

TODAY, WE'RE
REINVENTING
OUR BUSINESS
MODEL & Sustainability Report 2010
RE-ENVISIONING
THE NATURE OF
WASTE ITSELF.
**WELCOME TO WASTE
MANAGEMENT.**



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This report is structured in three “books.” The first provides context and introduction to our business, with a letter from our CEO that highlights our approach to sustainability. The second outlines our core business activities, our impacts and how we are driving improved performance across our company. The third speaks to how we’re partnering with our customers and others to recover more of the value in waste and help power a sustainable future.



Throughout this report, this icon indicates that additional information on a topic can be found on that page in the Appendix. The Appendix can be found at www.wm.com/sustainability/index.jsp.

This report covers the sustainability activities of **Waste Management's North American** operations. It builds on a tradition of reporting that began nearly two decades ago when we started **publicly reporting our environmental impacts**. It provides valuable information on our **environmental, economic and social performance** and tells how we are **helping communities, businesses and individuals progress on their sustainability journeys**.



LETTER FROM THE CEO

Dear Valued Stakeholder,

The business of managing wastes used to be straightforward. A generation ago, we were a company that picked up trash – and disposed of it.

Today, we're reinventing our business model and reconsidering the nature of waste itself. They say that one man's trash is another's treasure. At Waste Management, this is literally true. An estimated \$8-10 billion in value may reside in the waste we manage each year in North America. Our focus is on recovering that value – and that's what sets us apart from our competitors. Using our expertise and capabilities, we are capturing value from waste streams – whether by processing wastes to provide recycled raw materials that have lower carbon and water footprints, or by generating clean energy from waste-to-energy and landfill gas plants. Waste is no longer something to get rid of – it's a resource.

Providing Valued Environmental Solutions to Our Customers

Our customers are recognizing that environmental sustainability can help them cut costs and improve their operations. Some are even setting "zero waste" goals. Our Upstream and Green Squad businesses help customers reach their sustainability goals by looking at their wastes and resource use in a holistic

way. We evaluate every aspect of their operations and recommend overall strategies for operating more sustainably – from maximizing recycling to reducing waste to avoiding the generation of waste in the first place.

Extracting More Value from the Materials We Manage

You may be surprised to learn that our company produces more renewable energy than the entire solar industry, simply by making energy from waste. According to the U.S. Energy Information Administration, in 2009 just over 800,000 megawatt-hours of power were produced from solar energy in the United States. That same year, Waste Management's waste-based energy operations produced 8.6 million megawatt-hours of power.

In addition to our waste-to-energy plants that use garbage as clean-burning, renewable fuel, we've pioneered a process that capitalizes on a simple biological process. When bacteria break down trash in a landfill, the resulting methane can be captured and used as fuel to make heat or electricity.

Setting Ambitious Sustainability Goals

Two years ago, I committed that by 2010 we would measure and disclose our carbon footprint. I am pleased to say that this effort is complete and included in this report.

We also announced four aggressive sustainability goals for our business:

To increase waste-based energy production: Today we create enough energy through our waste-to-energy operations to power almost 1.1 million homes, and our goal is to double that by 2020. By the end of 2009, we had increased our landfill-gas-to-energy plants to 119. 2009 was a year of planting the seeds for future growth in waste-to-energy with Wheelabrator's expansion into Europe and China and the addition of a 17th waste-to-energy plant in the U.S. finalized in 2010.

To increase the volume of recyclable materials we process: We continue to be North America's largest residential recycler. In 2009, we managed 8.5 million tons of recyclable commodities. The last quarter of 2008 and early 2009 were challenging as recyclable commodity prices took a nosedive along with the economy. Fortunately, we saw great improvement in late 2009, and our commitment to recycling remains strong. In 2010, we acquired new organics processing capacity, bringing our total to 34 facilities processing 1.25 million tons of organics annually. Our goal is to manage more than 20 million tons each year by 2020.

To invest in cleaner technologies: We continue our work with suppliers to lower the emissions and increase the efficiency of our fleet and to invest in technologies for greener ways to manage waste. Over the next 10 years, our goal is to reduce emissions and increase fleet efficiency 15 percent. We are implementing a range of technologies to make our trucks more efficient, including controlling emissions, using alternative fuels and optimizing truck design. By the close of 2010 we expect to approach our target of having 1,000 natural-gas-powered trucks in our fleet, and 80 percent of our truck buy for

2011 is planned to be natural gas. We also are working on green technologies to convert waste to fuel, investing in plants that convert landfill gas to liquefied natural gas, plants to convert organic waste to high-octane transportation fuel, and a plasma gasification joint venture, to name just a few.

To protect more wildlife habitat across North America: I am pleased to say that we have already achieved our fourth goal of providing wildlife habitat at our landfills – 10 years ahead of schedule. During 2010 we completed Wildlife Habitat Council certification at 100 landfills protecting more than 25,000 acres.

Looking Ahead

The path to a more sustainable future is about all of us who stand at the intersection of business and the environment. At Waste Management, our charge is clear. We will strive to find new and better ways to provide our customers with valued environmental solutions. We will extract more value from the materials we manage. And we will continue to challenge ourselves to minimize our own operational footprint and improve the environment, even as we help our customers do the same.

Our business has never been more relevant to the world we live in and the challenges our customers face than it is today. And our opportunity has never been greater. That opportunity excites me – and inspires all of us at Waste Management, each and every day. We look forward to sharing that journey with you.

Respectfully,



David P. Steiner
Chief Executive Officer

WASTE MANAGEMENT IN SUMMARY

Waste Management is the largest provider of comprehensive waste and environmental services in North America, as well as North America's largest municipal waste recycler and a leader in waste-based energy technologies. Headquartered in Houston, Texas, the company is publicly traded (NYSE:WM). We serve over 20 million customers with environmentally sound management of solid wastes and transformation of waste into usable resources.



*As of September 2010

SUSTAINABILITY GOALS AND KEY PERFORMANCE INDICATORS, 2007-2009

Progress toward Goals	2007	2008	2009
Tons of Recyclables Managed 2020 GOAL: 20 Million Tons	8.0 million	7.6 million	8.5 million
Waste-Based Energy Production 2020 GOAL: 2 Million Households	1,073,000	1,033,000	1,073,000
Fleet Efficiency ¹ 2020 GOAL: 15% Improvement	2 million driver hours reduced; 853 natural gas vehicles added; 2,200 vehicles using biofuels		
Number of Wildlife Habitat sites	24	49	73
Number of Acres Protected 2020 GOALS: 100 Sites; 25,000 Acres	17,000	21,000	24,000
Other Key Indicators			
Waste-Based Energy Benefits ²			
• Tons of coal equivalent	5,300,000	5,385,000	5,591,000
• Barrels of oil equivalent	20,700,000	20,890,000	21,563,000
Greenhouse Gas (GHG) Emissions ³ (metric tons carbon dioxide equivalents)			
• Process			21,552,559
• Transportation			1,754,977
• Energy use			357,141
Potential avoided GHG emissions from:			
• Renewable energy generation			3,504,234
• Waste-derived fuels produced and sold			23,976
• Reuse and recycling of materials			5,621,788
• Carbon permanently sequestered in landfills ⁴			17,703,584
Resource Savings Achieved through Recycling			
• Energy savings – equivalent (number of households/year)	1.4 million	1.3 million	1.4 million
• GHG savings – per passenger car equivalent (number taken off the road/year)	4.8 million	4.8 million	4.8 million
Total Recordable Injury Rate (decline represents improvement)	4.3	3.6	3.1
Vehicle Accident Rate (rise indicates improvement)	8,974	10,379	12,066
Percent of Waste Management's Modern Landfills that Have Contaminated Groundwater	0	0	0
Charitable Giving	\$11,279,775	\$14,485,838	\$12,861,665

¹We have made important progress toward our fleet efficiency and emissions goals, reducing driver time through efficient routing, replacing older engines with new engines equipped with diesel particulate filters and selective catalytic reduction technology, reducing vehicle weight, employing 853 natural gas vehicles and employing 2,200 vehicles that run on various blends of biodiesel. In 2012, we will be able to quantify the impacts on our fleet in terms of fleet efficiency and emissions.

²Equivalent number of households that could be powered by Waste Management's energy production. Note that standard industry assumptions about household energy use differ for the waste-to-energy and landfill-gas-to-energy sectors. See pages 15 to 19 for details.

³2009 is the base year for Waste Management's carbon footprint so data from previous years are not available. Changes to the footprint will be reported in our next sustainability report. Please see pages 34 to 37 for discussion of the footprint and data notes.

⁴See the Appendix, page 28 for discussion of the protocol used for this indicator. We are not presuming to characterize how emerging regulatory programs will allocate credit for these avoided emissions, so we do not claim these greenhouse gas reduction benefits as our own, nor attempt to deduct these reductions from our carbon footprint.

ABOUT THIS REPORT

Waste Management is committed to issuing a detailed sustainability report every two years. This report updates our 2008 Sustainability Report, providing data trends for 2008 and 2009 with key developments in 2010 where information was available prior to publication. All quantitative data in the report were audited by Waste Management's Corporate Internal Audit Department. Notes on the scope of the data are included with the data charts.

This report covers Waste Management's wholly owned operations, all of which are located in North America. In 2009, Waste Management entered into new business partnerships to develop waste-to-energy projects in the United Kingdom, Western Europe and China. Information on those partnerships will be included in the next sustainability report.

We focus our reporting on the following themes that we have identified through internal and external consultation to be most material:

- Focusing on our customers' sustainability needs
- Reducing and recycling wastes generated by others
- Converting waste into renewable energy, fuels and chemicals
- Managing our waste treatment, materials processing and disposal facilities to exceed regulatory obligations
- Serving as responsible stewards of the land

This report will be valuable to our key stakeholders, including customers, investors, regulators and other government officials, community members, business partners, nongovernmental organizations, and most importantly – our employees. We continuously consult with these stakeholders, who have influenced the content of this report.

GLOBAL REPORTING INITIATIVE

This report is aligned with the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines, released in October 2006, at a self-checked application level of "B." The Appendix contains a complete index of GRI indicators at [2](#). More information on the GRI and the application levels can be found on the [GRI website](#).



		2002 is Assurance	C	C+	B	B+	A	A+
Assurance	Self Declared							
	Third Party Checked		Report Externally Assured		Report Externally Assured			
	GRI Checked							Report Externally Assured

We welcome your feedback on this report, as it helps us to improve future reports. Please contact:

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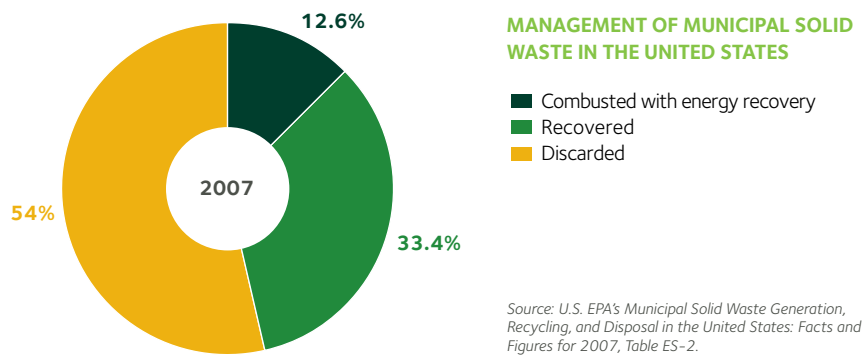


FROM WASTE TO RESOURCES

PROVIDING ENVIRONMENTAL SERVICES

At Waste Management, we see the garbage we collect as a resource. From the moment waste leaves the curb, it can go to a recycling center to be repurposed for further use; to a clean power plant for use as fuel to provide renewable energy; to a composting facility where organic waste can be converted into a nutrient-rich soil amendment or a high-octane vehicle fuel; or to a landfill where it creates energy as it decomposes.

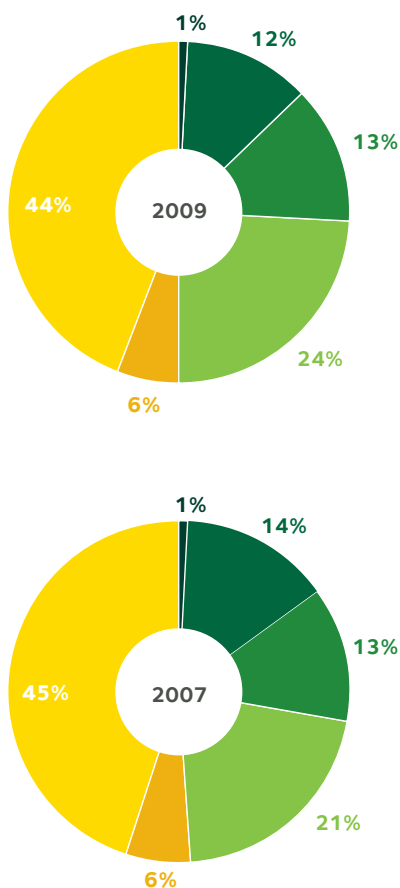
We work with municipal customers and manufacturers alike to develop strategies to reduce, reuse, recycle and recover the value from waste, which minimizes environmental impact on the planet and saves our customers money.



