Badger Meter

2020-2021
SUSTAINABILITY
REPORT

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Every drop counts.

MESSAGE FROM THE
CEO

More than 40 years ago, Badger Meter published "Our Corporate Conscience" outlining how we translated our vision, values and products into our operating culture and DNA focused on the "triple bottom line" of people, planet and profits. We have long recognized that as a company, we have a responsibility to reduce our own impact on the environment as well as lead in developing solutions that preserve and protect the world's most precious resource—water.

Today this is an even greater imperative as we face increasing risks from climate change, the pandemic and other global events. In order to adapt to the changing world around us, we must continue to integrate the tenets of environmental, social and governance (ESG) into our business strategies and practices. It's not only the right thing to do, but also a priority of our employees, customers and shareholders.

We continue to advance our ESG journey across three primary fronts:

- **With our industry-leading smart water offerings** that enable our customers to be more efficient, effective and sustainable throughout the water eco-system.
- **Within our own operations**, as we continue to make strides that enable a more responsible use of resources while increasing our production and partnering with suppliers and organizations that share our priorities.
- **With our people,** who are engaged in our vision to make Every Drop Count and who are empowered to operate safely and grow professionally in a collaborative and inclusive environment.

Throughout this report, you will find highlights of our progress, with a summary of the most impactful updates on page 5.

On behalf of the Board of Directors, the management team, and all Badger Meter employees globally, thank you for your interest in Badger Meter and for following our progress as we work to continuously improve our environmental, social and governance practices.

All the best,
Ken Bockhorst

Chairman, President and Chief Executive Officer
Badger Meter

BADGER METER
AT-A-GLANCE

2021 Sales of $505M

117 Years of Operations

1,840 Employees

Installed Base in 50+ Countries

AAA MSCI ESG Rating
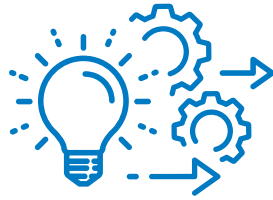
5 R&D Centers

29 Consecutive Years of Dividend Increases

BMI NYSE Listed

Our Vision

Deliver innovative, smart water solutions to utility and industrial users that measure and protect the world's most precious resource.

Our Values

Collaboration Leverage diverse perspectives, treating everyone with dignity

Excellence Drive for excellence by meeting commitments and continuously improving

Customer Focus Demonstrate passion for customer priorities

Our Core Values

Responsibility Ensuring safety and caring for employees, communities and the environment

Trust Act honestly, ethically and with integrity

Our
ESG JOURNEY

We remain committed to our continuous improvement philosophy with regard to ESG matters—whether increasing disclosures and metrics, reducing our environmental footprint, or advancing diversity and inclusion. While we set longer term goals for certain key metrics like GHG emissions intensity, the utilization of a continuous improvement mindset is consistent with how we set strategy, manage key business processes and evaluate progress. A number of improvement areas are highlighted throughout this report, including:

- We have continued to enhance our reporting standards in line with those set forth by the Global Reporting Initiative (GRI), United Nations Sustainable Development Goals (SDGs), the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD). We are utilizing these frameworks to enhance our ESG program and provide an organized approach to our ESG disclosures.
- In 2021, we set the foundation for the next phase of our continuous improvement journey by completing an ESG materiality assessment. As further outlined on page 6 in this report, we prioritized several ESG tenets as key to our stakeholders, including:
  - Innovating to deliver water and energy efficient solutions
  - Engaging an inclusive and diverse workforce
  - Enhancing risk management
- We enriched our governance structure and processes around ESG matters at the Board, committee and company management levels.
- We established a baseline GHG emissions intensity rate in 2020, and a 15% intensity reduction target by 2030 with a robust plan to meet that goal.

We will strive to utilize our robust continuous improvement processes, informed by stakeholder engagement, to make an increasingly positive impact on the ESG matters of today, and in our work to preserve and protect the world's most precious resource.

What's New

- *Governance enhancements*
- *Alignment with UN SDGs*
- *Materiality assessment*
- *Improved reporting – SASB, GRI and TCFD*
- *GHG emission intensity reduction target*
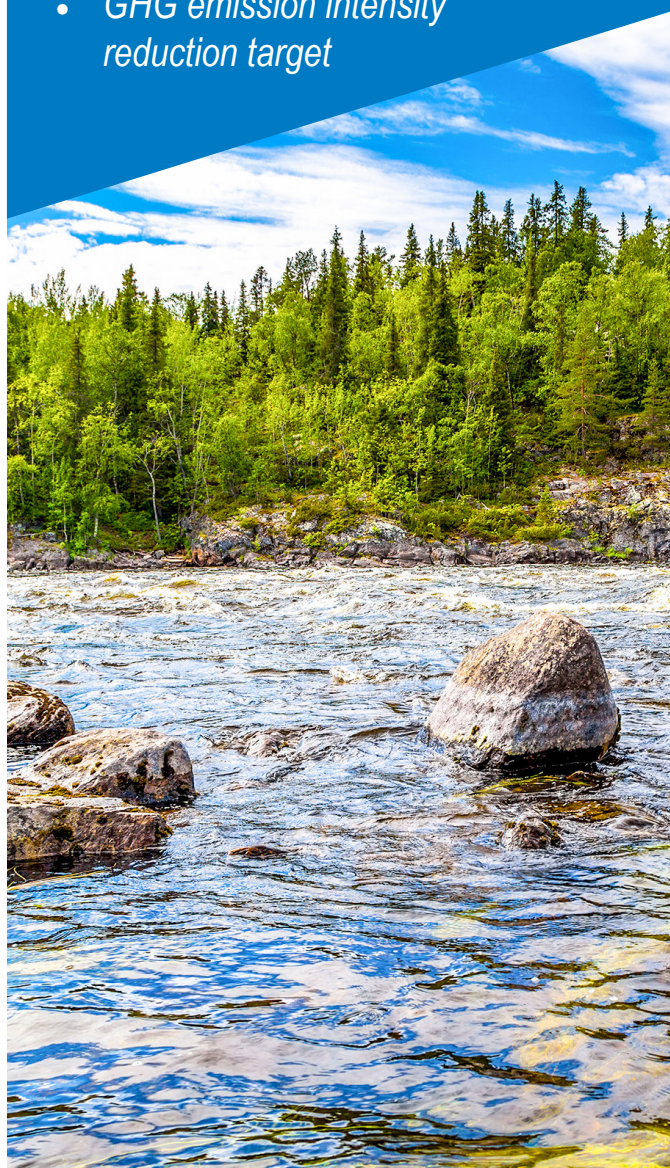
MATERIALITY MATRIX

In alignment with our approach to ensuring that our sustainability strategy reflects our—and our stakeholders'—environmental, social and governance (ESG) priorities, we conducted an ESG materiality assessment in 2021 resulting in the below matrix.

- Our ESG Steering Committee identified and rated a variety of ESG matters, including those published by the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and the Taskforce on Climate-related Financial Disclosures (TCFD), and informed by ongoing involvement and dialogue with our customers, investors, employees and others.
- The ratings were then reviewed and refined by executive management and approved by the Corporate Governance and Sustainability Committee of the Board of Directors.
- We utilize the matrix to ensure our programs, resources and disclosures are aligned with the most important and impactful matters. Many of the topics are increasingly interconnected, and can often impact each other.
- We also integrated this assessment with Badger Meter's Enterprise Risk Management (ERM) process, to ensure wider sustainability issues were incorporated in that process, and that mitigation planning and ongoing evaluation was formalized.
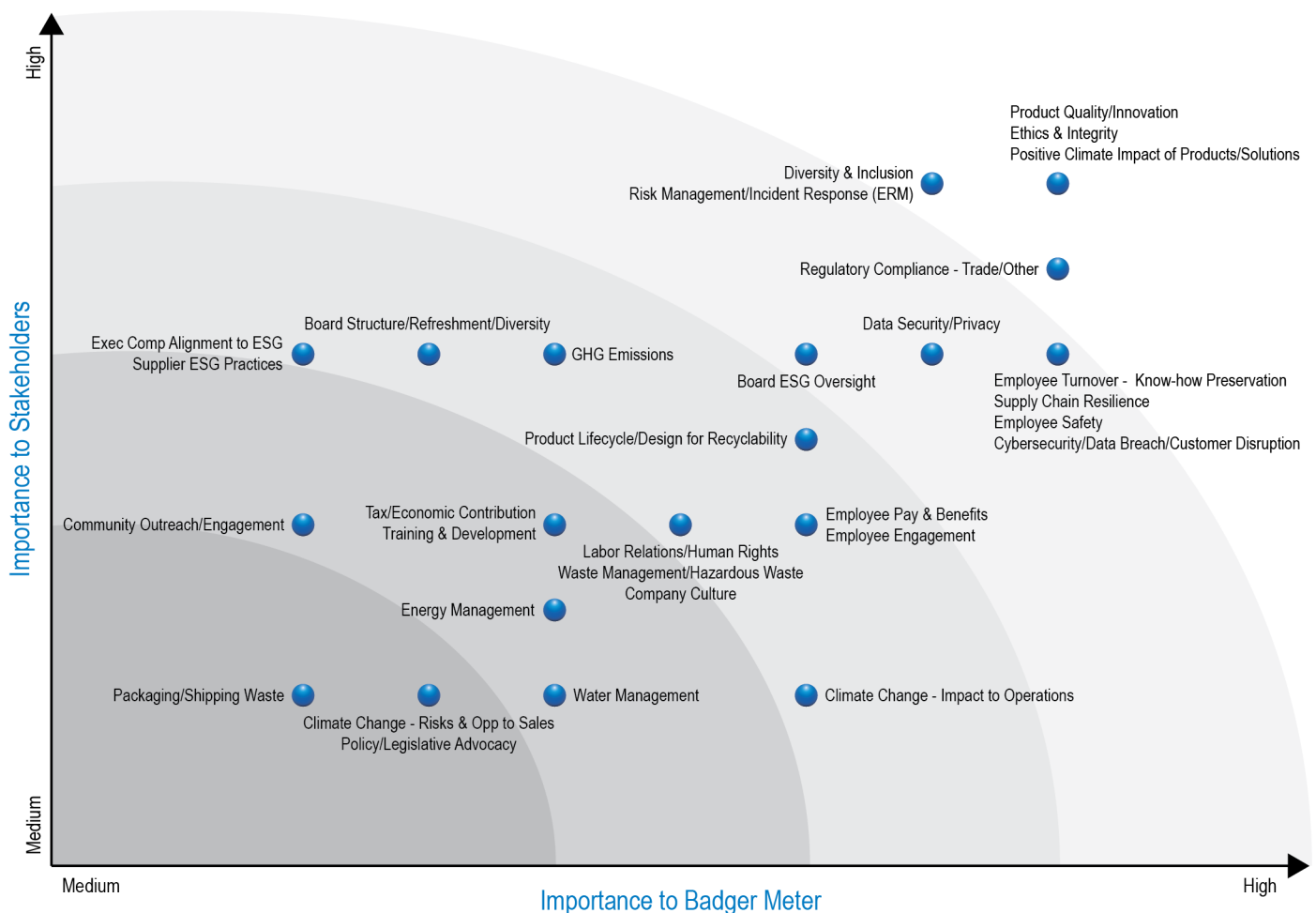
The materiality matrix shows the relative weight of different topics from two perspectives. The X-axis shows how important an issue is considered by Badger Meter, while the Y-axis shows the topic's importance to external stakeholders.

