



## WM to Acquire Controlling Interest in Avangard Innovative's U.S. Business

Sep 13, 2022

Newly-Formed Company Positions WM to Rapidly Accelerate Film and Plastic Wrap Recycling

HOUSTON, Sept. 13, 2022 /PRNewswire/ -- [WM](#) (NYSE:WM) today announced that it has agreed to acquire a controlling interest in [Avangard Innovative's](#) U.S. business, which will operate as Natura PCR – an independent company expected to scale and grow recycling capacity to produce an estimated 400 million pounds per year of post-consumer resin (PCR) in five years. Through Natura PCR, WM expects to deliver new recycling capabilities for its customers and provide circular solutions for films and clear plastic wrap used commercially, such as plastic stretch wrap for pallets, furniture film, grocery bags and potentially shrink wrap around food and beverage containers.



"WM's controlling interest in Natura PCR positions us to grow and scale rapidly in the emerging PCR space," said Jim Fish, president and CEO, WM. "WM's core material supply capabilities, with the head start and knowledge provided by Avangard's U.S. business, will help Natura PCR quickly deliver circular options to WM's customers as an important component of our continued growth strategy in recycling. Today, there is so much untapped potential to reuse film – which impacts many of our commercial customers. We can help our customers close the loop and bring more recycled materials to the store shelf."

Leading materials science company, [Dow](#), has been working with WM to help increase the recycling rate of plastics and create sustainable solutions in packaging, infrastructure and consumer applications. Dow has also been working with Avangard Innovative since early 2020, purchasing the company's PCR pellets to produce REVOLoop™, Dow's product line with PCR content.

"We have been working with both companies to increase the use of recycled plastic in Dow's products, and Natura PCR brings together capabilities that will unlock more options for hard-to-recycle plastics for the industry," said Nestor de Mattos, North America commercial vice president, Packaging & Specialty Plastics, Dow. "Natura PCR further expands at scale, waste-to-market solutions across North America and advances our goal to help divert plastics from landfills to circular solutions."

Natura PCR will focus on the mechanical recycling of film and flexible plastics – some of the most complex plastics in the recycling stream today – and converts these materials to PCR that can be used to manufacture new products replacing virgin materials. These streams make up almost a quarter of today's plastic generation, but only about 5 percent is recycled today.

Demand for PCR is expected to grow in response to consumer-packaged goods companies' commitments to use recycled content and pressures from consumers and regulators to increase the PCR content in the packaging materials the companies manufacture. WM has demonstrated a track record of collecting materials from commercial streams for the feedstock needed to produce PCR content and expects its materials sourcing expertise will enable the increased volume of PCR pellets that Natura PCR can produce for use in new products.

"This transaction helps the business quickly scale operations, maximize source feedstock and meet the continued rise in demand for environmental additives, such as recycled plastic resin," said Rick Perez, CEO, Avangard Innovative. "After 30 years in the recycling business, WM's significant involvement, coupled with the strong relationship with Dow and other customers, will set Natura PCR up to offer the most innovative end-to-end circular economy solution in the market."

Natura PCR plans to grow recycling capabilities at Avangard's existing plant in Waller, Texas, and build new plant capacity in the Midwest. Natura PCR will be primarily owned and controlled by WM. Avangard and affiliated entities will hold a collective minority equity position in Natura PCR. WM expects to receive investment returns comparable to its previously announced automation investments in single-stream recycling. The transaction is expected to close in late 2022, subject to the satisfaction of customary closing conditions, including regulatory approvals.

### **ADVISORS**

Goldman Sachs & Co LLC is serving as the exclusive financial advisor and Locke Lord LLP is serving as the legal advisor to WM on this transaction. Seale & Associates, Inc. is serving as the exclusive financial advisor and Vinson & Elkins LLP is serving as the legal advisor to Avangard Innovative on this transaction.

### **ABOUT WM**

WM ([WM.com](#)) is North America's largest comprehensive waste management environmental solutions provider. Previously known as Waste Management and based in Houston, Texas, WM is driven by commitments to put people first and achieve success with integrity. The company, through its subsidiaries, provides collection, recycling and disposal services to millions of residential, commercial, industrial and municipal customers throughout the U.S. and Canada. With innovative infrastructure and capabilities in recycling, organics and renewable energy, WM provides environmental solutions to and collaborates with its customers in helping them achieve their sustainability goals. WM has the largest disposal network and collection fleet in North America, is the largest recycler of post-consumer materials and is the leader in beneficial reuse of landfill gas, with a growing network of renewable natural gas plants and the most gas-to-electricity plants in North America. WM's fleet includes nearly 11,000 natural gas

trucks – the largest heavy-duty natural gas truck fleet of its kind in North America – where more than half are fueled by renewable natural gas. To learn more about WM and the company's sustainability progress and solutions, visit [Sustainability.WM.com](https://www.wm.com/sustainability).

#### **ABOUT AVANGARD INNOVATIVE**

Avangard Innovative is a leader in technology-driven circular economy solutions. With 30 years of experience, Avangard Innovative offers full-service waste management and recycling optimization solutions at all levels of the process. AI's proprietary technology, program management & optimization, and post-consumer resin manufacturing are designed to help clients measure, manage and monetize their sustainability programs. Avangard Innovative's mission is to preserve and protect the environment by achieving zero-waste-to-landfill. For more information, please visit [avaicg.com](https://www.avaicg.com).

#### **FORWARD-LOOKING STATEMENTS**

WM, from time to time, provides estimates, comments on expectations relating to future periods and makes statements of opinion, view or belief about current and future events. This press release contains a number of forward-looking statements, including all statements regarding closing of the transaction; anticipated results of the transaction and business performance; future growth and production of the acquired business; future investment returns; future plastic generation and demand; and location and construction of future plants. You should view these statements with caution. They are based on facts and circumstances as of the date the statements are made and are subject to risks and uncertainties that could cause actual results to be materially different, including but not limited to, general economic and market conditions; inability to obtain regulatory or government approvals or to obtain such approvals on satisfactory conditions; inability to satisfy other closing conditions; the occurrence of any event, change or other circumstance that could give rise to the termination of the transaction agreement; legal proceedings; unexpected costs, charges or expenses; failure to successfully integrate the transaction and obtain the results anticipated; and other risks and uncertainties described in Part I, Item 1A of WM's most recently filed Annual Report on Form 10-K, available at [investors.wm.com](https://www.wm.com/investors). WM assumes no obligation to update any forward-looking statement, whether as a result of future events, circumstances or developments or otherwise.

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