



The Audit and Compliance Committee (the “Committee”) of the Board of Directors (the “Board”) of Badger Meter, Inc. (the “Company”) has the purpose, responsibilities, authority and specific duties described below.

**I. Purpose**

The Committee is established by the Board for the primary purpose of assisting the Board in:

- overseeing the integrity of the Company’s financial statements;
- overseeing the Company’s compliance with legal and regulatory requirements;
- overseeing the qualifications and independence of the independent registered public accounting firm (“independent auditor”);
- overseeing the performance of the Company’s internal audit function and independent auditor; and
- overseeing the Company’s disclosure controls and procedures and system of internal controls over financial reporting that management and the Board have established.

The Committee also shall prepare the report from the Committee that the Securities and Exchange Commission requires to be included in the Company’s annual proxy statement

The Committee provides an avenue for communication between the Company’s internal audit function, the independent auditor, financial management and the Board. The Committee should have a clear understanding with the independent auditor that they must maintain an open and transparent relationship with the Committee, and that the ultimate accountability of the independent auditor is to the Board and the Committee.

The Committee has the authority to obtain advice and assistance from outside legal, accounting, or other advisers as deemed appropriate to perform its duties and responsibilities. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to any independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit services, compensation to any advisers that the Committee chooses to engage and any other ordinary administrative expenses of the Committee that are necessary or appropriate for the Committee to carry out its duties.

The Committee will report regularly to the Board regarding the execution of its duties and responsibilities.

## **II. Composition and Meetings**

The Committee shall be comprised of three or more directors as appointed by the Board, each of whom shall, in the judgment of the Board, meet the independence and other applicable requirements of the New York Stock Exchange (“NYSE”) and the Securities and Exchange Commission (“SEC”). All members of the Committee shall have sufficient financial experience and ability to enable them to discharge their responsibilities, and at least one member shall, in the judgment of the Board, qualify as an “audit committee financial expert” as defined by the rules and regulations of the SEC. Committee members shall not simultaneously serve on the audit committees of more than three public companies, including the Company, unless the Board determines that such simultaneous service does not impair the effective service of such Committee member on the Committee. Any such determination shall be reported in the Company’s annual proxy statement. The Board will appoint the members of the Committee, and will select the chair annually, or as necessary to fill vacancies, on the recommendation of the Company’s Compensation and Corporate Governance Committee. In the event that the Committee chair is unable to serve as chair for a specific meeting, he or she shall designate one of the other Committee members to preside.

The Committee shall meet at least quarterly, or more frequently as circumstances dictate. Each regularly scheduled meeting shall conclude with an executive session of the Committee absent members of management and on such terms and conditions as the Committee may elect. As part of its job to foster open communication, the Committee will meet periodically with management, the director of the Company’s internal audit function and the independent auditor in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.

## **III. Responsibilities and Duties**

The Committee is vested with all responsibilities and authority required by Rule 10A-3 under the Securities Exchange Act of 1934. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate and are in accordance with accounting principles generally accepted in the United States. This is the responsibility of the Company’s management and the independent auditor.

To fulfill its responsibilities and duties, the Committee will address the following areas:

Procedures for Review of Reports and Accounting Information

1. Review this Charter at least annually and recommend changes to the Board.
2. Review and discuss with management and the independent auditor the Company's annual audited financial statements, related footnotes and financial information, and the independent auditor's report thereon, including disclosures made in management's discussion and analysis, contained in the Company's Form 10-K and annual report to shareholders prior to the filing or distribution thereof. As part of the review process, the Committee will recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
3. Review and discuss with management and the independent auditor the Company's quarterly unaudited financial statements, related footnotes and financial information, including disclosures made in management's discussion and analysis, contained in the Company's Form 10-Q prior to filing. Discuss the independent auditor's review of the quarterly financial statements.
4. Discuss with management and the independent auditor any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements and any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
5. Review and discuss with management and the independent auditor the Company's earnings press releases as well as any financial information and earnings guidance provided to analysts and rating agencies.
6. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures, including the Company's risk assessment and risk management guidelines and policies. Review significant findings prepared by the independent auditor and the internal audit function together with management's responses.

7. Discuss with management and the independent auditor the effect of accounting and regulatory pronouncements and initiatives as well as any off-balance sheet structures on the Company's financial statements.
8. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q regarding (i) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.
9. Design and establish controls and other procedures that are designed to ensure that (i) information required by the Company to be disclosed in periodic and current reports to the SEC and other written information that the Company will disclose to the investment community is recorded, processed, summarized and reported accurately and on a timely basis and (ii) information is accumulated and communicated to management, including management, as appropriate to allow timely decisions regarding such required disclosure ("Disclosure Controls and Procedures").
10. Monitor and evaluate the integrity and effectiveness of the Company's Disclosure Controls and Procedures.
11. Discuss with management all relevant information with respect to the Committee's proceedings and the Committee's evaluation of the effectiveness of the Company's Disclosure Controls and Procedures.
12. At least annually, or more often as determined necessary by the Committee, meet with representatives of the Company's Disclosure Committee to review the Company's disclosure controls and procedures.