UNITED NATIONS
SUSTAINABLE DEVELOPMENT GOALS

SUSTAINABLE DEVELOPMENT GOALS

Badger Meter works to align our ESG efforts with the United Nations Sustainable Development Goals (SDGs) to promote global sustainable growth. While we have a role to play with regard to all 17 SDGs, we consider the following 7 SDGs those in which we can provide the most impact.

Primary SDG Focus

6 CLEAN WATER AND SANITATION

Our products help water utilities efficiently deliver clean, safe drinking water essential for life.

3 GOOD HEALTH AND WELL-BEING

Our workplace safety programs, along with our benefit programs, are centered on the physical, emotional and financial wellbeing of our employees. Our products enable safe drinking water and sanitation practices.

11 SUSTAINABLE CITIES AND COMMUNITIES

Our broad product portfolio of real-time smart water solutions address water scarcity, security and quality as well as water infrastructure resilience.

Secondary SDG Focus

5 GENDER EQUALITY

We are committed to operating a collaborative and inclusive workforce, to pay equality, and to the elimination of discrimination of any kind.

4 QUALITY EDUCATION

We support training and education of our workforce, provide employee tuition reimbursement, as well as scholarships for children of our employees. One of our community giving priorities is supporting STEM education initiatives.

8 DECENT WORK AND ECONOMIC GROWTH

We provide >1,840 living-wage jobs and are committed to human rights and suitable working conditions in our locations, and those of our suppliers.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We strive to reduce the impact of our operations on the environment by minimizing waste, GHG emissions and water consumption.

GOVERNANCE

Our Board of Directors ("Board") serves a significant role in oversight of company strategy and serving our shareholders effectively. We have an unwavering commitment to ensuring our Board has the right values, skills and diversity for good corporate governance. In 2021, the Board of Directors and its committees conducted a review of their respective charters, and their Principles of Corporate Governance, in order to appropriately reflect the various ESG-related oversight and assistance that the committees provide to the full Board. The changes reflected in the updated governance documents serve to reinforce the Board's oversight of ESG risks and opportunities.

- ESG Oversight—Our Corporate Governance and Sustainability Committee assists the full Board in its oversight of ESG activities and makes recommendations to the full Board of Directors regarding ESG matters.
- ESG Governance—The ESG Steering Committee of Badger Meter was established in 2018. Led by the VP-Investor Relations, Corporate Strategy and Treasurer, the ESG Steering Committee is comprised of cross-functional leaders from major disciplines including sales, engineering, operations, human resources and legal. The committee meets regularly to identify, prioritize and drive sustainability and other ESG efforts and monitor progress. Representatives of the committee provide regular reports to the CEO, and semi-annually reports into the Corporate Governance and Sustainability Committee of the Board.
- In addition to the ESG Steering Committee, the Board annually approves and monitors the organization's SMART goals. This annual scorecard of measurable objectives not only includes sales and operating performance targets, but also safety, regrettable employee turnover and beginning in 2021, GHG emissions intensity. Performance against these metrics is taken into account by the Compensation and Human Resources Committee of the Board when determining salary increases and discretionary bonus awards for our executive officers.

Badger Meter's Board has been, and remains, committed to working to attract more women and racial/ethnically diverse individuals to its ranks. Three of the last four appointments to the Board of Directors have been from underrepresented demographics, which now represent one third of the current directors. In 2021, the Board published a Report on Board Diversity that provides an overview of our diversity approach, including the concrete actions and ongoing commitments to diversity.

Key Governance Tenets

- *Declassified Board, with 89% independent Directors*
- *All Board committees are composed of independent directors*
- *Strong independent lead director with clearly identified roles and responsibilities*
- *Board refreshment and diversity - 33% of our directors are from underrepresented demographics*
- *No shareholder rights plan*
- *Clawback policy*
- *Robust stock ownership guidelines*

RISK MANAGEMENT

The company's Enterprise Risk Management (ERM) process aims to identify, manage and monitor significant and material risks. A cross functional group of executives prioritizes identified risks and assigns an executive to address each major identified risk area and lead action plans to manage each risk. Our Board of Directors provides oversight of the ERM process and reviews the significant identified risks. Our various Board committees also play a role in risk management, as detailed in their respective charters.

Board of Directors
- General oversight of risk management
- Oversight of enterprise risk management process, including ESG risk management
- Assessment of management's processes, procedures and practices

Commitees

Audit & Compliance Committee
- Accounting and financial integrity
- Financial risk exposures
- Oversight of compliance, ERM and cybersecurity risks

Compensation & Human Resources Committee
- Compensation program and policy risks
- Human Resource risks including employee engagement and diversity, equity and inclusion

Corporate Governance & Sustainability Committee
- Corporate governance structure
- Oversight of ESG risk management

Management
- Assessment and oversight of risks
- Development and implementation of controls and risk mitigation strategies
- Administration of enterprise-wide risk management

Cybersecurity

Cybersecurity is a critical component of the company's ERM program. Badger Meter takes data security and privacy matters seriously, and maintains both physical and system security measures, as well as industry leading technologies, to provide the appropriate data security protections for both general business/employee information as well as customer utilized software information (BEACON® SaaS).

- For general and employee data, we follow General Data Protection Regulation (GDPR) requirements and also self certify to National Institutes of Standard and Technology (NIST).
- BEACON customer deployed software complies with Service Organization Control 2 (SOC 2) and reporting framework ISO 27001 for data security.
- We have established a robust information security training program for all employees.
- The company maintains cybersecurity liability insurance.

The Board and the Audit and Compliance Committee provide oversight over cybersecurity risk. The Board receives annual cybersecurity updates from senior management, including the Chief Information Officer, and the Audit and Compliance Committee provides a deeper level of oversight through multiple engagements with senior management. While the company has experienced, and expects to continue to experience, cyber threats, to date, no material breaches or incidents have occurred.

Badger Meter provides a wide range of smart water offerings that contribute to the sustainable use and protection of our world's most precious resource—water. More than 90% of our revenues are generated from these water-related applications. Our end-to-end solutions provide our customers with the tools to better manage and monitor their water applications, enabling them to conserve resources and provide safe, high-quality and affordable drinking water to their customers.

Our smart water solutions include intelligent measurement, reliable communications, actionable data and customer engagement capabilities. These elements are vital for customers to increase efficiency, mitigate risk, improve customer satisfaction, enhance sustainability and optimize assets throughout the water cycle. Our innovation approach to research and development will shape the evolution of our smart water solutions for the future.

Intelligent Measurement

Intelligent measurement through instruments in the form of meters, sensors and other products, provides utilities and other customers with significant insights into system performance to prevent water loss, identify unaccounted for water, evaluate water quality and assess other system performance measures.

E-Series® Ultrasonic meters are a leading choice in smart water applications. These meters present advanced data points including consumption, rate of flow, reverse flow, temperature and pressure. E-Series meters are recognized for their long-term accuracy and extended low-flow capabilities, which aid utilities in identifying leaks and other unaccounted for water. Detecting leaks early and capturing unaccounted for water is critical to both conserving water and ensuring affordable water for all users.

E-Series meters equipped with our flow restriction valve technology allow a utility to remotely turn the water supply on and off during move in/outs and other events, without the need for a truck roll.

Importantly, larger E-Series meters are designed with replaceable electronics so the bronze meter body could be reused rather than returned and recycled, which requires smelting and processing into a new housing.