Every day in the United States, each person produces about four and a half pounds of garbage. That adds up to one ton of waste per person each year, more than half of which goes to landfills.⁸ Historically, particularly in the United States, products were simply discarded at the end of their use. But demand for scarce resources and rising energy costs have started to change the way the world works. Companies are scrambling to satisfy consumer demand for environmentally friendly products, meet changing governmental regulations and achieve cost savings through manufacturing processes that use energy and materials efficiently. Increasingly, trash is seen as too valuable to just throw away.

Our business mix is evolving from traditional waste collection and disposal to various forms of resource recovery (see figures below). During 2009, our revenues were split almost evenly between traditional collection and disposal and green services. The most significant change in our mix of business between 2007 and 2009 was the increase in the proportion of revenue from collection and transfer to green facilities (by nearly three percentage points). Our proportion of revenues from recycling declined two percent during the reporting period.

During 2008 and 2009, recycling rates were challenged by global economic turmoil. For part of this period, a collapse in the market price for recyclable commodities, particularly paper, turned recycled materials from a valuable asset to a nearly worthless commodity. This affected support for municipal recycling programs – suppressing both demand for recycling services and revenues from the sale of commodities. Fortunately, in 2010, markets are improving and demand for recyclables increasing. Through it all, Waste Management continued to be fully committed to remaining North America's largest recycler and even made strategic acquisitions to increase capacity. We significantly expanded the range of our recycling capabilities through the acquisition of traditional recycling, e-waste, organics and compact fluorescent lighting (CFL) recycling capacity.



WASTE MANAGEMENT MIX OF BUSINESS

GREEN SERVICES

- **Newest Innovative Service Lines**
Includes Organic Growth Group/Upstream revenues.
- **Recycling**
Includes Waste Management Recycle America, Recycling Material Sales and Brokerage, landfill revenues from Revenue Generating Cover and Redirected Waste, and recycling revenue within the collection line of business.
- **Green Energy Production Facilities**
Includes Wheelabrator green energy facilities, Waste Management renewable energy and landfill-gas-to-energy facilities, and landfills with bioreactors.
- **Green Collection/Transfer**
Includes inter-company revenues from collection/transfer station operations to Waste Management "green" facilities (landfills generating energy, waste-to-energy facilities, recycling facilities).

TRADITIONAL SERVICES

- **Traditional Landfill**
Includes revenues from disposal in landfills not used for energy recovery. Hazardous waste revenue is included in this category.
- **Traditional Collection/Transfer**
Includes traditional collection and transfer station lines of business.

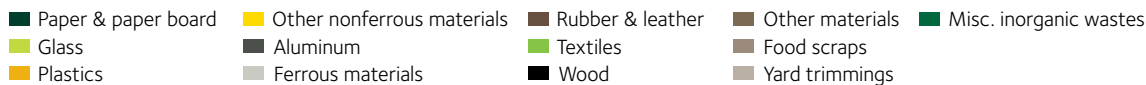
Source: Full year 2007 and 2009 revenue data

What's In Our Trash?

In today's increasingly resource-constrained world, what people throw away reveals a great deal. Municipal solid waste (MSW), better known as "garbage" or "trash," is the waste generated by industries, businesses, institutions and residences. The figure below shows the growth in MSW in the United States over time, by type of material. By analyzing the contents of the waste stream, Waste Management, in partnership with customers, is working on solutions to reduce, divert and recycle more materials. How we do this is described in detail later in this report.

U.S. MUNICIPAL SOLID WASTE GENERATION, BY MATERIAL

Percentage of Total Generation Before Recycling



Source: U.S. Environmental Protection Agency

Most of Waste Management's operations focus on the recycling, recovery and ultimate disposal of municipal solid waste. MSW is only part (less than 10 percent) of the universe of wastes generated in the United States, and our services extend beyond the MSW stream. Our Industrial, Construction, Green Squad and Upstream service teams help business customers find sustainable ways to reduce and manage their commercial and industrial waste and transform it into usable resources.

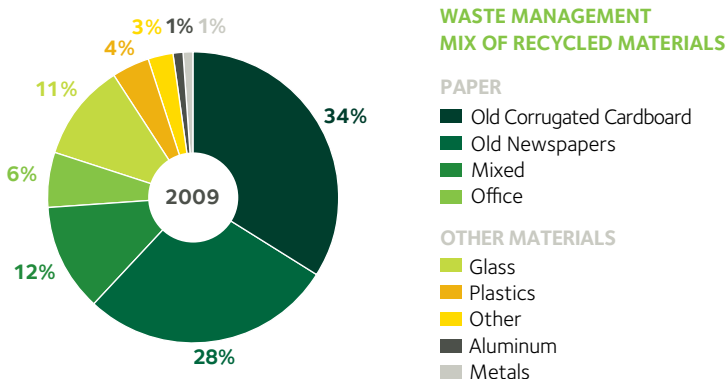
Where Does the Trash Go?

As the leading provider of comprehensive waste and environmental services in North America, Waste Management collects on average 100 million tons of waste per year. Our goal is to determine the best end use for the materials we are charged with handling. In partnership with our customers, we provide expertise on reducing and repurposing waste, and we are striving to expand our recycling programs to reclaim raw materials that can be introduced back into the supply chain. Our waste-to-energy facilities reduce the volume of trash by up to 90 percent, save valuable landfill space and generate electricity using waste as fuel. Where the disposal of waste is necessary, our landfills are a secure disposal alternative and are tapped as a source for renewable energy.

RECYCLING SERVICES

Waste Management is North America's largest recycler. In 2009 we managed more than 8.5 million tons of material that was recycled or reused. By the year 2020, our goal is to nearly triple the amount of recyclable materials we manage from our 2007 baseline – to more than 20 million tons a year.

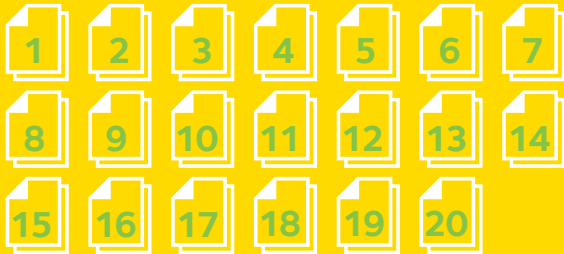
The end of 2008 and much of 2009 proved challenging in pursuing this goal. Recycling commodity market prices declined along with the economy in the fourth quarter of 2008. Fortunately, commodity markets steadily recovered through 2009 and into 2010 such that those markets are at or near their pre-October 2008 levels. Moreover, we are working with our customers to revise contracts so that our customers share more in the benefits of strong commodity markets as well as more of the risk in weaker markets. Our commitment to recycling is stronger than ever, because we are convinced that our customers' desire to tap the value in waste will continue and increase in the future. Consequently, we continue to invest in new ways to recycle – including things we have never recycled before.



Waste Management has been recycling many materials, including paper, glass and metals, for decades. Recently, we have begun capturing more value from the waste stream by expanding our recycling capabilities to include new materials, and working with customers to increase overall recycling volumes.

PAPER

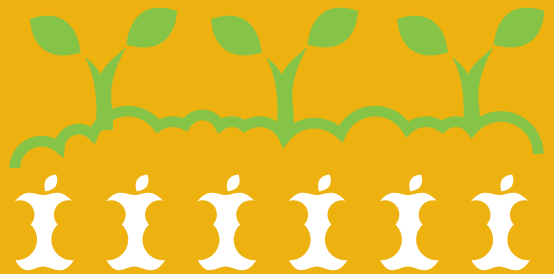
WE RECYCLED **6 M TONS** OF PAPER PRODUCTS AND PACKAGING IN 2009



- Waste Management has been separating and recovering paper and cardboard for more than **20 years**.
- A whopping **68%** of everything we recycled was old newspapers, office paper and old corrugated cardboard.
- Recycling paper conserves landfill space and reduces raw materials and energy needs. Today's recycling facilities efficiently process paper alongside other recyclables, with minimal residual contamination.

ORGANICS

WE PROCESSED **1.25 M TONS** OF ORGANIC WASTE IN 2010

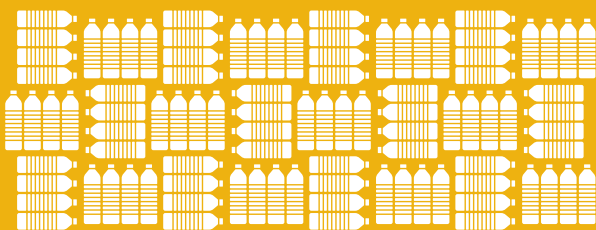


- Waste Management has **34 organics** composting facilities.
- We are working with customers and partners to maximize the beneficial reuse of organics to develop products such as **soil amendments, organic fertilizers, renewable energy, advanced biofuels and renewable chemicals**.

PLASTICS

WE RECYCLED NEARLY **175,000 TONS** OF PLASTICS IN 2009

- Nearly **72,000 tons** of this were polyethylene terephthalate (PET), used for soft drink and water bottles, among other things.
- Waste Management recycled more than **2 billion** PET bottles. If these were all 20 ounce bottles, the recovered plastics from these bottles could make **106 million square feet of recycled carpet**.
- We are working with suppliers to find new uses for waste plastics.



E-WASTE

2 M TONS/YEAR RECYCLED (U.S. EPA ESTIMATE)



- **Fastest growing commodity** within the municipal solid waste stream
- **5 million tons** of e-waste, mostly consumer electronics, are stored in garages and basements.
- Waste Management operates **214 eCycling collection depots**.
- Our goal is to establish **drop-off locations in all states** where we operate to provide recycling for e-waste within 20 miles of 95% of the U.S. population.

GLASS

WE RECYCLED OR REUSED
NEARLY **550,000 TONS**
OF GLASS IN 2009

- Our glass recycling saved as much energy as taking nearly **14,000** cars off the road.
- A glass container can go from a recycling bin to a store shelf in as little as **30 days**. An estimated **80%** of recovered glass containers are made into new glass bottles.
- Recycling just **one glass bottle** saves enough energy to light a 100-watt light bulb for four hours, power a computer for 30 minutes, or a television for 20 minutes.



METALS

WE RECYCLED **402,000 TONS**
OF FERROUS AND NON-FERROUS
METALS IN 2009

- Tin, steel and aluminum recovered through recycling can have **second lives as cans, siding, storm window frames and other products**.
- We are working with our commercial customers to make it easier to separate metals to **increase metal recovery efficiency**.



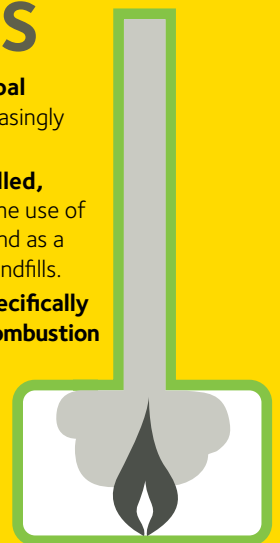
CONSTRUCTION & DEMOLITION WASTE



- **Recycling of construction and demolition (C&D) waste is growing.** Waste Management helps contractors, builders and their customers achieve green building and sustainability goals by providing waste management and environmental solutions from the design phase through construction.
- As state incentives for C&D recycling increase and more LEED-certified facilities are built, we expect to add facilities like our California Wood Recycling unit at the Simi Valley Landfill and Recycling Center, where we **sort materials for maximum recycling** and provide documentation sufficient to satisfy LEED standards.

COAL COMBUSTION RESIDUALS

- Finding a **beneficial use for coal combustion residuals** is increasingly valued.
- Our landfills **provide a controlled, contained environment** for the use of these residuals as daily cover and as a medium to stabilize liquids at landfills.
- We are developing monofills **specifically tailored for disposal of coal combustion residuals**, and we are actively evaluating new ways we can help our customers put this waste stream to beneficial use.



Increasingly, manufacturers – including many of our commercial and industrial customers – are incorporating the idea of recyclability into the design of consumer goods. Using recycled materials in the creation of new products has the potential to reduce the water and air impacts that come with making those new products from raw materials, and can help to cut greenhouse gas (GHG) emissions. When products are disposed at their end of use, it's ideal if we can extract the value of those discards to use as raw materials in new manufacturing production. Waste Management is actively working with our customers to help them design with recyclability in mind. Our knowledge of recycling processes makes us a valuable partner in this effort. (To learn more about our activities in these areas, see p.56 of this report.)



PARTNERING WITH TROPICANA TO INCREASE JUICE CARTON RECYCLING

We are always looking for new ways to divert materials from the municipal solid waste stream and recycle them instead. In November 2009 we partnered with Tropicana (a leading producer of fruit juices in the United States), Dean Foods and the Carton Council to launch a juice carton recycling initiative. Until recently, juice cartons, made of a combination of paper and plastic, could not be recycled. In a pilot program in Tampa, Florida, Waste Management began collecting these containers to be processed by our end-use partners through “hydropulping,” which “blends” the cartons so the non-paper and paper layers separate. The recovered paper fibers can then be recycled themselves, into items such as tissue and paper towels.

GROWTH OF ELECTRONIC WASTE SPARKS RECYCLING INNOVATION

Consumer electronics – including TVs and other video equipment, phones, computers and peripherals – make up a small (under 2 percent) but growing part of the municipal solid waste stream. If disposed of in an environmentally negligent manner, the heavy metals present in this so-called “e-waste” can harm the environment. Though modern landfills are environmentally engineered and monitored to prevent the release of harmful materials, recycling is preferable because valuable raw materials can be recovered and used to make new products.

