

DRIVING CHANGE

2019 Sustainability Report
Update Summary

Think Green,
Think Clean.

We run on clean burning natural gas.

wm.com



Join our team, we're hiring

WM
WASTE MANAGEMENT

McNeilus

105418

WM

THINK GREEN.

NORTH CAROLINA
N07 61Y
EDWARD

WM
WASTE MANAGEMENT



LOOKING BACK AND PLANNING FOR THE FUTURE

Jim Fish

President and Chief Executive Officer

Waste Management prepared our first “Environmental Report” in 1992. This was well before we used the term “sustainability,” and before we regularly reported on environmental, social and governance (ESG) principles. We were part of a small group of Fortune 500 companies embarking upon the early days of a commitment to the underlying principles of sustainability. Little did we know where this journey would take us.

Today, our stakeholders value our extensive and informative annual reporting. Waste Management’s full sustainability report is published bi-annually, with updates on the off-year. These updates include the data that we collect each year to track our key performance indicators and our progress towards achieving our goals.

Reporting is one step in our commitment to sustainability. Establishing long-term goals was another important step along our sustainability journey. Waste Management developed its first set of sustainability goals in 2007, well ahead of most companies. We recently updated our goals and we expect to do so again as our industry and our company continue to evolve.

Over the years, Waste Management has continued to increase our commitment to sustainability. Since 2008, we’ve employed a team of internal staff dedicated to working with our customers to help them achieve their sustainability goals. And, at the end of 2018, we created a sustainability team dedicated to tracking and reporting our progress, advocating on sustainability issues, and to supporting our business units by providing sustainability-related information for internal and external stakeholders.

As we work with our customers, we see that their appetite for sustainable solutions continues to grow. Over the past two years, the level of awareness around sustainability issues has increased. From climate-related storm events and the dialogue around the current challenges in the recycling industry, to the topic of plastic waste in the environment, attention to the environment is increasing.

Over the past two years, the level of awareness around sustainability issues has increased.

Never a company to shy away from challenging topics, Waste Management has jumped in to engage in these important issues. We are participating in the international dialogue around marine debris. We have made commitments to recycle plastic domestically, and we are supporting the development of domestic recycling markets.

With much pride and excitement about Waste Management's past progress and future commitments, I am pleased to present our 2019 Sustainability Report.

In presenting this report, I would like to recognize a pillar at Waste Management who has shepherded our sustainability reporting since 1992. Sue Briggum, our Vice President of Public Affairs, will retire at the end of 2019, leaving a priceless legacy. Sue had the foresight to recognize the value of sustainability long before it was on the radar screen of most companies or investors.

We thank her for her decades of wisdom in establishing and ensuring a strong foundation for the future of sustainability at Waste Management.

And in case you doubt whether one person can make a difference, here is an example of one individual's unwavering commitment to making the world a better place.

Respectfully,



Jim Fish
President and Chief Executive Officer

WASTE MANAGEMENT

At-A-Glance

(as of and for the year ended December 31, 2018)

Waste Management, Inc. (NYSE: WM), based in Houston, Texas, is the leading provider of comprehensive waste management environmental services in North America.

\$14.9M

total donated in charitable giving



GIVING

\$1.9M

in-kind services

7,944

alternative fuel vehicles



ENERGY

132

natural gas fueling stations

130

landfill gas-to-electricity facilities

43.7K

employees



OPERATIONS*

314

transfer facilities

20M

entities served

83

wildlife habitat programs



63

pollinator programs



255

habitat, species and education programs 'on-the-ground'



19.8K

acres of certified habitats



CONSERVATION

RECYCLING



FINANCIALS



\$14.9B Total Revenue

LANDFILLS



*Waste Management, Inc. is a holding company, and all operations are conducted by its subsidiaries. References to "Waste Management," "the Company" or "WM" refer to Waste Management, Inc. and its consolidated subsidiaries, unless context provides otherwise.