*Mitigate Water Loss:
Paducah, Kentucky*

Paducah Water identified a need to upgrade its outdated meter reading technology and water meters. Once installed, the new E-Series Ultrasonic meters helped the utility capture up to 20% more water in a matter of just six months, reducing loss.
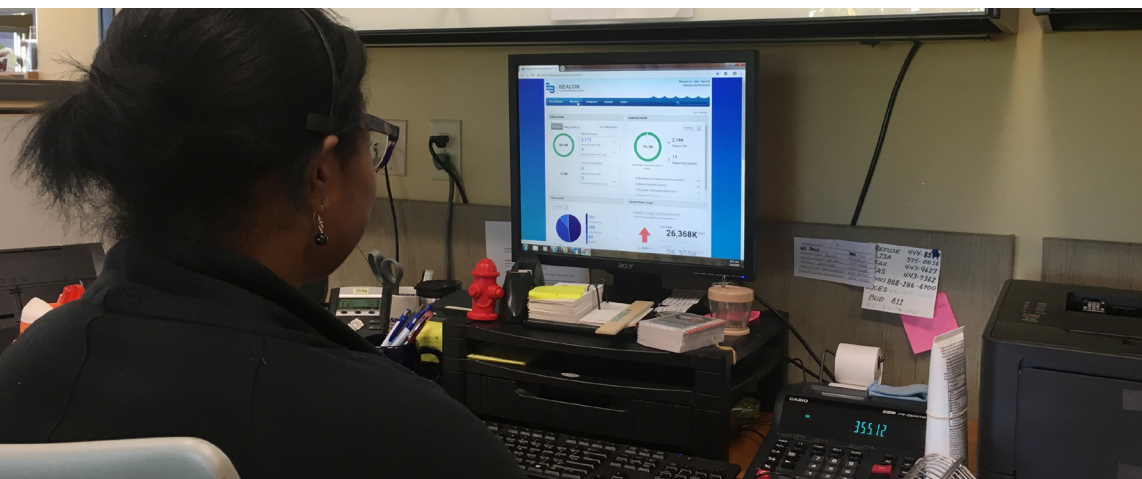
In addition to flow metering, our water quality monitoring instruments empower customers with insights into an array of water quality parameters. Badger Meter's s::can and ATi water quality instruments utilize optical and electrochemical sensing technology. These advanced technologies deliver the benefit of real-time, inline and reagent-less water quality data. No sampling, waiting for results or chemicals are needed thus providing more efficient, timely and sustainable results. With real-time monitoring of treated water within the clean water distribution system network, customers can identify potential problems that pose risks to public health, improving water protection and security. Utilities that can actively demonstrate high quality, safe drinking water processes provide customers with confidence in their drinking water. This assurance increases the likelihood of customers drinking right from the tap, which reduces the number of single-use plastic bottles.

Reduce Chemical Use: United Kingdom

One of our UK utility customers is responsible for delivering clean, safe drinking water to more than 3.5 million people. It was previously using chlorine monitoring equipment that utilized chemical reagents in a labor intensive sampling and lab testing process. The utility upgraded to a more sustainable option with ATi Q46 monitors that deliver reliable chemical-free monitoring.

Source water can be vulnerable to accidental or intentional contaminants and weather-related or seasonal changes. Monitoring the quality of incoming source water optimizes the treatment processes that are needed to react to storms, algae blooms, industrial discharge and other natural or man-made occurrences. By using real-time data to customize the treatment process, wastewater treatment providers can reduce their costs and eliminate unnecessary chemical dosing.

Water loss and poor water quality put a major strain on utility water systems. With smart water tools in place, utilities have access to continuous and historical data to improve system intelligence, automation and control to enable sustainable operations.

Reliable Communication

ORION® Cellular endpoints provide utilities with a Network as a Service (NaaS) solution that delivers near real-time data via an existing cellular network. Leveraging these prevailing, broadly-deployed networks maximizes flexibility and eliminates the need for utilities to interrupt the environment and utilize material and emissions-generating resources to erect their own dedicated fixed data collection networks and then maintain them. It also ensures data is transmitted safely and securely once endpoints are deployed so utilities can begin immediately acting on it.

Mitigate Water Loss: Town of Orleans, Massachusetts

With real-time data, utilities are alerted to potential leaks immediately enabling them to act to reduce water loss and conserve water.

"We actually saw a 400 gallon-per-hour leak at a rental property where a hose was left running. We deployed a crew to the residence in 10 minutes to address the issue."

—Assistant Superintendent of Orleans Water Department

Reduce Carbon Footprint: Avon, Ohio

The city's prior meter reading technology required technicians to spend more than 160 hours a month monitoring the system and reading meters via drive-by and manual processes. With cellular AMI, the city cut that time down nearly 88% to roughly 20 hours per month, significantly reducing truck rolls and its carbon footprint. The time saved allowed them to focus resources on priorities, like providing safe drinking water and improving customer service.

Actionable Data

BEACON Software as a Service (SaaS) delivers 15-minute interval actionable data, increasing day-to-day efficiency within our customers' operations. Users gain a holistic view of their water system, increasing visibility and encouraging informed decision-making to promote sustainable operations.

BEACON empowers customers to monitor system performance and identify areas of inefficiency or water loss through pressure monitoring, source water monitoring, tamper alarms and leak notifications. It also allows them to be more efficient and effective in providing high levels of customer service and satisfaction—with data at their fingertips to answer consumer questions on usage and billing.

Additionally, BEACON provides utilities with a unified app and portal for customers to digitally receive and view bills as well as integrate third-party bill processing. This enables utilities to be more eco-friendly by going paperless.

Industrial Discharge Compliance: City of Memphis, Tennessee

Industrial discharge non-compliance was creating disruption to wastewater treatment resulting in sewer erosion from pH violations. Traditional sampling methods missed events, which not only resulted in sub-optimized treatment, but also made enforcement difficult. The move to real-time collection of data utilizing s::can smart sensors delivered an 80% reduction in non-compliance events.

Mitigate Water Loss: Alma, Arkansas

" When we combined the data-monitoring capability of BEACON with our zoning strategy [district metering], we located leaks in just a few hours compared to the two or three days it had taken us in the past."

—Manager of Highway 71 Water District No. 1
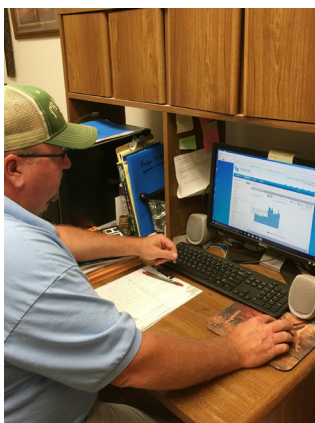
Water Management Plan: University of California, Santa Cruz

The University developed a comprehensive water action plan as part of its sustainability initiative. This plan included water conservation targets across its 2,000 acre campus —from student housing and academic facilities to landscape irrigation. Utilizing nearly 500 flow measurement instruments as part of their sub-metering infrastructure, along with ORION Cellular communication and BEACON SaaS, the university is exceeding their goal of 20% water reduction by 2020 and on track for a >36% reduction by 2025. Water, emissions and cost savings result from the actionable intelligence delivered by the comprehensive digital solution, which enables early identification and fixing of leaks, optimization of HVAC systems as well as improved landscape maintenance techniques. It is also improving storm water and watershed management on campus.

Customer Engagement

EyeOnWater®, our consumer engagement tool, empowers customers to manage their water use through easy-to-understand consumption graphs. Users can also set up configurable leak notifications to help identify water loss issues before they waste precious water and cause a high water bill.

EyeOnWater is equipped with high usage alerts to encourage customer conservation and discourage water waste. Users receive a notification when they are reaching their daily water use limit so they can react accordingly and protect resources. A utility may utilize the app to provide tips and resources to educate their customers about water savings including devices such as low-flow shower heads.

When a third-party bill processing platform is integrated into EyeOnWater, customers can go paperless and pay their bills online to be eco-friendly. In addition, a recent J.D. Power survey highlighted that utility customer satisfaction is highest when ratepayers are able to interact digitally with customer service portals such as EyeOnWater.


Promote Water Conservation: City in California

"Customers are really surprised by how much water they are actually using. Before EyeOnWater was available, customers couldn't see up-to-date usage information—it was out of sight, out of mind. EyeOnWater plays a key role in helping conserve water."

—*Water Conservation Coordinator for City*

Reduce Carbon Footprint: Avon, Ohio

"Our water customers are actively engaging with their consumption patterns and notifying us about concerns. What used to take upwards of 2-3 hours from the office to the field and back to get a resolution, now thanks to EyeOnWater only takes a 5-10 minute phone call with a customer without having to roll a truck at all. We have accurate and reliable data at our fingertips."

—*Billing Clerk for City of Avon*
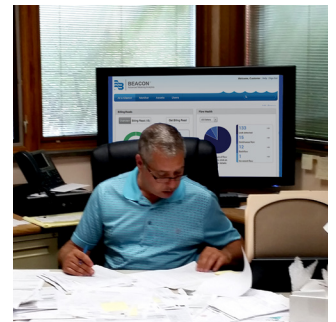
Innovation/Research & Development

We recognize the opportunity and responsibility to develop solutions that address water and climate change challenges, while enhancing reliability and reducing the potential environmental impact of our products. That is why sustainability is a consideration in our innovation process. Whether related to product impact, customer impact, or manufacturing processes, we make decisions with potential environmental and social impacts in mind.

This strategy not only delivers innovative solutions, it also fuels strong financial performance over the long-term as evidenced by our market leading sales growth and cash flow.

We have multiple locations dedicated to innovation, research and development, including:
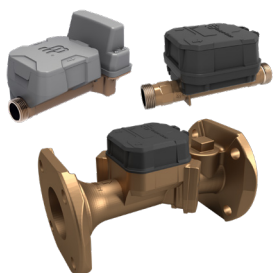
Ultrasonic Metering	**Water Quality**	**Cellular & IoT**	**Software & Analytics**
Lulea, Sweden	Vienna, Austria	Milwaukee, WI, USA	Los Gatos, CA, USA
Milwaukee, WI, USA	Philadelphia, PA, USA		Milwaukee, WI, USA

Our current Research & Development (R&D) efforts are focused on the following critical areas:

- Software/Digital Solutions/Analytics
    - Importing data from multiple sensor points measuring pressure, flow and water chemistry to detect anomalies in near real-time and incorporating the use of predictive analytics to help utilities proactively maintain aging infrastructure, minimize water loss and promote safer water quality.
    - Continuously improving our processes and looking for instances in which we can use technologies like artificial intelligence and machine learning to augment our software/analytics offerings.
- Innovating water quality sensing technologies that are low maintenance and reagent-less thus reducing chemical processing.
- Sustainable energy supply utilizing differential pressure valves in certain applications to power monitoring solutions.
- Improving battery life utilizing low power, optimized cellular radio and other communication technologies.
- Metering and end point product life-cycle optimization including design for recyclability, modular assembly and electronics coating options, among other advancements.

We endeavor to enable our customers to reduce their environmental impact with our comprehensive suite of smart water solutions. We also work internally to ensure we operate responsibly to lessen our environmental impact every day.

