PROPOSALS | ADVICE
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1.1 **Elect Todd A. Adams - Non-Executive Director**
Independent Non-Executive Director. | For

1.2 **Elect Kenneth C. Bockhorst - Chair & Chief Executive**
Chair 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 two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal.
Triodos opposes this resolution. | Oppose

1.3 **Elect Gale E. Klappa - Lead Independent Director**
Lead Independent Director. Not considered independent owing to a tenure of over nine years on the board. It is considered that a Lead Independent Director should be independent, in order to fulfil the responsibilities assigned to that role; however as this candidate increases the overall diversity profile of the board Triodos supports this resolution. | For

1.4 **Elect Gail A. Lione - Non-Executive Director**
Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is sufficient independent representation on the Board. | For

1.5 **Elect James W. McGill - Non-Executive Director**
Independent Non-Executive Director. | For

1.6 **Elect Tessa M. Myers - Non-Executive Director**
Independent Non-Executive Director. | For

1.7 **Elect James F. Stern - Non-Executive Director**
Independent Non-Executive Director. | For

1.8 **Elect Glen E. Tellock - Non-Executive Director**
Independent Non-Executive Director. | For
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 company does not consider non-financial metrics in its assessment of performance. 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. Performance measures attached to long-term incentives do not duplicate those attached to other awards, which is considered acceptable practice. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. The company uses only one performance metrics to determine the pay-out of performance awards. Instead of the use of a sole performance metric, it would be preferred that pay-out be linked to at least two or more performance metrics, with the inclusion of an non-financial performance criteria.

The compensation rating is: CCC.

Triodos likes that options are no longer included in the LTIP; also in general performance metrics are good (FCF/ROIC). In addition, the size of the remuneration is reasonable. Only ESG metrics are lacking in the variable plans, which is why Triodos propose to vote abstain and encourage the company to implement ESG metrics soon.

Triodos abstains this resolution.

Ratify Ernst & Young LLP as 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.

Approve New Omnibus Plan

The board is seeking shareholder approval for the 2021 Omnibus Incentive Plan including the authority to issue 1,000,000 shares of common stock representing 3.4% of the outstanding common equity at the company. The company believes that the award under the 2021 plan will support the creation of long-term value and business returns for the shareholders. It is noted that all awards granted under the prior plan that are still outstanding upon the approval of the 2021 plan will remain outstanding and will continue to be subject to all of the terms and conditions of the prior plan. As of February 26, 2021, there were 316,194 shares subject to outstanding awards granted under the prior plan. The Plan is presented as an omnibus plan, which means that bundled within the same official plan there are various incentive plan elements aimed at rewarding different groups of employees, officers and executives. However, it is noted that the Compensation Committee retains the power to select employees to receive awards and determine the terms and conditions of awards (and also note that ‘management employees’ appear most likely to be the principal beneficiaries of the Plan).

Triodos is supportive when employees can share in the profits of a company and 700 employees are eligible for the Omnibus plan (which is about half of the total workforce).

Triodos supports this resolution.
Shareholder Resolution: Report on Board Diversity

Proponent's argument: Shareholders request that the Board of Directors report to shareholders within six months of the annual meeting, at reasonable expense excluding confidential information, on whether and how the company intends to put new, specific action steps in place for increasing board diversity. "Badger Meter's board of directors currently appears to have two women but zero people of color; in response to shareholder engagement, in 2017 the company committed to "seeking out highly qualified women and minority candidates as well as candidates with diverse backgrounds, skills and experiences as part of each Board search the company undertakes." Since then, the company has elected new board members, including one woman but none who are racially/ethnically diverse. The Proponent is unaware of any disclosure on whether the company has fulfilled its commitment to include women and people of color in each board search and believes that additional steps much be taken to address the issue of persistently low levels of diversity on our Company's board of directors; To diagnose the economy-wide problem of board diversity, an HBR survey found barriers for diversifying the board in: director recruitments strategies, limited diversity in personal connections of existing board members, ineffectve onboarding practices, lack of leadership roles for existing Black board members, and racial discrimination in board dynamics; When discussing solutions, the HBR article explains the value of increasing board diversity, such as a broadening of the diversity of perspectives and concerns among board members, greater likelihood of prioritizing diversity within the company, and enhanced morale and confidence of diverse employees; the Proponent believes that examining the causes of the lack of racial and ethnic diversity on the board and committing to concrete steps to diversity the board of directors would serve the long-term value of shareholders and the company."