Waste Management Sustainability Goals — 2010-2038

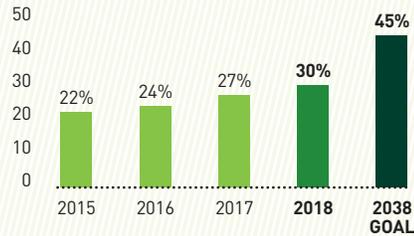
RECYCLABLES MANAGED

(in million tons)



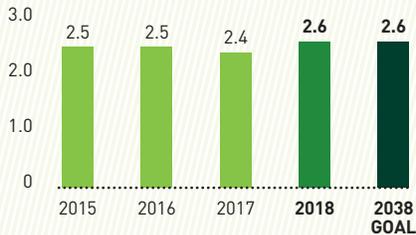
ON-ROAD FLEET EMISSIONS REDUCTIONS

(percent reduction in MTCO₂e emissions from a 2010 baseline)

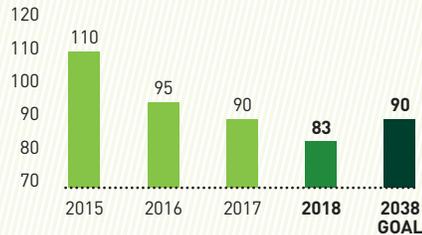


WASTE-BASED ENERGY PRODUCTION

(MTCO₂e)



NUMBER OF WILDLIFE HABITAT PROGRAMS



NUMBER OF ACRES PROTECTED



Sustainability Key Performance Indicators

GHG EMISSIONS ASSOCIATED WITH OPERATIONS¹

PROCESS²
[MMTCO₂e]



TRANSPORTATION³
[MMTCO₂e]



ENERGY USE⁴
[MMTCO₂e]



AVOIDED GHG EMISSIONS⁵

RENEWABLE ENERGY GENERATION
[MMTCO₂e]



RECYCLING OF MATERIALS⁶
[MMTCO₂e]



CARBON PERMANENTLY SEQUESTERED⁷
[MMTCO₂e]



WASTE-BASED ENERGY BENEFITS (EQUIVALENTS)⁸

TONS OF COAL EQUIVALENT



WASTE-BASED ENERGY PRODUCTION
[million households]



Sustainability Key Performance Indicators CONTINUED

RESOURCE SAVINGS ACHIEVED THROUGH RECYCLING

HOUSEHOLD ENERGY EQUIVALENT

(in millions)



CARS OFF ROAD

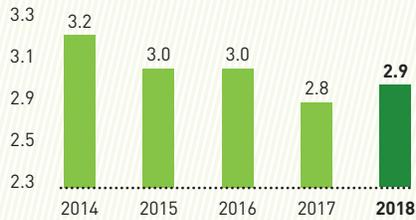
(in millions)



SAFETY PERFORMANCE

TOTAL RECORDABLE INJURY RATE

(incidents per 100 employees)



VEHICLE ACCIDENT RECORDABLE RATE

(driver hours without a vehicle accident, in thousands)

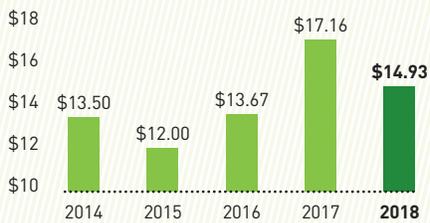


2016 and 2017 adjusted to exclude "Other Vehicle Initiated Impact" incidents.

PHILANTHROPY

CHARITABLE GIVING

(in millions)