Environmental Policy

Our approach to reducing the environmental impacts of our operations is formalized in our Environmental policy. It outlines our commitment to developing, manufacturing and delivering our products safely and sustainably. We strive to implement responsible business practices and to eliminate harmful environmental impacts from our own operations by minimizing emissions, waste and water usage. Our focus on continuous improvement results in cost efficiencies for both our customers and our business, while supporting the health of our communities and planet. We regularly communicate with site employees to improve awareness of, and support for, sustainability initiatives and related process changes.

Badger Meter annually tracks and reports our global emissions, water, energy and waste data. We will continue to improve on our data collection scope and process through continued system upgrades, training and the use of operational scorecards.

Water Consumption

Managing water resources responsibly is integral to our business and to our operations. We evaluate and invest in processes that lower our water requirements including utilizing recycled water in our processes and increasing our internal sub-metering infrastructure to gain insight to water usage and identify inefficiencies. This serves to not only reduce our water consumption, but also enhances stewardship of the environment and our bottom line.

Water Usage and Intensity
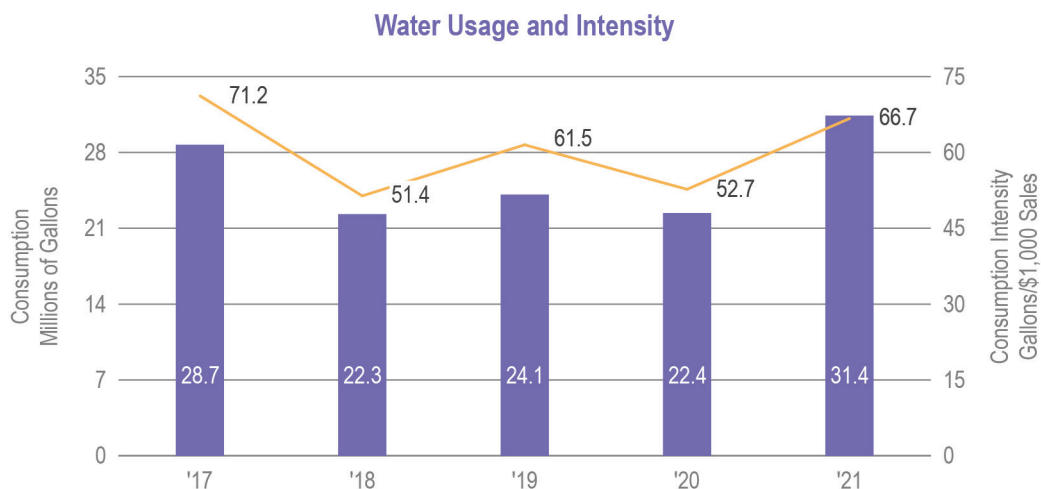
Over the past year, we have seen increased water usage from enhanced sanitation procedures from COVID and returning remote workers onsite in mid-2021.

In line with our risk management process, water stress is assessed through the World Resource Institute ("WRI") Aqueduct Risk Atlas tool to highlight facilities with increased risk to the water supply system and where mitigation efforts would be most valuable. Only one of our manufacturing sites is located within a high water stress region (Nogales, Mexico) while two smaller sales offices are also part of high stress locations. These, along with all of our sites, continually evaluate a variety of actions to further conserve water resources.

Facility in Focus: Nogales, Mexico

Our Nogales, Mexico facility is located in an area of high water stress. We are actively addressing water usage in the facility by researching additional operational efficiency and resiliency plans. We are leveraging our own smart water solutions, including our flow measurement, data and analytics tools, to define and establish actions to treat and reuse water for non-potable applications.

Our goal is to reuse approximately 50% of the water utilized, equating to approximately 3,200 gallons per day by the end of 2025. This savings is the approximate average water consumption of 38 people per day, or approximately four gallons per day for each employee in our Mexico operation.

Facility in Focus: Racine, Wisconsin

The Racine facility changed their restroom faucets to low flow touchless faucet fixtures. Typically, touchless fixtures need to be hard-wired or use many batteries over their lifetime. The fixtures installed use the water flow to recharge the battery pack, eliminating the need to replace batteries.

Greenhouse Gas (GHG) Emissions & Energy Performance

Climate change is one of the major risks and challenges facing society, and Badger Meter is striving to mitigate our impact. Consequently, we are actively seeking to reduce our direct and indirect greenhouse gas emissions by increasing the efficiency of our operations and exploring renewable energy sources for our facilities. In 2020, we put the processes in place required to accurately compile and transparently report our Scope 1 and Scope 2 GHG emissions. With this baseline, we set a longer-term goal for our business to advance our initiatives and deliver for our shareholders and customers.

We continue to review and expand our disclosure of GHG emissions. Scope 1 and 2 and parts of Scope 3 are included in this baseline and intensity metric using the location based methodology. Scope 1 emissions come from onsite sources and Scope 2 indirectly from purchased electricity. Our Scope 3 emissions currently includes mostly water consumption.

|	2020	2021
Scope 1	2,418.8	2,337.0
Scope 2	8,236.1	7,661.9
Scope 3	1,579.5	3,367.4
Total	12,234.4	13,366.3
Scope 1, 2 Intensity (Tonnes/Million $ Sales)	25.0	21.2
Total Intensity	28.8	28.3

(GRI 305-1,GRI 305-2, GRI 305-4)

In 2021, we achieved our year one target for emissions intensity reduction. This can be attributed to energy saving continuous improvement efforts and greater communication and education on a company-wide basis about the goal and the drivers of our emissions. We also implemented a capital spending review process and tracking for sustainability-related projects.

One year does not a trend make, and therefore it is critical that we evaluate and define future steps to continue on the emissions reduction journey. Our operations teams will continue their work on energy efficiency projects including increased evaluation and investments in renewable energy. This will include manufacturing process changes brought up through energy audits and increased awareness to this sustainability goal. We facilitate regular best practice sharing among our top performing facilities to discuss valuable strategies to reduce our environmental impact. This includes topics such as installing LEDs, lighting controls, reusing materials, energy audits, upgrading HVAC systems, utilizing local/state/federal incentives and more.

Our Goal

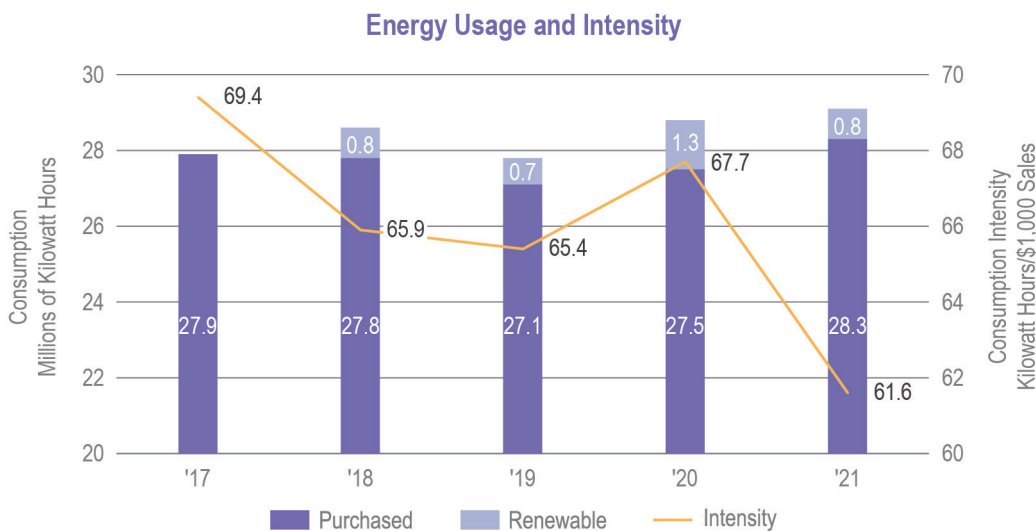*Achieve a 15% emissions intensity reduction by end 2030 along with yearly targets as milestones. Badger Meter has included this goal as part of our annual SMART goal setting process beginning with the CEO and other top executives cascading down through the organization. The year one target was surpassed and can be attributed to energy saving continuous improvement efforts.*
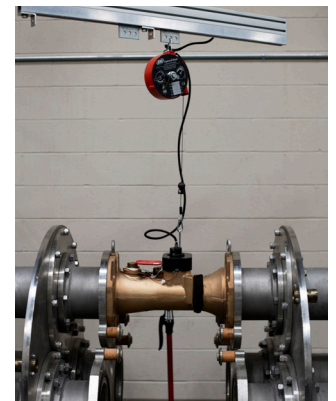
15%
Intensity Reduction by 2030
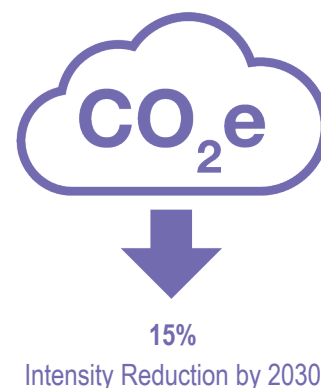
Energy

Embedding an energy efficiency mindset into our operations, and into our capital expenditure process, has led to great suggestions from employees to aid in our sustainability journey and energy intensity reduction over time. Electricity use is the largest contributor to our operations' emissions. Over the past couple of years, we have undertaken various projects to improve our energy efficiency and reduce our overall energy costs.

Energy Usage and Intensity

Year	Purchased	Renewable	Intensity
'17	27.9		69.4
'18	27.8	0.8	65.9
'19	27.1	0.7	65.4
'20	27.5	1.3	67.7
'21	28.3	0.8	61.6

(Left axis: Consumption Millions of Kilowatt Hours, range 20–30; Right axis: Consumption Intensity Kilowatt Hours/$1,000 Sales, range 60–70)

(SASB IF-WI-130A.1, GRI 302-1,GRI 302-3)

ISO 14001

Three Badger Meter manufacturing locations are ISO 14001 certified. ISO 14001 sets out the criteria for an environmental management system to help minimize negative effects on the environment, comply with applicable laws and regulations, and other environmentally oriented requirements. Neuffen Germany, Vienna Austria (s::can operations) and Saddleworth UK (ATi-UK operations) all have achieved this rigorous certification.