At Waste Management we have rapidly expanded our e-waste management capacity to help consumers recycle responsibly, to help governments meet their goals for e-waste recovery and to help electronics manufacturers take responsibility for their products at the end of their useful lives. (See [7](#) for more information.) In the last two years, we have partnered with Sony Electronics and LG Electronics in the nation's first voluntary take-back electronics program. Through these partnerships, customers were encouraged to recycle their Sony and LG products (the latter including the LG, Zenith and Goldstar brands) for free at any one of our 214 drop-off locations around the country.⁹

WASTE-BASED ENERGY PRODUCTION

As demand for renewable energy grows, so does the search for reliable, cost-effective methods of production. We are a pioneer in the extraction of energy from waste. We built the first commercially successful waste-to-energy plant three decades ago just outside of Boston, and we pioneered landfill-gas-to-energy technology 20 years ago.

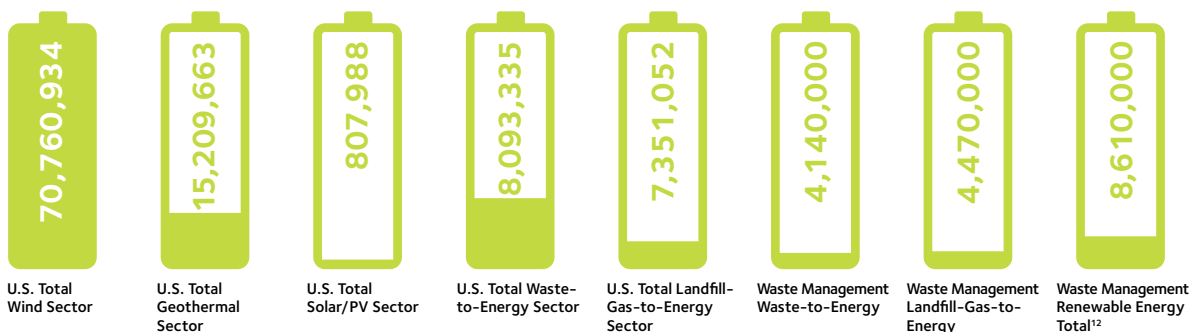
In our specially engineered plants, we use garbage – ordinary household trash as well as business and industrial nonhazardous waste – to create energy. We do this in two ways: by recovering the energy in trash through “waste-to-energy” combustion, or WTE, and by harvesting landfill gas as a combustible fuel, known as “landfill-gas-to-energy,” or LFGTE. Landfill gas, comprised of 50 to 60 percent methane or natural gas, is a naturally occurring byproduct of the disposal of waste in landfills.

In our modern world, garbage is plentiful and is considered by the Federal Energy Regulatory Commission as a renewable energy source – the same as wind or solar power.¹⁰ Waste-based energy is highly valued by utilities because it is a base load resource available 90 percent of the time (in contrast to wind and solar, which ebb and flow).

In 2009, Waste Management facilities created enough energy from waste to power nearly 1.1 million homes. That’s the equivalent of over 21.5 million barrels of oil or 5.6 million tons of coal. According to statistics compiled by the U.S. Department of Energy for 2009, our production of renewable energy from landfill gas was more than 60 percent of the U.S. total reported, and nearly 23 percent of the renewable energy from waste-to-energy projects.¹¹ Combined, these Waste Management renewable fuels created an order of magnitude more renewable energy than that produced by the solar industry, and more than half the amount of energy produced by geothermal sources nationwide.

RENEWABLE ELECTRICITY PRODUCTION IN 2009 BY ENERGY SOURCE

(Measured in Megawatt Hours)



U.S. Energy Information Administration Independent Statistics and Analysis

While the concept of generating energy from waste is not new in the United States, it is more common in other regions. In Europe, approximately 430 waste-to-energy plants work in combination with recycling as an integrated waste management system,¹³ supplying enough electricity to power 7 million households. Waste Management is currently pursuing new waste-to-energy projects with our partners Shanks Group plc and Cory Environmental in the United Kingdom, and in early 2010 we formed a joint venture with Shanghai Chengtong Holding in China.

Waste to Energy

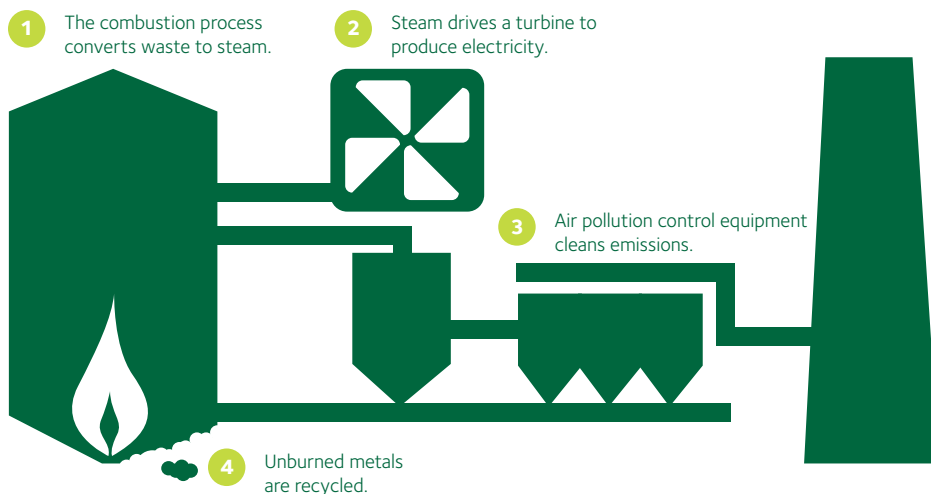
Using trash as fuel to generate clean, renewable power, our wholly owned Wheelabrator unit operated 16 waste-to-energy plants in 2009, with the capacity to process over 21,000 tons of waste per day. With the addition of a 17th plant in 2010, capacity is projected to be 749 megawatts, capable of powering 680,000 homes.

Waste-to-energy plants can also provide steam to municipal district heating systems or nearby industrial facilities. For example, our Baltimore plant supplies 40 percent of the steam for heating and cooling downtown buildings, including Ravens Stadium.

Modern waste-to-energy facilities use municipal solid waste as a fuel to generate electricity in almost the same way as traditional power plants produce energy. Waste-to-energy facilities convert trash to energy through controlled combustion, using advanced emissions-control equipment. Waste-to-energy plants reduce the volume of the waste up to 90 percent, saving valuable space in landfills, and provide a clean alternative to the use of fossil fuels. In fact, the U.S. Environmental Protection Agency (U.S. EPA) has stated that waste-to-energy plants produce electricity “with less environmental impact than almost any other source of electricity.”¹⁴ (See [7](#) for more on Wheelabrator’s other plants.)

THE SAFETY OF MODERN WASTE-TO-ENERGY PLANTS

In the United States, early experiences with older technologies for waste incineration caused concern due to potential environmental and human risks. The earliest plants emitted pollutants at levels that would not be tolerated today. In the 1990s, U.S. EPA regulations helped to reduce dioxin emissions from waste-to-energy facilities by more than 99 percent below 1990 levels and mercury emissions by over 90 percent.¹⁵ Today’s waste-to-energy facilities use advanced emissions-control equipment, including scrubbers to control acid gas, fabric filters to control particulates, selective non-catalytic reduction to control nitrogen oxides, and carbon injection to control mercury and organic emissions.¹⁶ The U.S. EPA has noted the low environmental impacts.¹⁷ All Waste Management waste-to-energy facilities meet both the U.S. EPA’s standards and the strict European standard for control of dioxin. For more information, see www.wte.org.



Many of the communities we serve have implemented progressive waste prevention and recycling programs with ambitious goals for encouraging public participation and increasing recycling rates. Studies demonstrate that communities with waste-to-energy facilities have higher recycling rates on average than those that do not have such facilities.¹⁸ For example, Wheelabrator's plant in Westchester, New York, began its operations in conjunction with a recycling program, and in 2009 Westchester achieved a record-breaking 61 percent of all solid waste recycled.

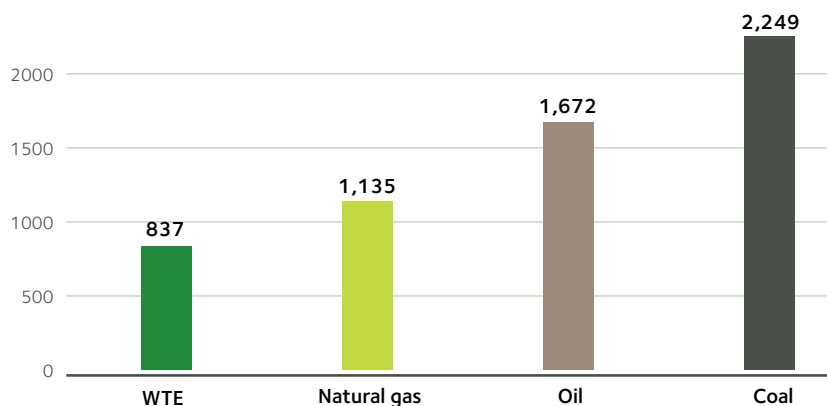
From 1975 through the end of 2009, Wheelabrator's waste-to-energy facilities processed 164 million tons of MSW into 86 billion kilowatts of clean, renewable electricity, avoiding the use of 293 million barrels of oil or 68 million tons of coal that would have been used to produce that amount of electricity.

WHEELABRATOR RENEWABLE ENERGY PRODUCTION, 2007 – 2009¹⁹

	2007	2008	2009
Kilowatt-hours sold ²⁰	4.58B	4.57B	4.47B
Number of households this could power ²¹	699,000	633,000	632,000
Coal use this could avoid (tons)	3,470,000	3,425,000	3,431,000
Oil use this could avoid (barrels)	14,970,000	14,760,000	14,793,000

AIR EMISSIONS

(pounds CO₂ per MWh)



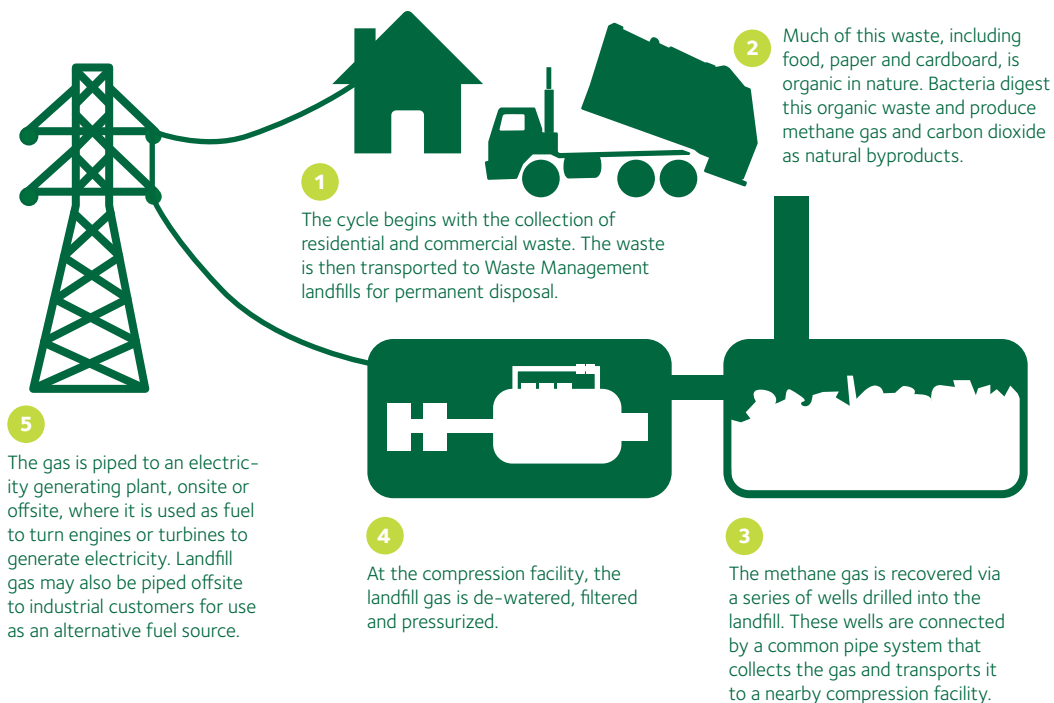
Every ton of waste processed at a WTE plant prevents one ton of carbon dioxide (CO₂) equivalents from entering the atmosphere.

Landfill Gas to Energy

Biodegrading waste in a landfill naturally emits methane, a greenhouse gas. At most landfills in the United States, the methane is simply burned off in flares. By capturing this methane gas and using it instead to produce power at LFGTE facilities, we reduce methane emissions and the environmental impact of their release into the air. We also create an alternative power source, offsetting the impacts of power that otherwise occur by burning fossil fuels.

As of September 2010, we had 124 projects that use landfill gas for fuel (up from 119 in 2009); these projects account for over one-quarter of all LFGTE sites in the United States. In 2007, we announced a goal to bring our total installed generating capacity to 700 megawatts of electricity. From 2007 through September 2010, we completed 33 new projects and expanded 10 projects, adding the equivalent of 180 megawatts and bringing our total installed capacity to almost 600 megawatts.