#### Independent Auditor

1. Appoint, compensate, oversee, retain and/or terminate the work performed by any independent auditor for the purpose of preparing or issuing an audit report or related work. Each independent auditor shall report directly to the Committee and the Committee shall oversee the resolution of disagreements between management and the independent auditor regarding financial reporting.

2. Review with the independent auditor any audit problems or difficulties and management's response, and hold timely discussions with the independent auditor regarding the following:
  - the responsibilities, budget and staffing of the Company's internal audit function;
  - all critical accounting policies and practices;
  - all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
  - other material written communications between the independent auditor and management including, but not limited to, the management letter and schedule of unadjusted differences, and determine that they concur with management's representation concerning audit adjustments and analysis of the independent auditor's judgment as to the quality, not just the acceptability, of the Company's accounting principles, setting forth significant reporting issues and judgments made in connection with the preparation of the financial statements.
3. Review all communications by the independent auditor to the Company that are required by various regulatory bodies and authoritative literature relating to the conduct of the audit.
4. At least annually, in connection with evaluating the independent auditor's qualifications, performance and independence, obtain and review a report by the independent auditor describing:
  - the firm's internal quality control procedures;
  - any material issues raised by the most recent internal quality-control review, peer review, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and all relationships between the independent auditor and the Company, consistent with Public Company Accounting Oversight Board (PCAOB) Rule 3520; and
  - the affiliates of the firm ("Auditor Affiliates").

The Committee will confirm that the Company's directors and executive officers have not had any material direct or indirect business relationship with, or received any direct or indirect compensation from, the independent auditor or the Auditor Affiliates.

5. The Committee will review the independence, experience and qualifications of senior members of the independent audit team annually and ensure that all partner rotation requirements, as promulgated by applicable rules and regulations, are executed.
6. Review and pre-approve both audit and nonaudit services to be provided by the independent auditor. This duty may be delegated to one or more designated members of the Committee with any such pre-approval reported to the Committee at its next regularly scheduled meeting.
7. Set clear hiring policies, compliant with governing laws or regulations, for employees or former employees of the independent auditor.
8. Review the scope and general extent of the independent auditor's annual audit. The Committee's review should include an explanation from the independent auditor of the factors considered by the independent auditor in determining the audit scope, including the major risk factors.
9. Review with the independent auditor and, as appropriate, with management, any significant changes to the audit plan and any serious disputes or difficulties with management encountered during the audit, including management's response to such disputes or difficulties. Discuss any restrictions on the scope of the independent auditor's activities and the cooperation received by the independent auditor during its audit, including access to all requested records, data and information. Inquire of the independent auditor's whether there have been any disagreements with management, which, if not satisfactorily resolved, would have caused the independent auditor to issue a nonstandard report on the Company's financial statements.
10. Obtain assurance that the independent auditor has not discovered or become aware of information indicating any illegal act by the Company.
11. Actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor, and take (or recommend that the full Board take) appropriate action to oversee the independence of the independent auditor.
12. Discuss with the independent auditor any significant issues arising from the most recent PCAOB inspection of the independent auditor, to the extent relevant to the Company, including the independent auditor's response to any identified accounting deficiencies.

## Compliance and Risk Assessment and Management

1. The Committee will discuss with management, at least annually, the key guidelines and policies governing the Company's significant processes for risk assessment and risk management, focusing on the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures. The Board may delegate certain risk assessment and risk management review responsibilities to another committee. To the extent it does, this discussion by the Committee may be a high level review of the related issues.
2. Review, at least annually, the implementation and effectiveness of the Company's compliance policies and procedures with the Company's general counsel, including, without limitation, a review of the procedures for the receipt, retention and treatment of complaints. The Company's general counsel shall have the authority to report promptly any matter involving criminal conduct directly to the Committee.
3. Obtain an oral report, at least annually, from the Company's general counsel concerning legal and regulatory matters that may have a material impact on the financial statements.
4. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
5. Review and approve the internal audit staff functions, including: (i) purpose, authority and organizational reporting lines; (ii) annual audit plan, budget and staffing; and (iii) the appointment and replacement of the senior internal audit executive.
6. Review significant reports prepared by the internal audit function together with management's response and follow-up to those reports.
7. Review with management, the internal audit function and the independent auditor the methods used to establish and monitor the Company's policies with respect to unethical or illegal activities by Company employees that may have a material impact on the Company's financial statements.

8. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.
9. On an annual basis, conduct a self-assessment of the Committee's performance during the previous year. In addition, from time to time, the Board may conduct a similar assessment of the Committee.