Key Performance Indicator Footnotes

- 1 Since 2013, we have used the modified 100-year global warming potentials (GWPs) promulgated by the U.S. EPA. Pertinent to our carbon footprint, our Scope 1 and 3 emissions calculations use the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (FAR) GWP, and our Scope 2 emissions from purchased electricity use the IPCC Second Assessment Report (SAR) GWP.
- 2 Process emissions come from our landfills. The amount of landfill gas that is collected can be measured, the amount of landfill gas generated, and the amount emitted to the atmosphere as fugitive emissions must be estimated using prescribed calculation methodologies. The applicable methodologies are the Solid Waste Industry for Climate Solutions (SWICS) Protocol and the U.S. EPA Greenhouse Gas Reporting Program (GHGRP) rules. Our landfill footprint includes estimated emissions from both active and closed facilities.
- 3 Our methodology for calculating fleet efficiency conform to U.S. EPA's SmartWay Truck Tool. SmartWay calculations use records compiled for tax credit and fee purposes. The tax documentation reflects fuel purchased in a year, including some insignificant amounts of fuel stored rather than used in a given year.
Note that our transportation emissions reported here include those from both our collection fleet and our noncollection "yellow iron" (i.e., off-road equipment such as forklifts and excavators) used on site. A small amount of fuel in this category is used for nontransportation purposes (e.g., running emergency generators or barbeque grills on site), but we do not subtract these from our transportation totals.
- 4 WM uses a Utility Bill Management (UBM) system to collect invoices and report natural gas usage. Each year we review our UBM system processes to improve on data collection and transparency, and our most recent review discovered that prior to 2018 reporting, the UBM system was grouping mobile emissions from compressed natural gas (389,988 MtCO₂e in 2017) with stationary emissions from natural gas used for heating in our facilities. This has been corrected (to 44,137 MtCO₂e in 2017) and our explanation of emissions changes here is based on corrected figures.
- 5 We are reporting these data to inform our customers and the public about the potential GHG reduction benefits associated with carbon storage in landfills, our renewable energy production and the value of the recyclable materials we collect and process. We are not presuming to characterize how emerging regulatory programs will allocate credit for these avoided emissions, so we do not claim these GHG reduction benefits as our own nor attempt to deduct these reductions from our carbon footprint.
- 6 In our calculations, we assume that, by recycling and composting, we divert materials from our modern WM landfills with landfill gas-to-energy capacity. If instead our recycling and composting were to divert materials from the "national average landfill" from the EPA WARM model, the emissions reductions achieved by recycling and composting would 36,091,771 MtCO₂e in 2017. Note also that the increase in emissions reductions realized by recycling does not correspond arithmetically to the increase in total tons recycled. That is because, for example, paper recycling (80% of all recyclables) achieves very high emissions reductions, while the emissions reduction potential associated with glass recycling (20% of recyclables) is nominal on a per ton basis.
- 7 For a discussion of the protocols that govern this calculation of carbon storage or sequestration, see page 137 in the [Appendix to the 2018 Sustainability Report](#).
- 8 Tons of coal equivalent is calculated based on the equivalent number of households that could be powered by waste-based energy production. Note that standard industry assumptions about household energy use differ for the waste-to-energy and landfill gas-to-energy sectors: Standard waste-to-energy reporting is 1,000 households per installed megawatt, while the household conversion for landfill gas-to-energy is based upon U.S. Energy Information Administration data that is updated yearly. Our calculation does not include wind or solar energy because we don't own the energy.

RECYCLING PERFORMANCE

Waste Management managed over 15 million tons of material for beneficial use in 2018, broken down as follows:

WHAT WE RECYCLED (in tons)



WHY WE RECYCLED

- › To save **196.2 million** mature trees
- › To fulfill the annual power needs of **1.48 million** homes
- › To avoid **29.4 million** metric tons of GHG emissions
- › To supply enough fresh water for **20.6 million** people for a month
- › To meet the annual municipal waste needs of **26.5 million** people
- › To save **46.3 billion** gallons of water
- › To conserve **15.9 billion** kWh of electricity
- › To preserve enough timber resources to produce **3.3 trillion** sheets of printing and copy paper
- › To save **23.2 million** cubic yards of landfill space

WHERE WE RECYCLED



Material Recovery Facilities

- ◆ 46 Single Stream
- ◆ 29 Commercial
- ◆ 16 Other
- ◆ 11 Construction and Demolition
- ◆ 2 Dual Stream

ECONOMIC IMPACT



Our performance is a strong platform from which to spend resources to make long-term advancement on recycling technology and equipment, fleet efficiency and emissions reduction, and investment in our employees.

REVENUE (in billions)



Revenues were nearly \$15 billion.

ADJUSTED INCOME FROM OPERATIONS¹ (in billions)



Adjusted income from operations grew more than 4 percent.

ADJUSTED OPERATING MARGIN¹



Adjusted operating margin increased 20 basis points.²

ADJUSTED EPS¹



Diluted earnings per share increased more than 30 percent.