Our LFGTE capacity is important to our customers' attempts to meet their own sustainability goals. As part of a commitment to become carbon neutral, computer manufacturer Dell began powering its global headquarters with 100 percent green power, 40 percent of which is supplied by a nearby Waste Management landfill-gas-to-energy project. The Dell facility will round out its power needs from existing wind farms.



WASTE MANAGEMENT LFGTE PRODUCTION, 2007 – 2009

	2007	2008	2009
Megawatts installed at end of year	459	491	542
Kilowatt-hours sold	3.51B	3.76B	4.14B
Number of households this could power ²²	374,000	400,000	441,000
Coal use this could avoid (tons)	1,830,000	1,960,000	2,160,000
Oil use this could avoid (barrels)	5,730,000	6,130,000	6,770,000

FROM WASTE TO FUEL: LANDFILL GAS TO LIQUEFIED NATURAL GAS

The U.S. EPA's Methane Outreach Program gave us two awards in 2009: one to our Altamont Landfill in Livermore, California, for its efforts to convert landfill gas to natural gas, and the other to our cogeneration project at the University of New Hampshire. That project supplies the university's campus with energy generated from our Turnkey Landfill in Rochester, New Hampshire. See [7](#) for more on the Altamont Landfill effort.

In Seattle, we are helping the community attain carbon neutrality. Our liquefied natural gas/compressed natural gas (LNG/CNG) fueling station not only fuels our trucks, but also the city's taxis and police force. The city expects this partnership to reduce its annual GHG emissions by 3,015 metric tons per year.



MATERIALS MANAGEMENT

Collection Services

We provide solid waste collection services to more than 20 million customers across North America, from single, residential households to large companies with hundreds of locations. To handle this volume, we operate nearly 19,000 transfer and collection vehicles, the largest trucking fleet in the waste industry. Our fleet routes are designed to maximize collection efficiency and reduce fuel use. One way we achieve this is through compactor monitors that help our customers arrange for pickup service only when they need it, eliminating unnecessary trips for us and saving our customers money.²³



Our new Waste Management Solar Compactor is advancing the efficiency and reducing the carbon footprint of waste collection in high-traffic areas and urban centers. The Waste Management Solar Compactor is self-powered from solar panels. Internal sensors trigger the compactor when the trash needs to be compacted, giving these 35-gallon receptacles five times the capacity of traditional trash barrels. When the compactor reaches capacity, a wireless system signals for pickup, cutting the need for vehicle service miles and fuel use for collection by up to 80 percent. The compactors also include receptacles for collecting plastic bottles, newspapers, glass and other recyclables, to make recycling easier.²⁴

Transfer Services

With much of the waste we collect going to our own recycling centers and landfills, a supporting network of transfer stations provides an important link for efficient disposal. Strategically located transfer stations serve to consolidate, compact and load waste from collection vehicles into long-haul trailers, barge containers or rail cars for transport.

We are actively pursuing ways to increase the volume of materials coming through our transfer stations that can be recycled. We are conducting 37 pilot projects investigating how wet versus dry loads can be handled to recycle wastes customers had simply disposed.

Disposal Services

Landfill Capacity Waste Management operates the largest network of landfills in our industry and manages the disposal of approximately 100 million tons of waste each year. Our sites are operated in accordance with internal company safety and environmental policies intended to ensure that our landfills go beyond regulatory requirements to anticipate and deter conditions that may not be included in our regulatory obligations but nevertheless cause concern (e.g., odors, noise).

The first sanitary landfills built in the 1920s and 1930s replaced open trash dumps that posed significant threats to human and environmental health. In the decades that followed, landfill design evolved to include protective linings and other safety features to minimize the potential for leakage of untreated water and waste into the environment. A far cry from the first sanitary landfills, today's landfills are highly engineered containment systems where waste is placed for secure storage on properties that can provide valuable future use for commerce, conservation and recreation. To learn more about new advances in landfill technology, see www.thinkgreen.com/how-we-think-green, as well as our website.²⁵



Medical Waste Handling Waste Management's focus on our customers' needs leads us to innovate ways to make managing their waste streams easier, safer and more cost-effective. In 2009, Waste Management Healthcare Solutions acquired the assets of PharmEcology Associates, including its PharmE® Waste Wizard and PharmE® Inventory Analysis. PharmEcology® worked with 219 hospitals in 2008 and 2009. These hospitals have an estimated 400,000 pounds of hazardous pharmaceutical waste and 2.6 million pounds of nonhazardous waste that need to be secured in lawful and protective disposal.²⁶



Waste Management also brings safe disposal options to small medical practices and consumers by offering MedWaste Tracker, which enables the disposal of "sharps" (e.g., needles and syringes) and small quantities of medical waste in secure packages. These secure packages can be returned to a participating pharmacy or shipped by the U.S. Postal Service.²⁷

Household Renovation Waste Management also helps make home improvement and renovation projects easier for homeowners and small businesses. Waste Management's "Bagster" – or "dumpster in a bag" – is a unique retail service offering. It combines a high-strength polypropylene bag with a flat pickup and disposal service fee, and is a convenient option for projects too small to require a larger dumpster. Customers can purchase the bag themselves on a routine shopping trip, eliminating the need for dumpster delivery. Waste Management can pick up 12 to 15 full bags before delivering them to a transfer station, eliminating 75 percent of truck mileage and associated emissions compared to the typical dumpster service.²⁸



MANAGING A SUSTAINABLE ENTERPRISE

How we govern and manage our own business and footprint are issues that are vital to the communities in which we operate, the people we employ and the customers we serve. They’re also vital for demonstrating the sincerity of our commitment to sustainability. While many companies work hard to protect the environment from their business, at Waste Management, protecting the environment *is* our business. That’s why our sustainability strategy is fully integrated into our governance and management systems and reflected in a set of ambitious sustainability goals.

In this section of our report we discuss the governance and management systems that help us to: identify emerging opportunities to capture additional value from waste streams; deliver services to the highest environmental standards; provide opportunities to our more than 43,000 employees; actively address community needs; and play a constructive role in public policy development. We also take a look at how we apply sustainability principles to our own facilities and value chain.

INTEGRATING SUSTAINABILITY INTO OUR BUSINESS

Two important tools for integrating sustainability into our business have been our Strategic Business Framework and its evolution into a “scorecard” process. (See figure below.) Environmental excellence and compliance are hallmarks of sustainability and core elements of our management framework.²⁹ Through the strategy and scorecard processes, we align stakeholder perspectives and market opportunities into a plan and a set of targets that guide the entire organization over the course of a year. Compensation is affected by alignment with company goals (including, as applicable to a business unit, sustainability goals), and compliance and sustainability are part of our performance review structure. See [8](#) for more on our strategy and management processes.



CODE OF CONDUCT

Waste Management's Code of Conduct is entitled Focusing on Our Values. Compliance with our Code is central to our business success. Details on how we make the Code of Conduct integral to our operations appear on [10](#).



STAKEHOLDER ENGAGEMENT

We recognize that accountability is important, and we value open dialogue with the diverse stakeholders that have an interest in our business. Waste Management engages broadly and at every level with business peers and with multi-stakeholder groups to discuss all issues affecting our business and all ways in which our operations may affect others. Insights from these engagements help inform our strategic plans and business targets.

In the past two years, Waste Management has been part of more than 60 federal, nearly 100 state and more than 100 local organizations dedicated to bringing parties from very different perspectives to the table to solve environmental and social challenges. This extensive network helps us understand how we can provide value in terms of environmental stewardship, natural resource conservation and sustainability.

Over 90 percent of our MSW and hazardous waste landfills and waste-to-energy facilities have some form of stakeholder engagement process – ranging from formal advisory groups to conservation projects, ongoing service to schools, issuance of newsletters and creation of dedicated facility-specific web pages. Customer feedback is actively solicited.³⁰ See [10](#) for more on our stakeholder engagement efforts.

WASTE MANAGEMENT A “MOST ETHICAL COMPANY”

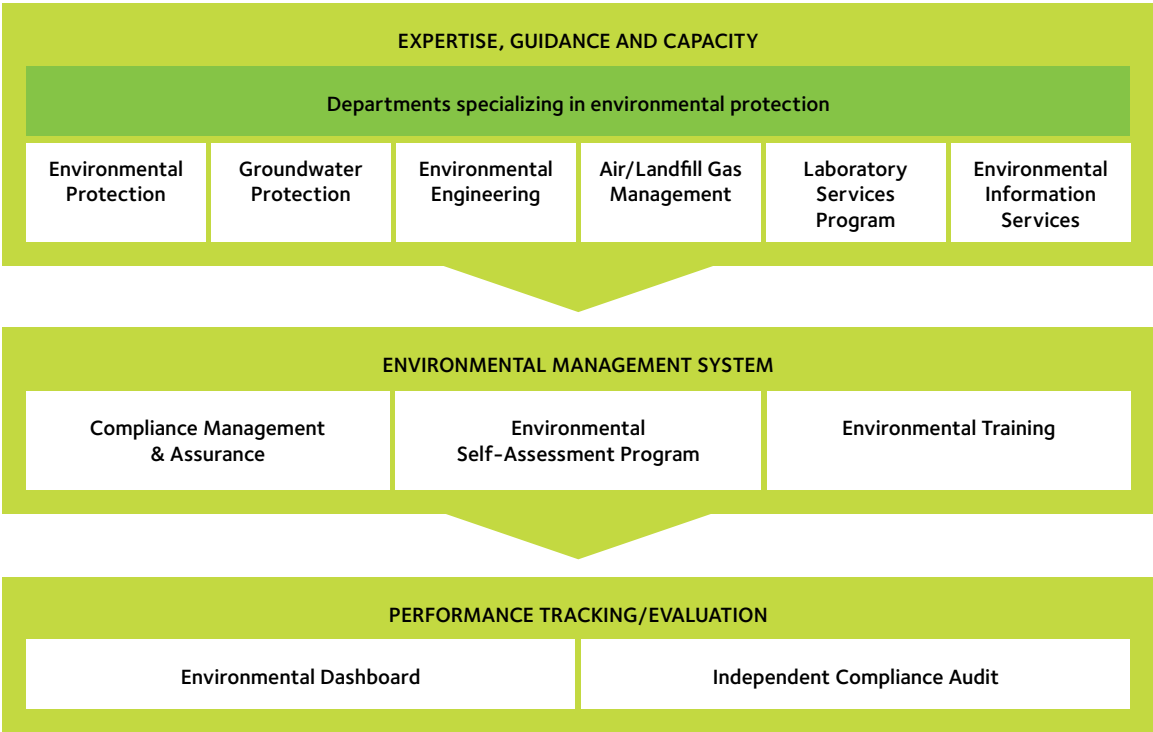
For the third consecutive year, Waste Management in 2010 was named one of the world's most ethical companies by the Ethisphere Institute. Thirty-five industries were represented among 99 global companies listed; Waste Management was the only environmental services or waste industry company to be named. The Ethisphere Institute is a research-based organization that advances recognition of corporate social responsibility, business ethics, anti-corruption and sustainability best practices.



ENVIRONMENTAL MANAGEMENT

Safeguarding the environment is the foundation of our business. It’s our promise to customers, our competitive advantage and our license to operate. How we manage potential environmental impacts and opportunities is a critical element of being a sustainable enterprise. In a business as highly regulated as ours, protecting the environment, maintaining compliance and innovating to improve operations require unwavering focus, expertise, comprehensive systems and internal checks and balances. We have evolved our systems over decades, with a focus on integrating environmental functions into the core of our business. The figure below shows how the key components of environmental management work at Waste Management. Because environmental stewardship is the core of our business, we post our environmental policy and information on our management team, practices and training on our website for public review.³¹ (See also [17](#) for more on the below figure and our environmental management processes.)

OVERVIEW OF WASTE MANAGEMENT’S ENVIRONMENTAL MANAGEMENT APPROACH



SUSTAINABILITY AT OUR FACILITIES

We have implemented sustainability practices at our own facilities to improve operational efficiencies and achieve cost savings. Signaling our commitment to sustainable development, our company headquarters in Houston, Texas, is certified by the U.S. Green Building Council (USGBC) according to Leadership in Energy and Environmental Design (LEED) standards. LEED provides independent third-party verification that a building meets environmentally friendly design and performance standards, as established by the USGBC. We are beginning to incorporate LEED standards into new construction. See [21](#) for more.

EL CAJON TRANSFER STATION: SUSTAINABILITY IN ACTION

Our El Cajon transfer station in Southern California has long been a leader in implementing sustainability practices based on LEED design principles and serves as a model for future construction for Waste Management. El Cajon features landscaping with locally adapted plant materials, also known as “xeriscaping”; has a white roofing system that effectively reflects solar radiation to cool the building (achieving 20 – 40 percent reduction in air conditioning load); and employs sustainable purchasing in housekeeping items, bathroom fixtures and lighting control. In December 2009, El Cajon began tracking energy performance and consumption using a state-of-the-art metering system.

In June 2009, the facility unveiled a modern Construction and Demolition (C&D) Processing and Recycling Center. Using the latest technology, the facility will recover and process up to 130,000 tons of commercial construction waste annually, as well as traditional recyclables. From sheet rock and concrete to wood and metal, the \$7 million, state-of-the-art sorting line separates C&D recyclable items from the waste stream collected at commercial building sites and home remodeling projects. The line also has high-tech “TiTech” optical sorting capabilities for the processing of dry recyclables such as aluminum cans, glass and newspapers from commercial trash loads.