Biodiversity

We recognize how critical biodiversity, High Conservation Value (HCV) areas and critical habitats are to the health of local ecosystems. Through internal assessments, we have determined that our direct operations have minimal impact on critical habitats or other areas with high diversity value. While we don't anticipate expanding our physical operations to areas where this would be a concern, we would evaluate the impact of any new construction and projects on biodiversity.

Facility in Focus: Racine, Wisconsin

The Racine facility added timers to test stand pumps, which reduces electricity usage. We estimate that adding the timers will reduce kWh at this facility by 17,500 annually.

Facility in Focus: Tulsa, Oklahoma

The Tulsa facility converted all fluorescent light bulbs to LED. The project included roughly 2,300 bulbs and these retrofits drove a reduction in the amount of energy used in the facility. The project helped contribute to the site's overall energy use reduction for 2021.
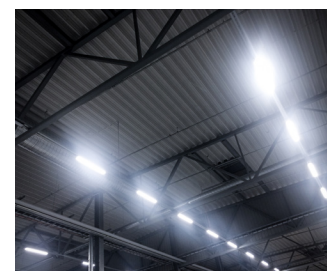
Solid Waste

Waste that ends up in landfills can negatively affect local communities and the environment. Badger Meter continuously works to reduce our impact through a waste-to-landfill reduction program. This program benefits our business and contributes to a circular economy.

Our waste-to-landfill reduction program has reduced our landfill contribution significantly since its inception. We continue to expand this program and communicate its importance to employees. In both our manufacturing and office environments, we work to improve our recycling of plastic, cardboard and other materials, and strive to find downstream uses for these materials or convert waste to energy.

Office Recycling Efforts:

- In our cafeterias, we have eliminated single-use plastic items such as cups and straws, and utilize biodegradable packaging for "to-go" containers.
- We've expanded the number of recycling bins and provide detailed instructions to promote the correct sorting and benefits of recycling in offices and common areas.
- We strongly encourage electronic file storage and have defaulted all printers to double-sided print when paper is required.

Sustainable Packaging

Our operations are transitioning to more sustainable packaging. In 2020, we continued the transition with the switch to resource-saving and recyclable cardboard packaging at our Vienna, Austria site. Other sites are assessing more options for recyclable packaging materials shipped to customers. This involves moving away from plastics and foam filler to paper or cardboard materials.

Digitization of product materials: All user manuals for utility products (which could be up to 32 pages in length) are now a half sheet of paper with a QR code that can be scanned to view the entire manual digitally.
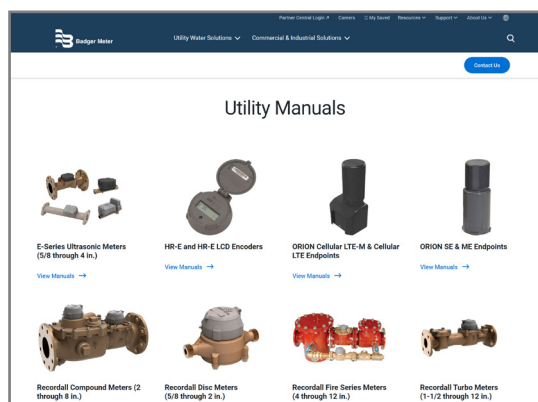
Recycling Spotlight

Product end of life is one of the more challenging waste streams to recycle. Some of our products are encapsulated to protect the electronics and lithium batteries from the surrounding environment; however, that makes them less easily removed. In order to reduce our waste and improve our recycling efforts for these critical elements, we found a vendor that utilizes a deep freeze separation process in order to extract and recycle the batteries and other precious materials. In 2021, 46,872 pounds of lithium batteries were redirected for recycling.

Our Quality Policy

Badger Meter is dedicated to providing value to our customers through continuous improvement in our people, processes, products and services.

Product Quality

Badger Meter utilizes a regimented system of policies and procedures to help us maintain ISO 9001 certification for quality management, which in turn builds customer trust, loyalty and confidence. Our software solutions adhere to strict quality and security standards. For example, BEACON and AquaCUE® software, along with EyeOnWater customer engagement software, comply with Service Organization Control 2 (SOC2) and reporting framework ISO 27001 for data security. *(SASB TC-SI-230a.2)*

Badger Meter has a long history of producing high quality products meeting or exceeding industry standards. We have well-documented warranty processes and work with all customers on any potential warranty-related claims. Product recalls have been rare and limited in scope, and are not safety-related.

Responsible Sourcing

Badger Meter utilizes a variety of critical materials in the production of its products, and we work with a large number of suppliers to procure the necessary materials and services required to build them. Therefore, our relationships with our suppliers are crucial to the long-term success of our organization. During the initial evaluation phase and on an ongoing basis, we consider suppliers' sustainability records and goals when evaluating supplier relationships. Our suppliers must align with our Supplier Code of Conduct and our relevant policies, which include commitments to environmental stewardship, health and safety and workplace labor rights, among others.

The primary materials utilized in our production processes include brass ingot, plastic resins, electronic subassemblies and components, and other metals. Some of these materials have been, or in the future may be, in short supply, and/or can exhibit price and demand cyclicality. To mitigate these risks, Badger Meter closely monitors its supplier performance and communicates expectations regularly. Badger Meter carries business interruption insurance on key suppliers. *(SASB RT-IG-440A.1)*

Recycled Material Use

Every year Badger Meter uses recycled material to make our bronze metering products. Approximately 98.5% of the bronze housings used in production are made from recycled material. This virtually eliminates the need for newly mined copper in the manufacture of our bronze products. In addition, the Chicago-based secondary smelter that recycles the brass, bronze, copper and alloys used in our products runs a sustainable operation – with zero emissions and zero water discharge. The water used in their production process is treated onsite and recirculated. High efficiency burners reduce energy. Byproducts are sold to other companies contributing to the circular economy.


Supplier Code of Conduct

Guided by our Values, Badger Meter's commitment to integrity, and to environmental and social responsibility, extends to our global supply base. We expect all suppliers to comply with our Supplier Code of Conduct, as well as all applicable laws, rules and regulations pertinent to its business. The Supplier Code of Conduct is included in all new purchasing contracts as part of our standard terms and conditions. We conduct assessment audits of new suppliers and use a scorecard process to ensure compliance for new and ongoing supply relationships. *(SASB RT-IG-440A.1)*

The Supplier Code of Conduct includes robust guidelines related to:

- Environmental, Health and Safety—In addition to compliance with all applicable laws, suppliers must seek to minimize adverse impacts on the environment as well as conserve resources.
- Social, Labor and Employment—In addition to following all applicable regulations, suppliers are prohibited from using forced or involuntary labor, child labor, or engaging in any form of human trafficking.
- Governance and Compliance—Suppliers are expected to meet the highest standards of integrity. This includes deterring corruption, maintaining accurate records, reporting conflicts of interest and providing a process for reporting suspected violations.
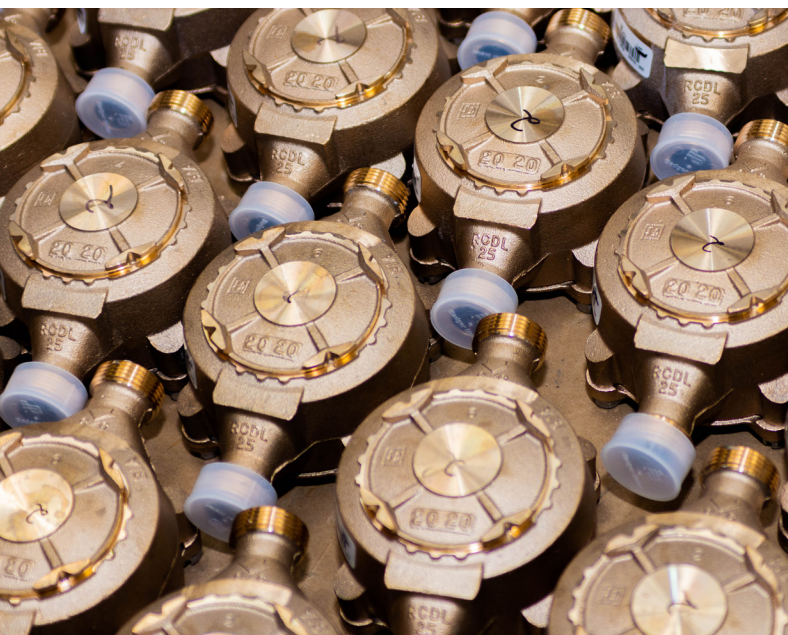
Conflict Minerals

We recognize our responsibility to manage risks associated with the use of critical minerals, including physical limits on availability and access, changes in price, regulatory, reputational, and environmental and human rights risks. We report annually on our findings regarding Conflict Minerals in our Form SD and Conflict Minerals Report. As a purchaser of component parts, Badger Meter does not purchase raw ore or unrefined conflict minerals and does not conduct activities directly in conflict affected or high-risk areas. Our monitoring efforts are designed in conformity with the framework set forth in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. This includes:

- Establishing a strong company management system
- Identifying and assessing risks in the supply chain
- Designing and implementing a strategy to respond to identified risks
- Carrying out independent third-party audits of smelters and refiner practices
- Reporting annually on supply chain due diligence

Trade Compliance

Badger Meter is a Customs Trade Partnership Against Terrorism (CTPAT) registered partner, working in collaboration with U.S. Customs and Border Protections (CBP) over the past 10 years to protect supply chains and implement best practices. As part of this public private coalition to improve trade practices and secure borders, Badger Meter has participated in several audits from CBP, and we conduct annual supplier surveys and site audits to ensure compliance.

What's Next

As part of our ongoing continuous improvement processes, we will begin evaluating calculation methodologies to identify and capture components of Scope 3 GHG emissions. We will also be studying the potential for a Science-Based GHG Emissions Target including Paris Agreement alignment.

