Triodos Investment Management

MUELLER WATER PRODUCTS INC

MEETING DATE	Tue, 09 Feb 2021 10:00 am	TYPE	AGM	ISSUE DATE	Fri, 05 Feb 2021
MEETING LOCATION	Virtual Meeting/ www.meetingcenter.io/240056906				
CURRENT INDICES	PIRC Global				
SECTOR	Miscellaneous fabricated metal products				
FYE	31 Dec 2020				

	PROPOSALS	ADVICE
1.1	**Elect Shirley C. Franklin** Non-Executive Director, member of the Remuneration Committee. Not considered independent owing to a tenure of over nine years and there is insufficient independent representation on the board. Triodos opposes this resolution.	**Oppose**
1.2	**Elect J. Scott Hall - Chief Executive** Chief Executive Officer. Acceptable service contract provisions.	**For**
1.3	**Elect Thomas J. Hansen - Non-Executive Director** Non-Executive Director. Not considered to be independent owing to a tenure of nine years and there is insufficient independent representation on the Board.	**Oppose**
1.4	**Elect Jerry W. Kolb - Non-Executive Director** Non-Executive Director, Chair of the Audit Committee. Not considered independent owing to a tenure of more than nine years. It is considered that audit committees should comprise exclusively independent members, including the chair. The audit committee is less than 50% independent. Triodos opposes this resolution.	**Oppose**
1.5	**Elect Mark J. OBrien** Chair (Non Executive) and member of the Remuneration Committee. The Director is not considered independent owing to a tenure of more than nine years and there is insufficient independence on the board. It is considered that the Chair of the Board should be independent. Triodos opposes this resolution.	**Oppose**
1.6	**Elect Christine Ortiz - Non-Executive Director** Independent Non-Executive Director.	**For**
1.7	**Elect Bernard G. Rethore - Non-Executive Director** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board. Triodos opposes this resolution.	**Oppose**
1.8	**Elect Lydia W. Thomas - Non-Executive Director** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.	**Oppose**

1.9 Elect Michael T. Tokarz **Oppose**

Non-Executive Director, Chair of the Remuneration Committee. Not considered independent owing to a tenure of over nine years. He is chair of the remuneration committee which less than 50% independent and it is considered that the remuneration committee should consist of a majority of independent directors.

Triodos opposes this resolution.Non-Executive Director, Chair of the Remuneration Committee. Not considered independent owing to a tenure of over nine years. He is chair of the remuneration committee which is less than 50% independent. It is considered that the remuneration committee should consist of a majority of independent directors. Due to the insufficient independent representation on the Committee, and regardless to the independent representation of the whole Board.

Triodos opposes this resolution.

1.10 Elect Stephen C. Van Arsdell - Non-Executive Director **For**

Independent Non-Executive Director.

2 Advisory Vote on Executive Compensation **Oppose**

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. Awards under the annual-incentive plans are tied to multiple performance conditions, which is considered best practice. Performance metrics are replicated under different incentive plans, raising concerns that executives are being rewarded twice for the same performance. Maximum long-term award opportunities are limited to 200% of base salary, which is considered as acceptable practice. The minimum performance period prior to vesting is less than three years, which is considered to be short term. Five-year vesting would be preferred. 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.The compensation rating is: ABC.

Triodos opposes this resolution.

3 Ratify Ernst & Young LLP as Auditors **Oppose**

EY proposed. There were no non-audit fees represented for the year under review and 3.90% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The date of appointment of the current audit firm is undisclosed, meaning the length of tenure is not known. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. Opposition is recommended.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: A 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 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. For the Annual Bonus: Mix of financial results, EHS-related operational goals and market index performance (rTSR) The performance-based long term incentive is subject to quantified performance targets for Return on Net Assets (RONA) and Relative total shareholder return (rTSR)

Balance: B 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. Awards under the annual-incentive plans are tied to multiple performance conditions, which is considered best practice. Performance metrics are replicated under different incentive plans, raising concerns that executives are being rewarded twice for the same performance. Maximum long-term award opportunities are limited to 200% of base salary, which is considered as acceptable practice. The minimum performance period prior to vesting is less than three years, which is considered to be short term. Five-year vesting would be preferred. 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.

Contracts: C Cash severance is limited to three times base salary; which is welcomed. Change-in-control payments are subject to double-trigger provisions. 'Good reason' is not defined appropriately, such that the Remuneration Committee is able to apply discretion when determining the status of a departing executive. 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.

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