Since 2008, the station has been recognized repeatedly for its contribution to sustainability and the environment, receiving awards that include the California Department of Toxic Substances Control’s Pollution Prevention (P2) Model Green Shop Award; inclusion in the U.S. EPA’s Waste Wise Program; the California Integrated Waste Management Board’s Waste Reduction Award Program; the American Lung Association’s 2009 Clean Air Circle Award; the Industrial Environmental Association’s 2008 and 2009 Sustainability Awards; the 2008 San Diego EarthWorks Award; and a 2009 Orange County Best Place to Work Award.

Sustainability in Procurement and Operations

Like most businesses, Waste Management has the opportunity to demonstrate its environmental and social commitment by making green purchases and supporting disadvantaged businesses. We also have unique opportunities to work collaboratively with suppliers to help them cut waste, use recycled materials and leverage their expertise to help us reach our sustainability goals.

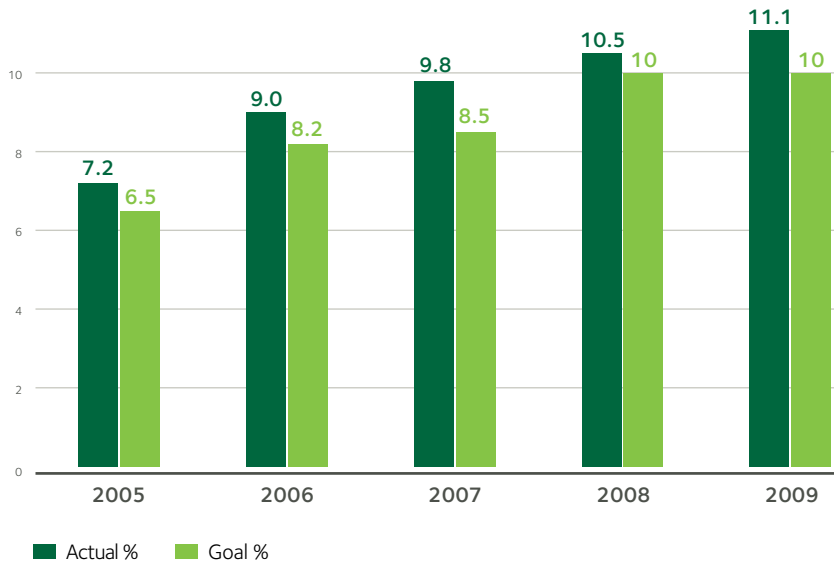
Waste Management’s guidelines for suppliers set forth five criteria: product and technology leadership, service and support leadership, quality, delivery and lead-time performance, and total cost performance. For third-party waste service providers, Waste Management requires environmental assessments that ensure compliance with all applicable environment, health and safety requirements. (For a discussion of Waste Management’s role in the global supply chain, see www.thinkgreen.com/sustainable-growth-goals.)

For more on our sustainability efforts in procurement and operations, see [22](#).

SUPPLIER DIVERSITY

In 2009, Waste Management purchased more than \$300 million in products and services from diverse suppliers, including woman-owned, minority-owned and service-disabled, veteran-owned businesses. This volume represents approximately 11.1 percent of our total subcontracting budget for goods and services. This marks the fifth consecutive year the company has exceeded our corporate supplier diversity goals. To facilitate our use of diverse vendors and suppliers, Waste Management provides online registration for small businesses, including those owned by minorities, women and service-disabled veterans.³²

PERCENT OF SUBCONTRACTING BUDGET FOR GOODS AND SERVICES SPENT ON DIVERSE SUPPLIERS



Waste Management has been recognized for its sustainability governance and programs in a number of third-party assessments, as shown in the table below. See [23](#) for a list of additional awards and recognitions.

WASTE MANAGEMENT RECOGNITION

Governance Evaluator	Waste Management Ranking
GovernanceMetrics International	Highest rating 2009 and 2010 (one of only 42 companies out of 4,196 to receive a 10)
Ethisphere Institute: World's Most Ethical Companies 2010	Only environmental service company included
Dow Jones Sustainability Index	2006 through 2010
Newsweek Green Rankings	Highest-ranked waste and environmental service company in 2009 and 2010
Human Rights Campaign	Only waste and environmental service company included, score 100% in 2010
Sustainable Productivity Seal of Approval, SUPR Seal™	Top Business to Business Companies

ENSURING ENVIRONMENTAL PERFORMANCE

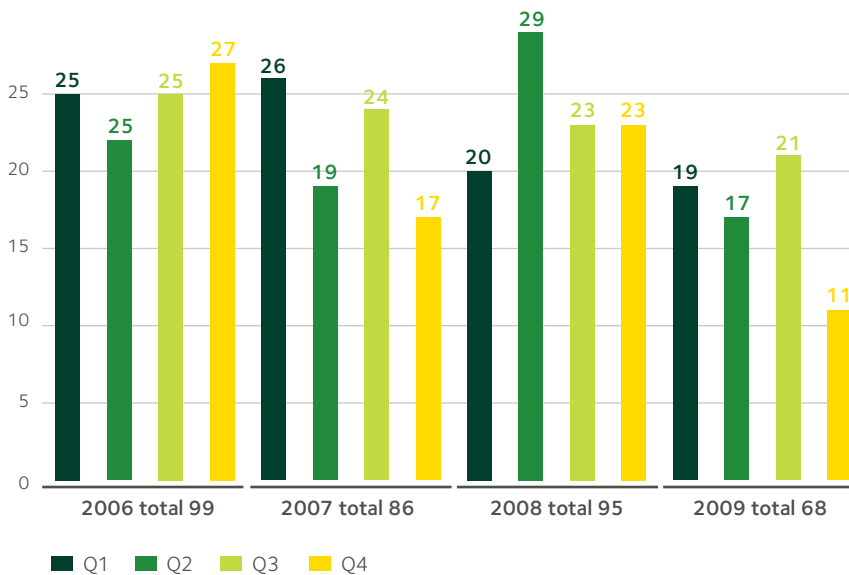
For Waste Management, safeguarding the environment means conducting our operations responsibly so that we maintain compliance with requirements; avoid spills and adverse impacts on land, groundwater and surface water; conserve water and energy; and reduce our greenhouse gas emissions. We also have opportunities to improve the environment, for example, by enhancing the value of our properties as wildlife habitat.

ENVIRONMENTAL COMPLIANCE

Our goal for environmental compliance is simple: zero deviations from regulatory standards and sound environmental practice. The goal of our environmental management system is to correct conditions that could lead to a violation before the violation happens. We have not yet achieved our goal of zero violations, but we saw in 2008 and 2009 improving trends in several key indicators. We continue to take every departure from regulations, no matter how small, very seriously.

The figure below charts our year-over-year performance in environmental notices of violation (NOVs)³³ received since 2006.

NOTICES OF VIOLATION, 2006 – 2009



Our internal environmental metrics have also shown an improving trend. (See [25](#) for detail.)

PROTECTING GROUNDWATER

Our modern MSW landfills are performing as designed and are protecting our natural resources, including groundwater at neighboring properties. **None of Waste Management's modern landfills have had to undertake corrective action to clean up groundwater under a neighboring property.**

Modern landfill standards, developed under the federal Resource Conservation and Recovery Act (RCRA), apply to our landfills across the country and mandate rigorous siting evaluation, site characterization and scientific engineering design. These standards, called the "RCRA Subtitle D" standards, require a comprehensive permitting process with public notification and comment, as well as extensive regulatory approvals. The current RCRA Subtitle D standards, revised and comprehensively upgraded from earlier requirements in 1981 and effective since 1993, have resulted in modern MSW landfills that are highly regulated and protective of the environment through mandatory use of engineered liners and covers, leachate (rainwater that accumulates in waste) collection and treatment systems, landfill gas collection and control systems, and monitoring and reporting. These systems interact to provide overlapping levels of protection as well as dependable monitoring of performance throughout the life of the landfill and after it closes.

Groundwater conditions surrounding our facilities are monitored on a routine basis by a comprehensive, regulated network of more than 6,000 groundwater monitoring wells to ensure protection of this valuable resource. More than 16 years of experience with federal requirements have proven the effectiveness of the national RCRA baseline standard in protecting human health and the environment.

We work with experts in the public and private solid waste sectors to understand what happens within landfills after they are closed. The resulting studies have documented the fact that conditions at MSW landfills improve in predictable patterns over time, with landfills steadily producing less gas as well as less and cleaner leachate.³⁴ In 2009, we commissioned Geosyntec, a consulting firm with extensive experience with the public and private environmental service sector, to provide an independent review of the data and literature assessing the performance of the modern landfill. This research is important in establishing the safety of modern landfills long after they close, and it demonstrates that landfill properties can be converted safely to a wide range of recreational, conservation, commercial and industrial uses.³⁵

"Landfill properties can be converted safely to a wide range of recreational, conservation, commercial and industrial uses."

CONSERVING WATER

Over the next few decades, many scientists and policymakers expect freshwater supplies to come under increasing stress due to the demands of growing populations, threats to water quality and shifting water availability due to climate change. Because our services do not require extraction of the volumes of water used by many industrial businesses, we have not set corporate targets for water use reduction beyond those included at our LEED-certified sites. However, we recognize the importance of using water sparingly and protecting its quality. Many of our facilities are taking steps in this direction. Examples of innovative operational practices our facilities use to reduce and recycle potable water are included on [25](#).

SAVING WATER AND ENERGY IN SPOKANE VALLEY

In June 2009, Waste Management celebrated the grand opening of a new, environmentally progressive 23,000-square-foot operations center in Spokane Valley, Washington. The facility incorporates a number of innovative design elements that make it worthy of its LEED Gold certification.

The building's design achieves water savings of 40 percent for the building, while irrigation is cut 72 percent by using native, drought-tolerant plants and an efficient irrigation system. The facility's automated truck wash incorporates a recycling system that dramatically reduces potable water use and discharge to the sewer. The stormwater management plan ensures that all water falling on the facility is captured and treated: water is directed to swales, which directly infiltrate into the ground or into a drywell centered in each swale to allow cleansed surface water to percolate back into the ground. The facility also achieves a 31 percent energy savings and uses a solar photovoltaic system to meet some of its energy needs.



PROTECTING AND ENHANCING WILDLIFE HABITATS

Waste Management owns properties that range from small administrative offices and transport service shops in urban, industrial areas to properties of several hundred acres in suburban and rural settings. At our larger properties, which are mostly open and closed landfills, a portion of the site is permitted for landfilling while substantial areas are set aside as a clean buffer zone. In these areas, we have the opportunity to manage the land to enhance its natural value, provide habitat for wildlife and offer educational and aesthetic amenities of value to the surrounding community.

Waste Management in 2007 set an ambitious goal to provide wildlife habitat on its properties: by 2020, to have at least 100 facilities certified by the Wildlife Habitat Council (WHC) and approximately 25,000 acres of land set aside for conservation and wildlife habitat. The WHC is a nonprofit, non-lobbying group of corporations, conservation organizations and individuals dedicated to restoring and enhancing wildlife habitat. The WHC's Corporate Wildlife Habitat Certification/International Accreditation recognizes commendable wildlife habitat management and environmental education programs at individual sites through the organization's Wildlife at Work program. The WHC also recognizes community-oriented educational efforts through its Corporate Lands for Learning program, which fosters a clear understanding of the interdependence of ecology, economics, social structures and political process.

By the end of 2009, Waste Management facilities across North America had provided more than 24,000 acres of protected land for wetlands and wildlife habitat, and by October 2010 we met our goal of 100 locations certified and 25,000 acres protected. Fourteen of our sites received Corporate Lands for Learning certification. We were recognized in 2006 as the first organizational recipient of the WHC's President's Award, and in 2008 became the first recipient of the WHC's William W. Howard C.E.O. Award, in recognition of our efforts in conservation, education and outreach. More information about our certified wildlife habitat sites and other uses of closed landfills is provided on

26 and on our website.³⁶



CREATING A HOME FOR THE NEXT GENERATION OF WILDLIFE

Our Grand Central Sanitary Landfill in Pen Argyl, Pennsylvania, was certified in 2007 by the WHC for its 200 acres dedicated to wildlife habitat.

One project at the site has been installing nesting boxes for Eastern Bluebirds, along with American Kestrels – colorful birds of prey that are the smallest of the North American falcons. Grand Central has three boxes positioned around the 537-acre property where kestrels have nested and raised about a dozen young. In the summer of 2009, employees of Grand Central worked with federal bird bander Paul Karner to gently capture and band four young kestrels. Banding helps researchers track and monitor birds – another contribution Grand Central is making to wildlife conservation.

CONSERVING ENERGY

We disclose our energy use as part of our Climate Care inventory. We are a major supplier of renewable energy and increasingly use wind, solar, waste heat and landfill gas to power our own facilities. Energy conservation is required at our LEED-certified sites and encouraged throughout the company. Current examples of conservation and renewable energy initiatives include use of:

- Wind- and solar-driven landfill gas control devices
- Wind- and solar-driven leachate extraction pumps
- Waste heat to power other devices on site (in design)
- Variable frequency drives to reduce electricity use
- Landfill gas produced on site for greenhouse and horticultural education centers nearby
- Energy-efficiency audits conducted at California-facilities, resulting in energy savings from heat pump and lighting retrofits

Our landfill properties are also being used to generate wind energy, which can be used by us and sold to others. The Altamont landfill in California has 40 acres of property set aside for turbines, roads and pads – 180 working turbines generating on average 11 megawatts. In Oregon, the Leaning Juniper Wind Generation facility produces more than 100 megawatts and serves more than 30,000 homes per year. The Columbia Ridge landfill in Oregon is home to 67 windmills generating more than 100 megawatts of electricity to Portland-based PacifiCorp.