OUR
PEOPLE

People are a critical element of our success because achieving our vision demands that we recruit, retain and engage outstanding individuals.

We invest in our employees because their professional growth is fundamental to Badger Meter's growth and sustainability. Just as Every Drop Counts for our customers, Every Employee Counts at Badger Meter. We are committed to recruiting, retaining and engaging top talent, in addition to fostering an inclusive environment where all employees can thrive. Our Board of Directors regularly reviews metrics associated with safety, turnover and other organizational health metrics, along with talent and succession plans.

Engagement

In late 2021, we implemented a baseline global engagement survey as part of our continuous improvement process to enable positive change and increased employee engagement. The survey response rate was an impressive 90%! We will utilize feedback received from the survey to identify meaningful actions targeted at fostering improvement in employee engagement, including pulse surveys to monitor effectiveness of action plans.

We continue to augment our communication activities to ensure our employees feel encouraged and empowered to share ideas and input. CEO-led town hall meetings, quarterly director meetings, "coffee with Ken" small group CEO listening sessions, and open door policies all work to enhance engagement.

Recruitment & Retention

We continue to enrich the employee value proposition of working for Badger Meter. The following additions to our offerings build on our competitive set of salary, benefits, training and development programs:

- We offer flexible, hybrid remote work, and part-time arrangements as business roles permit.
- We expanded bonus eligibility to hourly/non-exempt roles* where full-time employees have an opportunity to receive a bonus based on achieving business performance metrics.
- We increased our Paid Time Off ("PTO") benefits.
- We added a vacation donation program, whereby employees may donate a portion of their earned PTO to colleagues needing extended bereavement or other paid time away.
- We partnered with Linked-In Learning to provide employees the opportunity to refine and develop professional skills, learn new software, and explore areas of career growth.

Regrettable Turnover
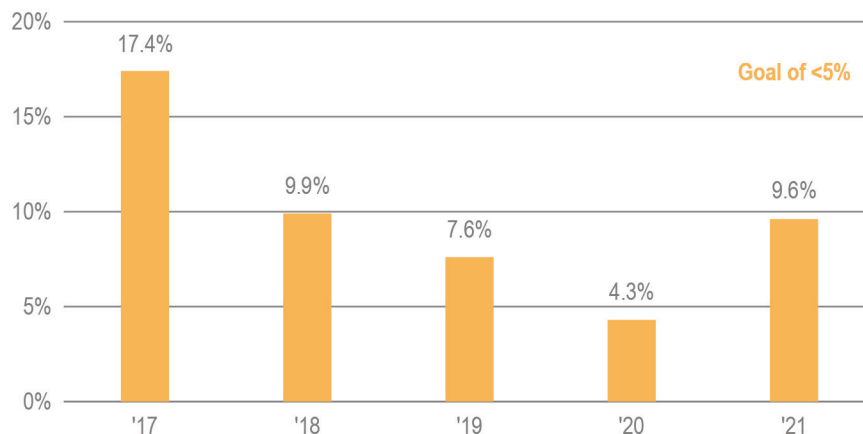
Consistent with the broader labor market, our regrettable turnover increased in 2021 due to labor competition in the USA

*not part of a collective bargaining agreement

Internships

Badger Meter's Internship Program provides early career exposure to our business. It challenges interns with meaningful projects and on-the-job learning, and it engages them in community activities where they see firsthand the positive impact businesses can have and the value of giving back. Our internship program partners with multiple schools, including two-year technical programs and covers functions such as engineering, finance, human resources and IT. Our program has continued despite the complications stemming from the COVID-19 pandemic, with 33 interns participating during the summer of 2021.

Wellness

Our multi-faceted wellness program called B|Well provides education, activities and support to enable overall employee heath and well-being.

Preventive care is one of the foundations of B|Well, encouraging employees and their families to get annual wellness checkups as well as preventive screening for diseases such as cancer. We offer tools that support better mental and physical health, such as activity and sleep tracking, weight management and stress management. We also make fitness accessible through facilities such as the fitness center at our Milwaukee headquarters.

Our Employee Assistance Program (EAP) provides appropriate resources when and where employees need them.

We offer flexible, self-managed time off through our PTO benefit, enabling employees to take the time they need when they need it.
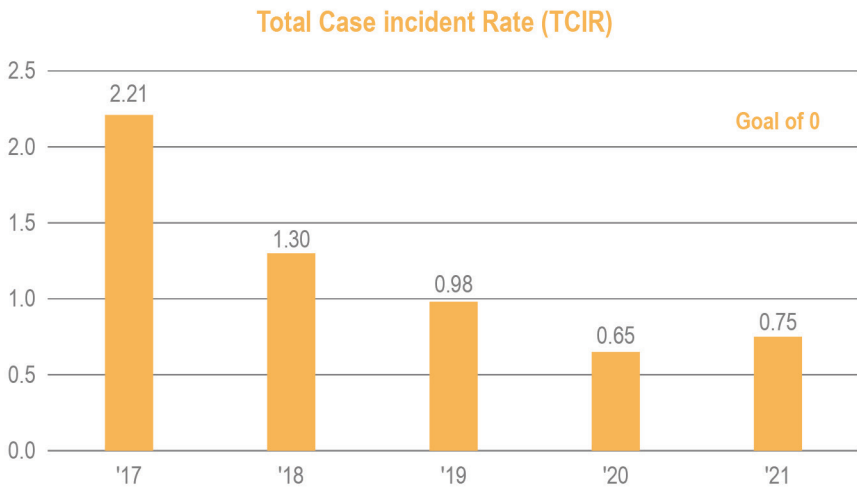
Safety

The safety of our employees is a top priority. Our goal is zero recordable injuries.

We work to continuously improve our safety program. We provide the necessary resources to prevent injuries and illness on the job, conduct regular safety evaluations, develop safeguards for our manufacturing processes and provide training for all employees. By engaging both our employees and visitors on safety best practices through continual training and proactive programs, we have reduced our Total Case Incident Rate (TCIR) by 66% from 2017 through 2021 at Badger Meter facilities.

Total Case incident Rate (TCIR)

Goal of 0

66%
Reduction in
TCIR 2017-2021

Our key operating metrics—SQDC-E starts with Safety, followed by Quality, Delivery, Cost and Environmental performance. Safety data is reported by site, and the executive leadership team reviews data and corrective actions monthly. Our Safety goals are incorporated into company-wide SMART goals.

As the world adapted to the COVID pandemic, Badger Meter stepped up to promote the health and safety of our employees in support of the critical and essential water industry. We utilized remote work where possible, ensured all of our dedicated on-site personnel had sufficient Personal Protective Equipment (PPE) and social distancing to safely perform their jobs, implemented rigorous sanitation processes and provided extended sick benefits. Badger Meter's COVID-19 protocols have proven effective in enabling business continuity and promoting employee and customer safety.

Diversity, Equity & Inclusion

We believe that developing a diverse and inclusive business makes us and society stronger, energizes growth through customer engagement and helps us attract and retain talent. We strive to ensure all employees feel safe, valued, and supported inside and outside the workplace. We embrace inclusion and demand equal and fair treatment for all employees regardless of status. We have zero tolerance for any type of discrimination or harassment across our global organization.

Diversity, Equity and Inclusion (DEI) at Badger Meter is overseen by our Vice President of Human Resources. At the Board level, the Compensation and Human Resources Committee of the Board of Directors oversees our DEI strategy.

Beginning in 2022, we will be building the foundation and metrics that will guide our work in embedding diversity and inclusion throughout Badger Meter. We created a DEI Steering Committee and launched our first-ever diversity-focused engagement survey, which included demographic questions to help us gauge the dynamics of our diverse and talented workforce.

In addition to long-standing practices for paternity leave, actively managed pay equity and tuition reimbursement, we recently added the following programs:

- Robust diversity recruiting practices which include partnering with minority hiring agencies as well as minority job posting sites to ensure we are able to attract qualified female and other underrepresented groups.
- Added hiring manager training which includes detailed information on bias and discrimination as well as promoting the development and advancement of underrepresented minorities.

The following table provides certain employee demographic details aligned with SASB and GRI reporting frameworks. We are proud that despite the challenges of the pandemic and the disproportionate impact it has had on women and U.S. minorities, we have been able to maintain our representation in these groups.

	2020	2021
Percentage of females in the workforce, globally	40%	39%
Percentage of female representation in management, globally	27%	29%
Percentage of female representation in manufacturing, globally	48%	48%
Percentage of female representation on the Board of Directors	25%	22%
Percentage of minorities in the U.S. workforce	23%	26%
Percentage of minority representation in U.S. management	12%	11%
Percentage of minority representation in U.S. manufacturing	45%	47%

(GRI 405-1; TC-SI-330a)

Ethics & Compliance

Living our core values is at the heart of Badger Meter's culture. Our culture prioritizes trust, responsibility, collaboration, excellence and a customer focus. The first of these, trust, calls for us to act honestly, ethically, and with integrity. Employee training is used to reinforce our values companywide, with participation in trainings related to ethics at nearly 100%. In addition to trust, our values include a focus on diversity, continuous improvement and environmental responsibility.

Our Code of Conduct applies to our directors, officers (including our principal executive officer, principal financial officer, principal accounting officer), and employees. All employees are required to annually certify compliance with the Code of Conduct. In early 2022, we refreshed and streamlined the Code of Conduct to aid in translating it globally and ensuring it was clear and understood by all.

We maintain an Ethics Hotline to provide an avenue for employees and encourage them to raise concerns internally for investigation and resolution anonymously, without fear of retaliation. Employee concerns are taken seriously, and we are committed to investigating and responding to every report. Our independent helpline is available in multiple languages. We proactively communicate the helpline's availability to employees through our employee intranet, printed materials, and regular communication throughout the year, including employee town halls. The helpline and Compliance team are available to help employees by providing guidance on compliance-related topics or any other concerns that could impact the company's integrity.

Badger Meter

Ethics Hotline

Help preserve our value of Trust, to act honestly, ethically and with integrity.