Company's response: The board recommends a vote against this proposal. "Badger Meter has been and remains committed to advancing diversity and inclusion and continues to make progress in working to attract more women and racial/ethnically diverse individuals to the company and its Board of Directors. Our commitment is already stated in our annual filings, including our Proxy Statement and Sustainability Report. The Board agrees with increasing Board diversity, and is actively seeking candidates who would be outstanding additions to our Board as evidenced by our Criteria for Director Nominees in our Principles of Corporate Governance. Our Board's diversity representation will continue expanding in the future. The Board regularly monitors the diverse mix of skills, experience, background and other differentiating characteristics in order to assure that the Board has the necessary skills to perform its oversight function effectively. The Board also undertakes an annual self-evaluation process led by the Lead Independent Director. Our existing director selection process is designed to identify and nominate the strongest director candidates from all available sources."

PIRC analysis: The potential benefits of board and senior management diversity lie in widening the perspectives on business issues brought to bear on decision-making, avoiding too great a similarity of attitude and helping companies understand their customers, marketplace, supply chain and workforces. Disclosure surrounding the board’s and senior management’s composition allows shareholders to consider this diversity in the context of the long-term interests of the company. Disclosure of a policy to improve diversity and goals that have been set to meet this policy also reassures shareholders that a diverse leadership structure is not just an aspiration but a goal. Triodos considers Badger Meter's current reporting on the steps it intends to take to increase ethnic diversity in the board is already sufficient. Triodos opposes this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: C-

The company has failed to provide the fees it paid the Compensation Consultants. The disclosure of these fees is encouraged in the interests of greater transparency. The company has 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 grant of performance
awards was based on the achievement of set levels of specific performance targets: The annual bonus plan is based primarily on a specific annual financial target, but includes an individual performance component for each NEO other than the CEO. The long-term incentive plan is based solely on financial performance, and includes awards based upon financial targets measured over a three-year performance period, and equity grants that increase or decrease in value with changes in stock price.

Balance: C - The company uses adjusted performance metrics for most elements of compensation. The use of non-GAAP metrics prevents shareholders from being able to assess fully whether the performance targets are sufficiently challenging. The company does not consider non-financial metrics in its assessment of performance. 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. Performance measures attached to long-term incentives do not duplicate those attached to other awards, which is considered acceptable practice. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. The company uses 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 an non-financial performance criteria. Retention awards make up a significant portion of the long-term incentives and therefore the scheme does not link pay to performance. 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.

Contract: C - 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 Compensation Committee has full discretion to accelerate the vesting of awards upon a change of control, which is a concern. 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.

Proposal 3 - Ratify Ernst & Young LLP as Auditors

PIRC issue: in late 2020 International Auditing and Assurance Standards Board (IAASB) produced a consultation entitled, Fraud and Going Concern and refers to the "expectations gap" in the sense that the public expect more of auditors than is expected of them. By reference to conclusions of the BEIS Select Committee of Parliament and High Court decisions, there isn’t an expectations gap so far as the UK at least is concerned. Indeed auditor duties in respect of fraud are onerous and in the Barings case at the High Court the issue of negligence didn’t merely involve the signing of the public accounts by the audit partner with misstated amounts in, but earlier at the time more junior members of staff missed the fraud when reviewing a bank reconciliation (a private and not public document).

The IAASB model of auditing is based on auditors certifying information that is "useful to users". That construct side-steps the crucial duties auditors have for the benefit of the company itself as the Barings case demonstrated. In PIRC's view that model fuels an unwarranted expectations gap and, if audits are limited by the standards misdirect the focus of audits to being "useful for users", a delivery gap because the legal standard and duty is broader than the standards themselves state. PIRC has therefore asked the IAASB to reissue its consultation and has also written to the largest accounting firms to repudiate the IAASB consultation and confirm that the concept of an 'expectations gap' does not limit the scope of their work. In parallel PIRC has reviewed responses from the largest accounting firms to the IAASB determine whether they were encouraging or refuting the concept of an expectations gap. Both Deloitte and BDO correctly referred to the "expectations gap" being dependent on local laws. Both firms also referred to problems with international auditing standards and international accounting standards. BDO went so far as to make other recommendations as well. Mazars did similar in giving evidence to the BEIS Select Committee. In the absence of similar statements from PwC, KPMG, EY or Grant Thornton, PIRC is unable to support re-election or re-appointment of those firms as auditors.
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