OPERATING A CLEAN AND EFFICIENT TRUCK FLEET

With more than 32,000 collection and support vehicles on the road throughout North America, our trucks are a familiar sight. As they make their rounds, our trucks use fuel and generate greenhouse gases and other emissions. We're committed to reducing the environmental impacts of these vehicles: in 2007, we set a goal to spend up to \$500 million a year over a 10-year period to increase our fleet's fuel efficiency by 15 percent and reduce our fleet emissions by 15 percent by 2020.³⁷ Achieving this goal will yield significant benefits by that time, including savings of:

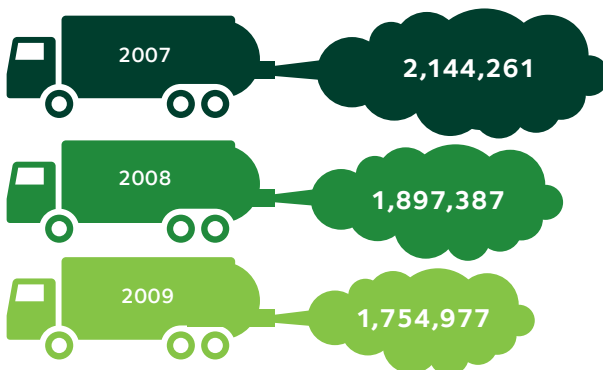
- 350 million gallons of fuel,
- about 3.5 million metric tons of CO₂ emissions, and
- \$1 billion in operational costs.

Our first step toward the goal was to establish a baseline by estimating the 2007 emissions level for our entire fleet, including collection, support and heavy equipment. This inventory was accomplished in December 2009. This information will allow us to track our progress over time toward our 2020 goal. Key to developing this inventory has been our work with the U.S. EPA's SmartWay Transport Partnership and NONROAD groups.³⁸ We were awarded SmartWay Partnership status in 2010. Waste Management is the first company with a vocational fleet (e.g., construction, heavy hauling, mining, logging or refuse) to become a SmartWay Partner.

WASTE MANAGEMENT FLEET SNAPSHOT, 2009	
Number of vehicles	32,000
Fleet maintenance investment	\$600 million
Mobile source CO ₂ emissions	1,754,977 tons
Fuel efficiency	2 million driver hours reduced; 853 natural gas vehicles; 2,200 vehicles using biofuels
Average yearly driver training	80 hours (40 classroom, 40 on road)

OUR MOBILE SOURCE EMISSIONS

Tons CO₂e



We are implementing a range of technologies in the short and long terms to reduce emissions from our fleet by routing trucks efficiently, controlling emissions, using alternative fuels, optimizing truck design and converting our vehicles to run on methane generated at our landfills. Some of these technologies are discussed here; see [26](#) for more.

Alternative Fuels and Hybrids: Waste Management has the world's largest fleet of heavy-duty natural gas refuse and recycling trucks. In 2009, we purchased 125 natural gas vehicles, raising our natural-gas-fueled fleet size to 853. Our natural gas fleet includes 351 compressed natural gas and 491 liquefied natural gas vehicles. This represents about 3.5 percent of our collection vehicles. We also have over 2,200 vehicles that run on various blends of biodiesel. By the end of 2010, we plan to have purchased an additional 150 CNG-powered vehicles. Using natural gas as a fuel reduces emissions, including particulate matter, nitrogen oxides and greenhouse gases, and also reduces our dependence on imported fuels.

COMPRESSED NATURAL GAS HELPS KEEP SEATTLE CLEAN AND GREEN

In 2009, we began to convert our entire Seattle fleet to natural gas. Within five years, all 180 collection trucks serving Seattle will be fueled by CNG. We are investing \$29 million in the new vehicles and an additional \$7.5 million to build the fueling station.

An independent environmental review produced by Gladstein, Neandross & Associates, an environmental consulting firm, determined that Waste Management's equipment upgrade will reduce smog-causing nitrogen oxides by 97 percent, toxic diesel particulate matter by 94 percent and greenhouse gases by 20 percent over current levels. Switching to advanced CNG vehicle operations will provide significant environmental, public health and community benefits to the region. The collection trucks will also reduce noise pollution.

Waste Management has partnered with Peterbilt and Eaton to field test the industry's first parallel hydraulic hybrid waste collection truck to be deployed as a collection vehicle. Significant weight increase due to current hybrid technology remains a challenge. Due to this weight increase, waste collection vehicles haul less refuse per truck, and fuel consumption and emissions per ton of refuse rise. We continue to work with hybrid technology manufacturers to overcome this challenge. When we set our fleet efficiency goal in 2007, we realized that we would have to rely on our manufacturers to help us develop and deploy the emissions-reducing trucks of the future. Three years later, we have confirmed that we cannot achieve this goal by ourselves, and much remains to be done.

Producing Our Own Fuel: Running trash trucks on trash has a compelling logic.

In 2009, we began producing LNG from the bio-methane in landfill gas and using it to power our collection vehicles. In 2010 we expect to produce 2 million gallons of bio-methane LNG and to purchase an additional 100 LNG-powered vehicles. Please see p.31 for further information.

Promoting Progressive Policies: Complementing our own internal efforts to improve our fleet, we are working collaboratively with others to promote progress across all sectors. This includes supporting increased fuel efficiency for heavy-duty trucks like ours. Through our participation in Securing America's Future Energy, a nonpartisan organization that seeks to reduce America's dependency on oil, we supported provisions that became law in the Energy Independence and Security Act of 2007. This legislation will require a study of ways to increase the efficiency of work trucks and promulgate regulations that will increase their fuel efficiency. We also supported provisions in the Senate's climate change bill of 2008 that would have provided rebates to purchasers of heavy-duty hybrid trucks that use less fuel than conventional trucks.

CONTAINING HAZARDOUS SUBSTANCES AND REDUCING EMISSIONS

Waste Management owns seven hazardous waste treatment and disposal facilities subject to the U.S. EPA's Toxics Release Inventory (TRI), a data repository compiled to inform the public about the presence of chemicals in their communities.³⁹ TRI compiles information on what are termed "releases" of over 650 chemicals. These releases take two very different forms:

- **Actual releases:** releases of chemicals into the ambient environment, as specifically authorized by permit or regulation, from designated industrial sources.
- **Containment:** disposal of chemicals at hazardous waste landfills and underground injection wells, as specifically authorized by permit. This requires permanent isolation in an engineered disposal unit.

Waste Management's emissions are reported annually to the U.S. EPA and are provided on [27](#). These data reveal a 41 percent decline in air releases over the nine years TRI has been applicable to our facilities, despite the addition of three nonhazardous waste handling units adjacent to hazardous waste landfills that became newly subject to reporting in facility-wide totals in 2007 and 2008. Our water releases declined 85 percent over the nine-year period.

With regard to the hazardous wastes contained within our landfills, annual figures have increased and declined intermittently over the years, but reflect a significant downward trend. Fluctuations reflect relative activity in customer remediation projects and brown-field cleanups, as well as relative productivity in some heavy industrial sectors. Declines also reflect positive initiatives to avoid generating hazardous waste in the first place — initiatives for which Waste Management is a leading service provider.

GREENHOUSE GAS EMISSIONS

Climate change is a global issue of growing importance to our company and our customers. We recognize our obligation as an industry leader and environmental steward to identify our company's carbon footprint, voluntarily reduce our greenhouse gas emissions and help our customers do the same.

Our Greenhouse Gas Footprint – An Overview

In early 2010, we completed the first comprehensive assessment of our GHG "footprint," which showed that:

- The vast majority (91 percent) of our 23.5 million metric tons of CO₂ equivalent (CO₂e) GHG emissions are direct emissions related to our business processes, including landfilling and power generation.
- Next most important (7 percent) is our use of fuel for our trucks and other transportation.
- Indirect emissions from our use of electricity accounts for the remaining 2 percent of our GHG emissions.

We also analyzed how our activities contribute to avoiding GHG emissions.⁴⁰ Most of the 26.8 million metric tons CO₂e of annual avoided emissions is attributable to permanent storage of carbon-containing waste in our landfills.⁴¹ Next most important is the energy savings associated with the reuse and recycling of materials, followed by emissions avoided due to the renewable energy we generate and the waste-derived fuels we produce and sell. See [28](#) for a closer look at our GHG footprint and a description of the methodology we use.

WASTE MANAGEMENT'S GREENHOUSE GAS FOOTPRINT		2009
Greenhouse Gas Emissions (metric tons carbon dioxide equivalents)		
Process		21,552,559
Transportation		1,754,977
Energy Use		357,141
Potential Avoided Emissions from		
Renewable Energy Generation		3,504,234
Waste-Derived Fuels Produced and Sold		23,976
Reuse and Recycling of Materials		5,621,788
Carbon Permanently Sequestered in Landfills		17,703,584

WASTE INDUSTRY GREENHOUSE GAS FOOTPRINT

Overall, the waste sector is a very small contributor to total U.S. GHG emissions – less than 3 percent. From 1990 to 2008, net methane emissions from landfills decreased by 15 percent (23.0 Tg CO₂ equivalent), with small increases occurring in interim years. This downward trend in overall emissions is the result of increases in the amount of landfill gas collected and combusted, which has more than offset the additional methane emissions resulting from an increase in the amount of municipal solid waste landfilled over the past 19 years.

Source: U.S. EPA, Inventory of U.S. Greenhouse Gas Emissions and Sinks, 1990–2008, EPA 430-R-10-006 (Washington, DC: U.S. EPA, April 15, 2010).

OUR GOALS

We are working to **reduce the use of fossil fuels** in our facilities and our fleet, **improve energy efficiency** and **use renewable energy sources**, including those produced by our own operations. Three of our four sustainability goals help to drive progress toward GHG emission reductions for our company and our customers: **doubling our renewable energy generation; tripling the amount of recyclable materials we manage; and challenging our truck suppliers to help us cut our fleet emissions by 15 percent.**

These goals build on a binding commitment we made as a founding member of the **Chicago Climate Exchange (CCX)** to reduce GHG emissions at least 6 percent below our baseline of average annual emissions from 1998 to 2001 by 2010.⁴² **We have reported annually to the CCX and are on track to meet our GHG reduction obligation by the end of 2010.** In addition, we have voluntarily measured and reported GHG emissions from our California-based operations to the **California Climate Action Registry (CCAR)** for the reporting years 2006 through 2008. **Waste Management was the first solid waste company to join the CCAR and was designated a “Climate Action Leader” by the CCAR each year of participation.**⁴³

Risks and Opportunities for Waste Management Related to Climate Change

Climate change presents both risks and opportunities for Waste Management:

- **Regulatory Risks:** Emerging GHG policies at the state and federal levels will likely affect our operations; however, it is uncertain at this time what specific impacts possible future regulations may have on our operations. Regulatory programs to address reductions of GHG emissions will present significant challenges and opportunities for the company, since we have operations that emit GHGs but also employ innovative technologies that reduce and prevent GHG emissions.
- **Opportunities:** Emerging renewable energy and GHG cap-and-trade policies may provide opportunities for Waste Management to develop more landfill methane offset projects and waste-based energy projects. Similarly, emerging low-carbon fuel standards and other incentives may allow us to realize benefits from our continuing investment in innovative alternative fuel technology development, including converting landfill gas to liquefied natural gas and biodiesel. In addition, a large number of states are developing or considering programs to promote waste recycling as a GHG reduction measure. These opportunities represent some of the exciting new directions for our company discussed in Book 3. See also the discussion of our participation in public policy discussions on [29](#).

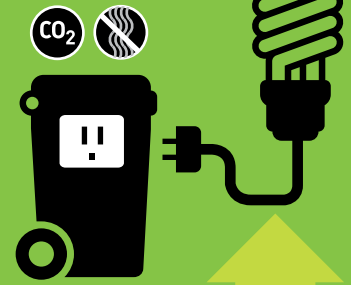
1 GOODS



4 RECYCLING



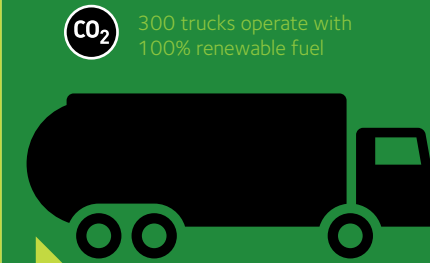
6 WASTE TO ENERGY



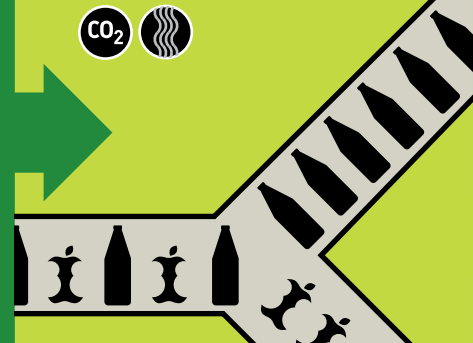
2 WASTE



3 COLLECTION TRUCK



5 TRANSFER FACILITIES



Here's a guided tour of our GHG footprint

1 Many of the **goods** people buy, use and eventually discard contain carbon. When these items are burned or decompose, they release CO₂ and/or methane, two important greenhouse gases.