Badger Meter values open and honest communications and encourages employees to bring potential issues to the attention of their supervisor. For those who wish to voice concerns but prefer to remain anonymous, Badger Meter has engaged an independent company called Navex/EthicsPoint to serve as an anonymous communication option.

Reports to EthicsPoint can be made regarding: accounting, internal control, auditing irregularities, discrimination/harassment, retaliation, theft, unsafe working conditions, and other cases of misconduct.

Available 24 Hours a Day · Seven Days a Week

Report Online: **Call toll-free:**
badgermeter.ethicspoint.com   **800-555-1234**

Sarbanes-Oxley Act of 2002 requires, public companies such as Badger Meter to establish a confidential, anonymous reporting mechanism employees can use to voice concerns about fraud and other financial irregularities. Specifically, employees must have an opportunity to report suspected accounting, internal control or auditing irregularities directly to the Audit Committee of our Board of Directors.

Positively Impacting Our Communities

Being an active member of the communities in which we work and live is at the core of our Responsibility value and part of the Badger Meter culture. Through financial contributions and volunteer efforts, Badger Meter supports programs and organizations that address water conservation and quality, education, and community concerns—all vital to sustainability.

Annually, our company donates more than $350,000, and our independent Foundation, approximately $100,000, to our communities.

Badger Meter's three-pronged approach focuses on the greatest impact to our water-centric organization and includes:

- Water Conservation and Quality – addressed primary through partnerships with The Water Council and other organizations that provide access to safe water and support sustainability initiatives around water conservation and reuse efforts
- Education – addressed primarily through participation in STEM learning and scholarship efforts
- Community – addressed primarily through our United Way giving campaign along with customized efforts within the local communities in which we operate that also create opportunity for service and volunteerism by employees.

Beginning in 2022, our employees will be allowed to utilize up to eight hours of paid volunteer time annually in addition to traditional PTO.

Focus Event: United Way

We strive to link our United Way annual giving and volunteer activities to our water focus. For example, in 2020 our employees donated, and the company matched donations to replace school drinking fountains in order to provide lead-free water to vulnerable school-age children in Milwaukee and Racine. In 2021, our donations and volunteer time allowed us to provide filtered lead-safe water kits for new moms in high-risk zip codes in Milwaukee.

Focus Event: ASSIST

Our team in Vienna selects a holiday charity each December and partnered with ASSIST with the goal of providing clean drinking water to an underserved village in India. The donations allowed for the construction of a water treatment facility with reverse osmosis technology that will supply 1,000 liters of clean drinking water per hour, providing needed health and sanitation benefits.

APPENDIX

SASB/GRI Reporting

Badger Meter continues to advance its ESG reporting journey, and has integrated initial SASB and GRI reporting framework topics applicable to our sector(s) in this document. While we recognize that in some cases only partial information is currently available, we are committed to reporting more comprehensively under these frameworks in the years ahead.

Badger Meter aligns with several SASB sectors including Resource Transformation - Electrical/Electronic Equipment and Industrial Goods (RT-EE, RT-IG), Infrastructure - Water Utilities (IF-WU) and Technology & Communication - Software & IT (TC-SI)

The below material disclosures are for calendar 2020 and 2021.

Topic	Information/Metric	Unit	Response		SASB Reference #	GRI Reference #
			2020	2021		
General Disclosures	Name of the organization		Badger Meter, Inc.			102-1
	A description of the organization's activities, brands, products, and services		Badger Meter is a global provider of smart water solutions encompassing flow measurement, quality and other system parameters. Our offerings include the instruments, communication endpoints and software that provide our customers with the real time data and analytics essential to optimize their operations and contribute to the sustainable use and protection of the world's most precious resource. See Form 10-K and Sustainability Report for additional information			102-2
	Location of headquarters (Address of Executive Offices)		4545 W. Brown Deer Road Milwaukee, WI USA			102-3
	Statement from senior decision-maker		Sustainability Report and Website https://www.badgermeter.com/sustainability-and-ethics/			102-14
Greenhouse Gas Emissions	Gross global Scope 1 emissions (direct GHG emissions)	Metrics tons CO_2e	2,418.8	2,337.0		305-1
	Energy indirect Scope 2 GHG emissions	Metrics tons CO_2e	8,236.1	7,661.9		305-2
	GHG emissions intensity based on fiscal year sales/revenue (Scope 1 and 2 only) [2]	Metrics tons CO_2e/ $M sales	25.0	21.2		305-4

Topic	Information/Metric	Unit	Response		SASB Reference #	GRI Reference #
			2020	2021		
Energy Management	Total energy consumed	MWH	28,803	29,087	IF-WU-130a.1	302-1
	Percentage of grid electricity	%	95.5%	97.2%	IF-WU-130a.1	
	Percentage renewable	%	4.5%	2.8%	IF-WU-130a.1	
	Energy Intensity	MWH/$M Sales	67.7	61.6		302-3
Water Management	Total water withdrawn	Millions of Gallons	22.4	31.4		303-1
	Total water sourced from regions with high or extremely high baseline water stress, percentage purchased from third party	Millions of Gallons/%	8.9 Mill Gal/ 40%	9.69 Mil Gal/ 31%	IF-WU-440a.1	303-3
	Discussion of strategies to manage risks associated with the quality and availability of water resources		Future Reporting	Strategies described on page 17 of 2020-2021 Sustainability Report	IF-WU-440a.3	
Waste Management	Amount of hazardous waste generated, percentage recycled	Metric Tons	Future Reporting	Future Reporting	RT-EE-150A.1	306-3
	Percentage of hazardous waste recycled	%	Future Reporting	Future Reporting	RT-EE-150A.1	306-3
Employee Health & Safety	Total recordable incident rate (TRIR)	TCIR	0.65	0.75	RT-IG-320a.1	403-9
	Fatality rate	#	Zero (0)	Zero (0)	RT-IG-320a.1	403-9
Activity Metrics	Number of employees	#	1,602	1,837	RT-IG-000.b	

Topic	Information/Metric	Unit	Response		SASB Reference #	GRI Reference #
			2020	2021		
Employee Recruitment, Inclusion & Performance	Employee turnover - total %	%	20	15		401-1
	Involuntary employee turnover rate, globally	%	7	3		401-1
	Voluntary employee turnover rate, globally	%	13	12		401-1
	Employee engagement percentage	%	Future Reporting	Conducted baseline global employee engagement survey in 2021. See page 24 of the 2020-2021 Sustainability Report for additional details	TC-SI-330a.2	
Employee Demographics	Percentage of females in the workforce, globally	%	40	40	TC-SI-330a.4	405-1
	Percentage of female representation in management, globally	%	27	29	TC-SI-330a.5	405-1
	Percentage of female representation in manufacturing, globally	%	48	48	TC-SI-330a.6	405-1
	Percentage of female representation on the Board of Directors	%	25	22	TC-SI-330a.7	405-1
	Percentage of minorities in the U.S. workforce	%	23	26	TC-SI-330a.8	405-1
	Percentage of minority representation in U.S. management	%	12	11	TC-SI-330a.9	405-1
	Percentage of minority representation in U.S. manufacturing	%	45	47	TC-SI-330a.10	405-1
	Policies and programs for fostering equitable employee representation across global operations		Badger Meter maintains a Human Rights policy, Equal Employment Opportunity policy and partners with a variety of recruiting and hiring agencies focused on diverse candidates. We regularly undertake pay equity reviews and implement adjustments where warranted. More information can be found in the Sustainability Report.			405-1

Topic	Information/Metric	Unit	Response		SASB Reference #	GRI Reference #
			2020	2021		
Material Sourcing	Description of management of risks associated with the use of critical materials		Guided by our Values, Badger Meter's commitment to integrity, and to environmental and social responsibility, extend to our global supply base. All suppliers must adhere to our Supplier Code of Conduct which is included with all PO terms & conditions. Badger Meter utilizes a variety of critical materials in the production of its products including brass ingot, plastic resins, electronic subassemblies and components, and other metals. Some of these materials have been, or in the future may be, in short supply, and/or can exhibit price and demand cyclicality. Generally we are able to pass along higher supply costs to customers. To mitigate these risks, Badger Meter closely monitors its supplier relationships and communicates expectations regularly. Badger Meter carries business interruption insurance on key suppliers.		RT-IG-440a.1	
Data Privacy & Security	Number of data breaches [1]		0	0	TC-SI-220a.1	
	Percentage of data breaches involving personally identifiable information [1]		0	0	TC-SI-230a.1	
	Number of affected users of data breach [1]		0	0	TC-SI-230a.1	
	Description of approach to identifying and addressing data security risks, including use of third party cyber security standards		Badger Meter maintains both physical and system security measures, as well as industry leading technologies to provide the appropriate data security protections for both general business/employees information as well as customer utilized software information (BEACON). For general and employee data, we follow General Data Protection Regulation (GDPR) requirements and also self certify to NIST (National Institutes of Standard and Technology). BEACON customer deployed software complies with Service Organization Control 2 (SOC 2) and reporting framework ISO 27001 for data security. Finally, the company maintains cyber security liability insurance.		TC-SI-230a.2	

Topic	Information/Metric	Unit	Response		SASB Reference #	GRI Reference #
			2020	2021		
Technology Disruption	Number of (1) performance issues and (2) service disruptions (3) total customer downtime		Badger Meter provides millions of radio/software connections through an array of products and services that meet our customers needs and requirements. While rare, there are times when our products may experience temporary, unplanned service disruptions due to unforeseen circumstances. Typically, these events are limited in scope, impacting one customer or product, and do not impact the majority of our clients.		TC-SI-550a.1	
	Description of business continuity risks related to disruption of operations		Future Reporting		TC-SI-550a.2	
Business Ethics	Description of policies and practices for prevention of: (1) corruption and bribery		Badger Meter's Code of Conduct reflects our values and expectations of ourselves and guides our behavior with key principles focused around compliance with policies, laws and regulations globally. Nearly 100% of employees completed training on the Code of Conduct. We maintain a confidential Ethics Hotline reporting system and fully investigate any reported matters.		RT-EE-510a.1	205-2
	Description of policies and practices for prevention of (2) anticompetitive behavior					
	Total amount of monetary losses as a result of legal proceeding associated with bribery or corruption	Dollars	$0 USD	$0 USD	RT-EE-510a.2	205-2
	Total amount of monetary losses as a result of legal proceeding associated with anticompetitive behavior regulations	Dollars	$0 USD	$0 USD	RT-EE-510a.2	205-2

(1) *The term "breach" is assumed to mean the stringent legal definition, including materiality for SEC reporting. For background, Badger Meter BEACON software data primarily includes water consumption information which is encrypted and is not considered sensitive or regulated personal information.*

(2) *Badger Meter CO_2e 15% reduction goal by 2030 utilizing data include Scope 1 and 2 Emissions, along with water usage from Scope 3. The figures reported above exclude the Scope 3 water usage portion.*

2021 TCFD REPORT

At Badger Meter, sustainability is important to our shareholders, customers, employees and the communities in which we live and work.