FREE CASH FLOW¹ (in billions)



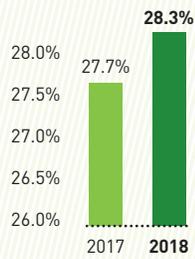
Free cash flow increased more than \$300 million.

ADJUSTED OPERATING EBITDA^{1,2} (in billions)



Adjusted operating EBITDA grew by more than 5 percent.

ADJUSTED OPERATING EBITDA MARGIN^{1,2}



Adjusted operating EBITDA margin increased 60 basis points.²

CASH DIVIDENDS (in millions)



Cash dividends paid to shareholders were up about 7 percent.

SHARE REPURCHASES (in millions)



We returned more than \$1 billion to shareholders through share repurchases.

INCOME TAXES PAID (in millions)



REAL ESTATE TAXES PAID (in millions)



PERSONAL PROPERTY TAXES PAID (in millions, U.S. Only)



¹Non-GAAP measures. Please see page 137 in the [Appendix to the 2018 Sustainability Report](#) for additional information and a link to reconciliations of these measures.

²A basis point is one-hundredth of 1 percent.

³Operating EBITDA is defined as income from operations before depreciation and amortization.



AWARDS & RECOGNITION



CORPORATE AWARDS

- › **World's Most Admired Companies**
Fortune Magazine, 2019
- › **Sector Leader**
Dow Jones Sustainability Index, 2018-2019
- › **100 Best Corporate Citizens**
Corporate Social Responsibility Magazine, 2015-2019
- › **Candidate Experience Award Winner — North America**
Talent Board, 2018-2019
- › **Best Company to Sell For**
Selling Power Magazine, 2015-2019



ENVIRONMENTAL, SOCIAL & GOVERNANCE PERFORMANCE

- › **2018 Dow Jones Sustainability Index**
RobecoSAM, 13 of the past 16 years
- › **CDP Recognition Lists**
CDP, Climate Leadership Index 2004-2015, Climate A-List 2016-2018
- › **FTSE4Good Index Participant**
FTSE Russell, 2011-2019
- › **ISS Quality Service Score—Environmental & Social**
ISS, 2018 (1), Q12019 (1)
- › **Management Top 250 Company**
Wall Street Journal, 2018
- › **The Weight of America's Boards**
James Drury Partners, 2018



DIVERSITY & INCLUSION

- › **Top Employers**
Professional Woman's Magazine, 2017-2019
- › **20% or More Corporate Seats Held by Women**
2020 Women on Boards, 2019
- › **Best Companies to Work for Millennials (Top 100)**
Women's Choice, 2018-2019
- › **Best Place to Work for LGBTQ Equality**
Human Rights Campaign — Corporate Equality Index Rating, 2010-2019, 90% or higher
- › **Best of the Best Employer**
HISPANIC Network Magazine, 2019
- › **Best of the Best Employer**
Black EOE Journal, 2019
- › **Top LGBTQ Friendly Company**
Black EOE Journal, 2019
- › **Top Disability-Friendly Company**
DIVERSEability Magazine, 2018
- › **Military Friendly Diversity Program**
G.I. Jobs/Vetpreneur Magazine, 2018
- › **Top 100 Military Friendly Employer**
G.I. Jobs/Vetpreneur Magazine, 2010-2020
- › **"Best for Vets" Employer**
Military Times, 2010-2019
- › **Best of the Best, Top Veteran-Friendly Company**
U.S. Veteran's Magazine, 2012-2019



SUPPLY CHAIN

- › **Coach of the Year — Supplier Award**
LytxDriveCam, 2018
- › **CDP Supplier Engagement**
CDP, 2016 (B), 2017 (A-), 2018 (A)
- › **2nd Best Driver of the Year — Supplier Award**
LytxDriveCam, 2018
- › **Certified "Bronze" Supplier**
Ecovadis, 2018



EVENTS

- › **PGA Tour Tournament of the Year**
PGA Tour, 2018
- › **Water Stewardship Influencer Award**
Sports & Sustainability Symposium, 2019



To read our full report, please visit sustainability.wm.com.

Recycling is a good thing. Please recycle any printed copies of this report.