Stern** Independent Non-Executive Director.	**For**
1.9	**Elect Glen E. Tellock** Independent Non-Executive Director.	**For**
1.10	**Elect Todd J. Teske** Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board.	**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: CDB. Triodos opposes 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.	**Oppose**

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: C - The Company has not provided the level of fees paid to the Compensation Consultants. The disclosure of these fees is encouraged in the interests of greater transparency. The peer groups used for the purpose of pay comparison have been fully disclosed by the Company. The Company uses adjusted performance metrics for elements of compensation. The use of non-GAAP metrics prevents shareholders from being able to assess fully whether the performance targets are sufficiently challenging. Specific performance targets for all long-term awards have not been adequately disclosed.

Balance: D - The Company does not consider non-financial metrics in its assessment of performance. For the year under review, annual bonus payouts are considered to be excessive as they represent more than 200% of base salary. The annual incentive award made during the year under review is not considered to be overly excessive as it amounts to less than 200% of base salary. The Company appears to use only one performance metrics to determine the payout of performance awards. Instead of the use of a sole performance metric, it would be preferred that payout be linked to at least two or more performance metrics, with the inclusion of a non-financial performance critertia. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. Performance shares have a three-year performance period, which is a market standard. However, a five-year performance period is considered best practice. Executive compensation is aligned with peer group averages. Executive compensation is aligned with peer group averages.

Contract: B -The Company maintains a supplemental executive retirement plan for the benefit of certain officers; which is not in line with best practice. Potential severance entitlements in a change of control scenario are considered excessive as they exceed three times the base salary. Change-in-control payments are subject to double-trigger provisions. Good reason has been appropriately defined. Equity awards are subject to pro-rata vesting, which is line with best practice. The claw-back policy is considered appropriate as it applies to short- and long-term incentives, and is not limited to cases of financial misstatement.

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