We continue to evolve and strengthen our sustainability reporting. In the spirit of continuous improvement, we are pleased to provide this inaugural version of Badger Meter's reporting under the Task Force on Climate-related Financial Disclosures (TCFD) standards.

We will continue to work to advance our disclosures to better connect investors to climate-related financial information.

GOVERNANCE

Disclose the Company's governance around climate-related risks and opportunities

Recommended Disclosure	Comment/Disclosure
Describe the Board's oversight of climate-related risks and opportunities	Oversight of business strategy, including sustainability and climate-related risk and opportunity oversight, is the responsibility of the full Board of Directors ("Board"). The various committees of the Board assist the full Board in its oversight of ESG matters. The Corporate Governance and Sustainability Committee monitors emerging corporate governance and other ESG-related risks, opportunities and trends and assesses the Board's oversight of the Company's policies and programs with respect to ESG matters. The VP-IR, Strategy and Treasurer (who leads the Company's ESG Steering Committee) provides an update on ESG strategy, objectives and progress at each meeting (2X/year).

Describe management's role in assessing and managing climate-related risks and opportunities	Badger Meter's CEO, along with the Leadership Team set the strategic vision and priorities of the Company and drive accountability, including the sustainability strategy. Several working groups support that effort:
	
	• The ESG Steering Committee is comprised of cross-functional leaders from major disciplines including sales, engineering, operations, human resources and legal. The committee meets regularly to identify, prioritize and drive sustainability and other ESG efforts and monitor progress. The Steering Committee Chair reports to the CEO.
	• The VP-Global Operations, VP-Engineering, as well as the others work with site and functional leadership to accelerate technology-led growth strategies and mitigate operational risks. For example:
	  • Advancing environmentally sustainable product innovation/design
	  • Integrating sustainability considerations into the capital expenditure process
	  • Exploring sustainable packaging and transportation options

STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, financial planning where such information is material

Recommended Disclosure	Comment/Disclosure
Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	Commercial opportunities include the need for digital solutions that comprehensively address water quantity and quality considerations across the water ecosystem. Continued regulatory evolution supporting water conservation/quality/affordability would enhance these opportunities. • Digital solutions for utility and industrial customers allow them to actively manage water cycle usage, drive resiliency of water systems, enable conservation and prevent/quickly fix leaks leading to water loss. • Digital solutions for water/wastewater utilities enable them to reduce energy consumption and optimize use of chemicals for treatment • Digital solutions that utilities make available to end water consumers enable conservation through such actions as education, alerts, and notification of potential leak conditions. • Continued advances in regulatory/mandated water quality monitoring, inclusive of source water quality and industrial/commercial discharge, would further enhance commercial opportunities. Long-term commercial risk includes involuntary migration (from coastal cities, concentration of populations which could result in lower unit demand) Risks include physical risks such as operational disruption from extreme weather events on Company operations, customer deployments and supply chain. Business continuity risk in water-stress locations of key operations or supply chain sites. Regulatory risks, for example, emissions reductions requirements in excess of our glide path to limiting GHG intensity.

STRATEGY (CONTINUED)

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, financial planning where such information is material

Recommended Disclosure	Comment/Disclosure
Describe the impact of climate-related risks and opportunities on the organization's business strategy, and financial planning	The business strategy has evolved to include enhanced focus and investment on digital solutions that enable efficiency and resiliency in the water eco-system. Acquisitions are incorporated into the strategy as an accelerator to advancing the capabilities of the instrumentation and software to aid in the strategic growth. Climate-related risks are incorporated into our long term strategy including risks to our supply chain where we utilize a wide range of purchased material and components. Significant disruption could negatively impact our ability to serve customers and increase our costs. • The exposure to wildfires, floods, hurricanes and sea level rise are low across most of our manufacturing sites. • Water stress is a moderate risk for certain key manufacturing sites such as Mexico. Inability to sustain adequate water supply would then require significant increase in costs for purchased water or relocation of critical manufacturing, resulting in significant capital expenditures. • Higher energy costs (market risk and/or policy risk such as a carbon tax) unfavorably impact suppliers and Company processes, increasing our costs. • Where applicable, certain business operations are enacting mitigation measures to improve long term resilience. In addition, contingency business continuity plans have been developed for key facilities and are being expanded to all facilities.
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario	By expanding our product and digital solutions (and geographic coverage) which enable water conservation and water-related climate resilience, we have created a highly resilient business strategy, taking into consideration various climate-related scenarios.

RISK MANAGEMENT

Disclose how the organization identifies, assesses and manages climate-related risks

Recommended Disclosure	Comment/Disclosure
Describe the organization's processes for identifying and assessing climate-related risks	Badger Meter evaluates climate risk in two ways: as part of our Enterprise Risk Management (ERM) process, and as part of our operational work focused on reducing our business's direct and indirect impacts on climate change. The Company's ERM process aims to identify, manage and monitor significant and material risks. A cross functional group of executives prioritizes identified risks and assigns a leadership team member to address each major identified risk area and lead action plans to manage each risk. Our Board of Directors provides oversight of the ERM process and reviews the significant identified risks. Our various Board committees also play a role in risk management, as detailed in their respective charters. The leadership team is responsible for overseeing the Company's management of enterprise-level risks, including climate-related risks such as climate-related policies and regulations that can impact our products, services and operations. Risks and opportunities are identified and addressed annually. Based on this process, formal mitigation plans are developed, implemented and monitored. The process for assessing relative significance of all identified risks, including climate-related risks, is as follows: • Risks and opportunities are categorized based on probability and impact on financial performance, operations, reputation, etc. • All top risks have approved mitigation plans and are reviewed regularly by the leadership team, and the Board of Directors • All other risks have either approved mitigation plans and are reviewed at least annually by the leadership team, or are monitored annually during the ERM assessment process.

Disclose how the organization identifies, assesses and manages climate-related risks

Recommended Disclosure	Comment/Disclosure
Describe the organization's processes for managing climate-related risks	Physical climate-change risk management includes, at a high level: • Maintaining resilient operations • Ensuring resilient supply chains • Crisis management planning/mitigation We have set annual Greenhouse Gas (GHG) emissions intensity reduction targets as part of our annual SMART goal setting process. Each quarter data is collected and compared to target. For example, to address risks related to energy use, we employ strategies such as upgrades to lighting, HVAC and other in-facility systems. For water stress, incorporating closed-loop recycling processes and reuse for non-potable water applications into facilities where needed. Waste-reduction strategies are developed and implemented at all sites.
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	As part of our ERM process as previously described. As an example, water risk assessments are conducted regionally and with use of the Water Resource Institute's (WRI) Aqueduct tool to look at current and future water risks.

METRICS & TARGETS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

Recommended Disclosure	Comment/Disclosure
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Badger Meter measures and publicly reports energy consumption, energy intensity, Scope 1 and 2 Greenhouse Gases (GHGs), combined Scope 1 and 2 GHG intensity.
Disclose Scope 1, Scope 2 and, if appropriate Scope 3 greenhouse gas (GHG) emissions, and the related risks	See the 2020/2021 Sustainability Report and associated SASB/GRI metrics table for detailed metric information on GHG emissions. Risks associated with GHG emissions include the risk of increased costs associated with governmental initiatives designed to reduce GHG emissions such as carbon taxes, tariffs, or surcharges.
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Badger Meter has established a 15% intensity reduction target for Scope 1 and 2 GHGs from 2020 baseline through 2030. In year 1 (2021) intensity improved. This target is incorporated into the goals of the CEO and Leadership Team which are then cascaded throughout the organization in the form of SMART goals to ensure alignment.

A Note About Our Data

Throughout this report, we utilize data from all of our primary operating sites, but exclude small sales and home offices. We acquired two businesses in late 2020/early 2021, and are working with these operations to collect and report valid data for years beginning in 2022. Scope 1 and 2 and parts of Scope 3 are included in our GHG and intensity metric using the location based methodology. Scope 1 emissions come from onsite sources and Scope 2 indirectly from purchased electricity. Our Scope 3 emissions currently includes mostly water consumption. We believe this most accurately reflects the direct impact of our operational footprint. Data is presented in absolute terms, and is normalized by company revenue (intensity). Our safety data is normalized by the number of hours worked. Prior periods may be modestly adjusted for comparability.

As our data collection systems and processes continue to mature and improve, the environmental and other data we report improves in accuracy and expands in breadth. The data has not been audited or assured by a third party.

Safe Harbor Statement

Certain statements contained in this report may constitute forward-looking statements including those related to our GHG emission goals and other initiatives, programs and objectives. These forward-looking statements are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those statements. Potential factors that could affect such forward-looking statements include the possible ongoing negative impacts of COVID-19 on the global economy, the company's operations and those of our customers and suppliers. In addition, results are subject to general economic conditions, variation in demand from customers, market acceptance of new products, the successful integration of acquisitions, competitive pricing and operating efficiencies, supply chain risk, material and labor challenges as well as tax and regulatory changes. See the Company's Form 10-K filed with the Securities and Exchange Commission for further information regarding risk factors. Badger Meter disclaims any obligation to publicly update or revise any forward-looking statements as a result of new information, future events or any other reason.