2 **Waste** typically includes a mix of biogenic⁴⁴ carbon-containing materials (e.g., paper, wood, food waste), manmade carbon-containing materials (e.g., plastics, tires, synthetic textiles) and non-carbon-containing materials (e.g., metal, glass, stone).

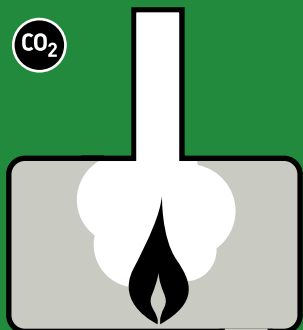
Biogenic CO₂ emissions are viewed as having a neutral greenhouse gas impact because they result from

biological processes in which emissions from the decomposition or burning of waste are balanced by the uptake of carbon dioxide from living and growing plant materials. Burning manmade (anthropogenic) carbon-containing materials like plastics or synthetic textiles releases carbon that was stored eons ago in fossil fuel deposits. Likewise, burning fossil fuels releases carbon dioxide that is not balanced by the biosphere and is thought to be the primary source of the greenhouse gas effect. Our carbon footprint, therefore, reports only the manmade or anthropogenic GHG emissions from our operations.

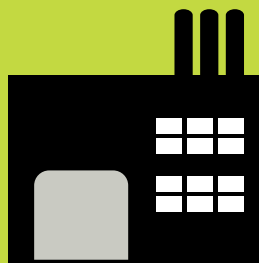
3 Our **collection trucks** emit CO₂ from the combustion of diesel and other fossil fuels.

4 Our **recycling** facilities process wastes to recover resources that can be used to make new goods. These facilities have direct CO₂ emissions from the use of fuel onsite and indirect GHG emissions due to their use of electricity. Recycling paper, plastics, aluminum, glass and other materials can avoid GHG emissions by decreasing the amount of energy needed to convert raw materials into usable commodities, conserving landfill capacity, preventing the mining and initial processing of petroleum products, metal ores and sand, and preventing the harvesting of trees, thereby allowing forests to continue to sequester (i.e., store) carbon dioxide from the atmosphere.

8 FLARE



10 BIOMASS PLANT



11 OFFICE/ADMIN.



7 LANDFILL



9 TURBINE



KEY



CO₂ emissions



Indirect emissions



Avoided emissions, or replaces fossil fuels



Methane emissions



Refrigerant emissions

5 Transfer facilities process wastes and direct them to waste-to-energy plants or landfills. These facilities have direct CO₂ emissions from the use of fuel onsite and indirect GHG emissions due to their use of electricity.

6 Waste Management's 16 **waste-to-energy plants**⁴⁵ emit about 65 percent biogenic CO₂ and 35 percent manmade CO₂ as carbon-containing waste is burned to produce renewable electricity. These plants also avoid CO₂ emissions that would result from burning fossil fuels to generate the same amount of electricity. Metals are recovered at waste-to-energy plants for recycling, thereby avoiding additional GHG emissions needed to produce metal from ore.

7 Some of the carbon-containing waste in **landfills** decomposes, creating GHGs – mostly methane and CO₂. Other waste remains intact, sequestering the carbon indefinitely.⁴⁶ Modern landfills prevent most of the methane from escaping through use of gas collection and landfill cover management systems. We are working with the U.S. EPA and the California Energy Commission to better understand and quantify methane emissions from landfills (see [28](#)).

8 Collected landfill gas may be **flared** (burned), which converts methane into biogenic CO₂.

9 119 of our landfills use landfill gas as fuel for **landfill-gas-to-energy** plants, releasing biogenic CO₂ but preventing the release of methane and avoiding CO₂ emissions that result from burning fossil fuels to **generate electricity**.

10 Waste Management operates one **power plant fueled by waste (not purpose-harvested) biomass**. This plant emits biogenic CO₂ and also avoids the CO₂ emissions that would result if fossil fuels were used to generate the same amount of electricity.

11 GHG emissions associated with Waste Management's **offices** and similar facilities include CO₂ from onsite energy use, indirect emissions from electricity use and emissions of greenhouse gases associated with refrigeration.⁴⁷

CREATING A GOOD PLACE TO WORK

Our employees are critical to the success of our business, and we work hard to ensure that we provide them with the tools they need to succeed in their careers. One of our strategic business goals is to be a “best place to work.” To achieve that, we seek to develop an engaged workforce and a positive work environment. Engaged employees work more safely, are more productive and stay in their jobs longer.

We strive to exhibit the highest ethical standards – as a company and as individuals. We aim to be defined by a culture that reflects our core values. (See 29.) We train all of our employees in our company Code of Conduct, and we expect them to comply.

For the last three years, we have been named to the Ethisphere Institute’s list of the “World’s Most Ethical Companies.” For 2010, we were the only company listed in the environmental services category.

DIVERSITY AND INCLUSION

We believe it is important to maintain a vibrant and diverse workforce, reflecting the diversity of the customers and communities we serve. We are an equal opportunity employer, committed to an environment free from discrimination. We provide equal employment for all persons by placing the most qualified person in each job without regard to race, color, sex, sexual orientation, gender identity, religion, marital status, age, national origin, disability, veteran status, citizenship status or other protected group status as defined by applicable federal, state or local laws.

About 40 percent of our employees are minorities, and 17 percent are women. Twenty-two percent of our executive leadership team is minority or female. Among company officers and managers, about 17 percent are minority and 16 percent are women. Our Board of Directors is 25 percent minority and 12.5 percent female. (See 30 for additional diversity data.)

TOTAL EMPLOYEES

One icon = 500 employees (over 43,000 total; 40,377 U.S. employees; 2,642 Canadian employees)



WORKFORCE SAFETY

Historically, trash collection, processing and disposal have ranked among the most dangerous occupations in North America. Our employees who collect trash spend much of their workday in traffic and lift heavy items that can lead to injuries. Residents depend upon us to pick up and safely recycle or dispose of their wastes; but when they get in their cars, they often fail to notice our workers performing these essential tasks. Employees at our facilities must be constantly alert to avoid serious injury as they work with sophisticated heavy equipment. Our worker safety efforts focus on developing best practices to help workers avoid vehicle accidents and to safely operate heavy equipment.

Overall injury rates in our industry have improved substantially in recent years – and Waste Management’s performance in this area has ranked among the best. Nonetheless, we are constantly looking for ways to improve the safety of our employees and enhance worker safety in our industry overall. We work actively with our trade association, the National Solid Wastes Management Association, in its efforts to educate the general public on how they can make day-to-day sanitary service operations safer for everyone.⁴⁸

Continuous Improvement

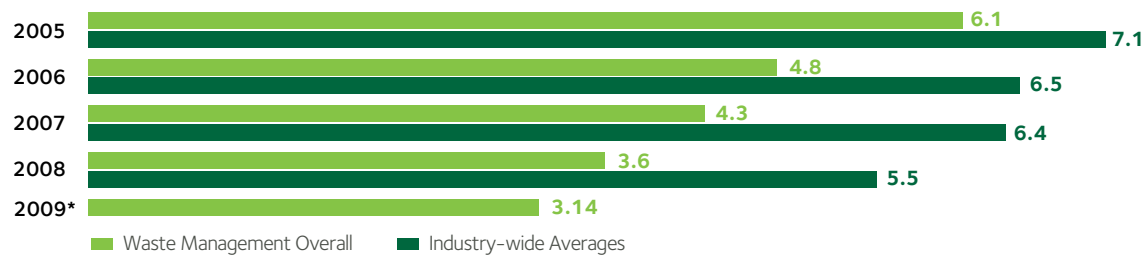
About a decade ago, we made a commitment to overhaul our safety culture and to put processes and systems in place that would make every site and each individual responsible for safe behaviors. This commitment led to the launch of an internal safety philosophy that we call “Mission to Zero™” or M2Z™. The core of the M2Z™ philosophy is zero tolerance for unsafe behaviors by employees and managers, with a goal of zero accidents or injuries. All operational employees benefit from the program’s safety training, rulebooks, fleet processes and standard practices. Over the years, the M2Z™ approach has resulted in programs that have improved safety performance, including worker injury and vehicle collision prevention.

M2Z™ seeks to change behaviors and develop company leaders who can train and lead others. The program, which includes among the most far-reaching and comprehensive worker safety plans in our industry, involves classroom instruction, route observation, monitoring of safety data and driver training. Since its adoption, we have seen significant improvements, including:

- A decrease of 85 percent in our Total Recordable Injury Rate (TRIR) – i.e., non-fatal illness and injuries – between 2000 and 2009. In 2009, our TRIR rate of 3.14 put us well below the 2008 industry average of 5.5, according to the most recent government statistics.
- An improvement of 60 percent in our Vehicle Accident Recordable Rate (VARR) between 2005 and 2009.

See [!\[\]\(2a126c2a36ebe27b46f0d45fbbc8bf84_img.jpg\) 30](#) for more on our workplace safety initiatives.

TOTAL RECORDABLE INJURY RATE⁴⁹



Source: Bureau of Labor Statistics: Waste Management and Remediation Services for non-fatal injuries and illnesses
*Government data on the industry-wide average for 2009 has not yet been released.

Vehicle Safety and Driver Training

We have been demonstrating our commitment to employee safety by investing approximately \$500 million on the maintenance of collection vehicles and \$100 million on maintenance and repairs for heavy equipment each year. We believe our investment has contributed to our 60 percent decline in reported vehicle accidents between 2005 and 2009. Our vehicles are serviced monthly and inspected twice annually to ensure proper operation.

Our extensive on-the-job training and routine evaluation programs for our drivers go well above U.S. Department of Transportation (DOT) requirements. Newly hired drivers go through 80 hours of training: 40 in the classroom and 40 on the job with an experienced driver. All drivers participate in safety briefings each morning before routes begin.

As part of the new-hire training process, drivers receive an on-the-job evaluation on days 30, 60 and 75. We follow federal regulations for the maximum number of hours spent behind the wheel. In addition, all Waste Management drivers must pass a general physical and meet DOT physical requirements.

In 2010, we began an initiative to identify and address drivers at risk for Obstructive Sleep Apnea (OSA). Waste Management provides onsite driver health screenings to detect factors that may lead to cardiometabolic-related diseases such as heart disease, diabetes and kidney disease. Onsite health coaches identify individuals potentially at risk and direct them to our preferred vendor for an OSA evaluation, treatment and compliance program.

VEHICLE ACCIDENT RECORDABLE RATE⁵⁰ (VARR)



Miles driven without accident; 60% improvement since 2005

Collaborating with OSHA

Waste Management is one of just eight companies – and the only member of the waste industry – asked by the U.S. Occupational Safety and Health Administration (OSHA) to participate in its Voluntary Protection Program (VPP) Corporate Pilot, an invitation-only program designed to test new processes for companies that have already demonstrated a strong commitment to employee safety and health. All 21 Waste Management waste-to-energy plants are VPP certified. In August 2007, Waste Management's Carlsbad, California, facility became the first waste and recycling service hauling company in the nation to achieve VPP Star designation. In 2010, the Waste Management transfer station in Irvine, California, became the first of its kind to receive California OSHA's "Star Certification."

LEARNING PROGRAMS

Waste Management conducts formal skill mapping and development processes for 100 percent of top and mid-level management and 90 percent of first-line managers and supervisors. In 2009, more than 32,400 employees recorded nearly 310,000 hours of training; our training budget was \$12 million.

We offer a virtual "university" – Waste Management University – to empower and engage our employees in learning opportunities that can advance their careers. The online course collection includes training in 400 desktop applications, such as using PowerPoint and Excel, as well as 3,000 business courses.

Since we launched Waste Management University in April 2009, more than 32,000 employees have taken at least one online training class or instructor-led course. In addition to our own courses, we offer up to \$4,000 of tuition reimbursement each year to Waste Management employees for approved courses and degrees through our Learning and Educational Assistance Program.

In 2009, Waste Management University was selected as runner-up for a CUBIC (Corporate University Best-In-Class) Award for "Best New Corporate University." The award, which recognizes corporate universities, is granted by a panel of leading corporate university experts who base their decisions on alignment of learning to business strategy and enculturation of learning throughout the organization.



EMPLOYEE ENGAGEMENT

We encourage communication between company leaders and employees at all levels. Our senior leaders operate with an open door (and open email) policy. Each quarter, our senior leadership team hosts a town-hall-style meeting at our Houston headquarters. Employees unable to attend are invited to submit questions by email, and direct responses are sent in reply. Responses are often included in our company's weekly newspaper.

Our top officers and group senior vice presidents also host "Trash Talk" meetings when they travel to local Waste Management sites. In these smaller settings, employees can pose questions directly to senior management. Our managers, meanwhile, gain the benefit of hearing ideas and recommendations directly from field employees.

One hundred percent of our employees participate in some form of coaching, feedback, annual performance review and development plan programs. We believe environmental excellence and compliance are the hallmarks of sustainability and reflect Waste Management's core values, and both are part of the performance review structure for all employees, according to their roles and responsibilities.

We believe that engagement with employees helps keep our employee turnover rate relatively low. In 2009, our voluntary employee turnover was 6.84 percent, compared to 12.5 percent for all industries overall.

Employee Surveys

We give our employees an opportunity to tell us about their work experiences through our annual Employee Survey, conducted by the Gallup Organization. In 2009, a record-setting 87 percent of our employees completed the survey – four percent more than in 2008. The survey plays an important role in our goal of becoming a "best place to work" and in measuring our employees' opinions about their workplace.

We assess engagement based on the answers to 21 questions about how employees feel about their jobs and their work environment. Engagement is higher when employees feel they:

- Have the tools they need to do their jobs
- Understand what supervisors and managers expect of them
- Are recognized when they do a good job
- Are generally satisfied with their jobs, managers and workplace

Our overall company engagement score improved over 2008. Based on the latest data, we believe we have three "engaged" employees for every one actively "disengaged" employee. By contrast, the U.S. working population overall has 1.5 engaged employees for every one actively disengaged employee.

"One hundred percent of our employees participate in some form of coaching, feedback, annual performance review and development plan programs."

COLLECTIVE BARGAINING

We recognize and strictly adhere to the principle that our employees have the right to self-organization; to form, join or assist labor organizations; and to bargain collectively through representatives of their own choosing. We also recognize that our employees have a statutory right to refrain from such activities.

Through our various subsidiaries, our company successfully negotiated 145 collective bargaining agreements with unions during the three-year period ending in December 2009. The agreements cover about 10,000 employees – or about one-quarter of our workforce – in approximately 234 facilities.

We work with our unions to achieve mutually beneficial objectives. One good example took place at three facilities in Alameda County, California, which collectively had one of the worst safety records of any Waste Management facility in the United States. Local management and officers from Teamsters Local 70 worked together to implement new safety programs, and the results have been remarkable. The number of lost days from new worker compensation claims decreased from 1,169 in the first quarter of 2009 to 20 in the fourth quarter – a 98 percent improvement.

A quarter of our workforce is unionized, and we do not believe any of our operations are at risk with regard to possible infringement of the right to freedom of association. Nor do we believe our workforce is at risk for incidents of child or forced/compulsory labor.

Our Workplace Recognitions

- Named to the Ethisphere Institute's list of "World's Most Ethical Companies" for 2010
- Recognized by *G.I. Jobs* magazine as a "Top 100 Most Military Friendly Employer" for 2010
- Received the Better Business Bureau of Upstate New York's 2009 Torch Award (for Waste Management of New York)
- Named a Human Rights Campaign "bronze partner," with a 100% rating in 2010

See [31](#) for information on employee benefits, talent acquisition and other workplace-related issues.



PARTNERING WITH COMMUNITIES

We are a large company with facilities that span the North American continent. But when it comes to delivering our services, we're a local business. We provide services to more than 20 million customers, but we do it one city, one neighborhood, one business, one home at a time. This makes us an integral part of every community in which we operate.

We give through corporate donations, employee volunteerism and in-kind services. More important, we look for ways we can partner with our communities every day of the year to make them better places to live – by, for example, turning closed landfills into parks, or leading cleanup efforts.

We recognize that healthy, thriving communities depend on involved citizens, organizations and corporate partners. We lend our support and services to causes that promote civic pride, foster economic development and boost community revitalization. We value national partnerships and support numerous problem-solving initiatives at the local level to protect the environment, support environmental education, foster community restoration and beautification, and meet other community needs.

COMMUNITY ENGAGEMENT

These days, excellence in operations and environmental protection are no longer sufficient to drive business success. Today's customers and the communities in which we operate want to know that the waste they generate is handled in the smartest ways possible and that the company handling their waste is a good neighbor and a steward of the environment. Our community relations efforts are structured to meet these expectations. Our field personnel, who typically have an operational background, work with corporate, regional and market area teams to ensure they are employing best practices and maximizing the communication of useful information to those who live and work in our communities. In each of our major markets, Waste Management has at least one employee who is dedicated to working and communicating with members of the local community. These employees report to our senior vice president for government affairs and communications. In addition, each major facility and major municipal contract has a formal community engagement plan to facilitate ongoing dialogue with community members, particularly on issues of concern.

At the corporate level, our community relations staff provides guidance, tools and training to our employees in the field who interact with their communities and who respond to community concerns. Increasingly, we're using social media to provide real-time information about our operations, enhance community conversations and engage more directly with local residents and community organizations to address their questions. Links to our Facebook and Twitter platforms are provided at www.wm.com/index.jsp.



Most community concerns reflect the need to understand our operations more thoroughly – to get a sense of how we’re monitoring groundwater quality, for example, or how our environmental management system is implemented. Concerns sometimes arise with odor or dust around Waste Management facilities – concerns we track and have a formal system to resolve. (See [20](#) for more information on how we do this.) Communities also want educational programs – tours, speakers and partnership opportunities – and we continually work to provide the information community members seek. Many of our landfills have their own websites to help keep their communities current on operations and environmental topics of interest. We will also announce the availability of this report on Facebook, Twitter and [wm.com](#), and will request feedback from the communities we serve.

We have a dedicated budget for charitable contributions, multidisciplinary review of applications for funding, and formal standards for contributions to ensure that all comply with applicable regulations. This includes review to ensure compliance with our internal Code of Conduct, as well as conformance with our business goals of environmental stewardship and partnering with our local communities.⁵¹ Our local operations make decisions about which community organizations to support, drawing on the expertise of our community relations staff.

See [32](#) for more on our charitable contributions.

WASTE MANAGEMENT CHARITABLE CONTRIBUTIONS, 2007 – 2009

YEAR	IN-KIND*	CORPORATE GIVING	IN-KIND/CORPORATE GIVING TOTALS	CHARITABLE FOUNDATION**	GRAND TOTALS
2007	\$1,618,938	\$7,944,872	\$9,563,810	\$1,715,965	\$11,279,775
2008	\$3,192,706	\$9,270,834	\$12,463,540	\$2,022,298	\$14,485,838
2009	\$3,414,401	\$8,772,223	\$12,186,625	\$675,040	\$12,861,665

**Numbers for the in-kind component of charitable giving are not centrally coded because Waste Management does not claim a tax deduction for these services. As a result, there may be some variability in definition for the in-kind component from area to area and year to year.*

***In 2010, we phased out our separate charitable foundation to combine our giving under the corporate office.*



Volunteering Our Services

The Waste Management Community Partners Volunteer Program is an employee benefit that provides paid time off for our employees to get involved with a nonprofit of their choice. All full-time employees can take up to eight hours of paid time off each year to volunteer at an eligible not-for-profit. The program formally kicked off in August 2009 after a two-year pilot. In 2008, employees from 10 pilot locations donated more than 28,500 hours. In addition, employees who volunteer more than 40 hours per year of their own time are eligible to apply for Waste Management to make a \$250 contribution to that nonprofit.

Spreading the Word

We believe we can play an important role in helping to educate the public about more sustainable practices. So in 2007, we launched www.greenopolis.com, an interactive social network dedicated to sustainability where individuals learn and teach each other how to be more environmentally responsible in their daily lives. The site promotes issues such as conservation, recycling and renewable energy awareness. People earn points by either using Greenopolis recycling kiosks (see p.62) or simply by participating in the network. Greenopolis.com has seen over 1 million visitors to date, and Greenopolis-related recycling kiosks have collected over 1 million items. We also offer educational tools, including classroom tips for teachers, on www.thinkgreen.com.

Partnerships

Habitat for Humanity, Keep America Beautiful and the Wildlife Habitat Council are important national partners of ours. To read more about these efforts as well as our hundreds of other partnerships and associations, see [10](#) [33](#).

TRASH TRACK

Waste Management funded project “Trash Track” at the Massachusetts Institute of Technology. Through this project, a five-year-old “Sensible Cities” group has attached tracking devices to thousands of pieces of garbage generated in Seattle and New York City in an effort to study where recyclables go and the degree to which recycling benefits the climate.

Enhancing Our Communities

At Waste Management, we do much more than haul away waste. We strive to keep our communities clean, productive and more beautiful.

Our landfills provide for the safe, responsible disposal of waste and provide power to our communities through landfill-gas-to-energy projects. They also supply tens of thousands of acres for community parks, recreation centers, athletic fields and wildlife habitats.

In Ball Ground, Georgia, our Pine Bluff Landfill donated over 30 acres to Cherokee County. This land is now used as a recreation area and includes two ball fields, a walking path, concession pavilions and parking for local county residents to enjoy. Recently, the landfill donated enough land to add 60 parking spaces and native tree plantings to surround the recreation area.

In Campbellton, Florida, our Springhill Landfill and Dothan Hauling facility provide an educational retreat where visitors can enjoy a journey through pristine wetlands and native wildlife habitat while walking on a 1,650-foot-long elevated boardwalk made of recycled plastic. Tours include operation of the landfill and close interactions with nature – including alligators. This facility also has a gas-to-energy plant that generates enough electricity from trash to power over 3,500 homes through the local electric cooperative.

In 2009, Waste Management entered into agreement with the Centre de Formation en Entreprise et Récupération en Québec to construct a new training center that will enable high school dropouts to earn a professional degree in the recovery of electronic materials. The center housed 110 students and nine teachers in the 2010 school year. The building itself is designed to meet LEED standards and will make use of renewable fuel generated by a biogas recovery system at Waste Management's Saint-Nicephore Landfill nearby.

In many regions where we operate, we contribute to our communities by leading efforts to combat illegal dumping. In the Antelope Valley of California, for example, our community relations department has been working with the area's Illegal Dumping Task Force to help reduce the amount of litter tossed around the desert. In many places, Waste Management offers area residents a free – and legal – alternative to illegal dumping, including community cleanup days, dump days and electronic waste disposal days.

See [34](#) for more about our partnerships with communities.

“Our landfills supply tens of thousands of acres for community parks, recreation centers, athletic fields and wildlife habitats.”

ENVIRONMENTAL JUSTICE

In the United States, there's a common perception that waste disposal facilities are more likely to be located in low-income neighborhoods and minority communities. Such areas are frequently referred to as "environmental justice communities."

For more than 15 years, Waste Management has been collaborating with regulators, community groups, academics, advocates for environmental justice and others in the industry to resolve concerns that such communities bear a disproportionate environmental burden. We have also examined the locations of our own facilities with regard to minority and low-income communities.

Our commitment to being a constructive partner in the work to further environmental justice is longstanding. Since 1994, we have been an appointed member of the U.S. EPA's National Environmental Justice Advisory Council. In this capacity, we have worked with stakeholders from all perspectives on ways environmental programs could ensure justice for all communities, focusing in particular on brownfields revitalization; incorporating environmental justice into environmental permits; best practices for waste transfer stations; ways to enhance pollution prevention; and methodologies and best practices to identify and then reduce cumulative risk in local communities. During the reporting period (2007–2009), Waste Management was a member of state environmental justice advisory councils in Pennsylvania and California as well.

Waste Management was also the principal sponsor of scholarships from 2007 through 2009 for an annual summit on environmental justice convened by the U.S. EPA, the U.S. Department of Energy and the U.S. Department of Labor. Prior to that time, we also co-chaired two National Environmental Policy Commissions convened by the Congressional Black Caucus to develop recommendations on how economic growth could go hand-in-hand with environmental justice.

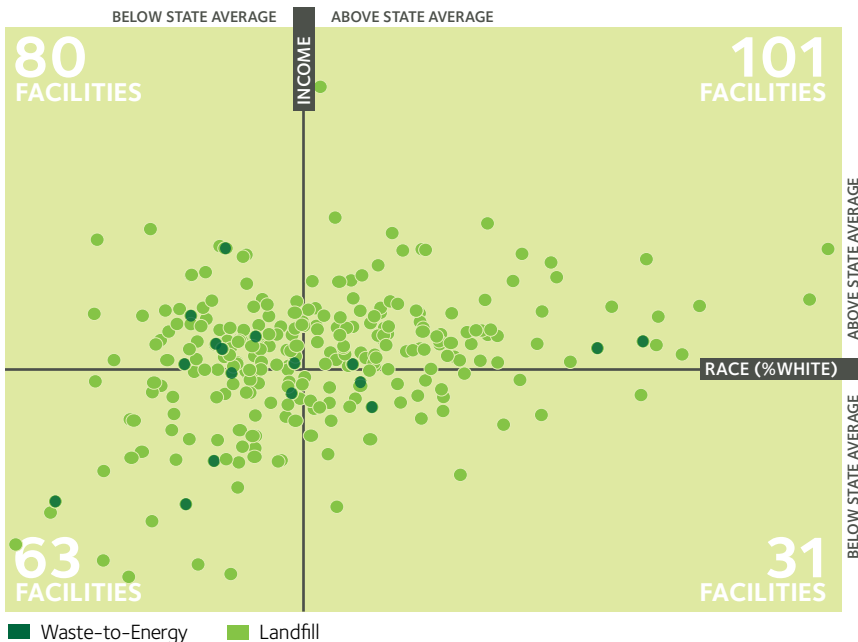
Analyzing Our Facilities

Using methodologies reviewed as a member of the U.S. EPA's Advisory Council and now incorporated into the agency's own environmental justice evaluations of its rule-makings, we evaluated our locations in the spring of 2009 and updated our review in 2010 to understand whether our landfills and waste-to-energy facilities are unfairly concentrated in low-income neighborhoods and communities of color. We found that no Waste Management facilities are located in communities below the federal poverty level, and that half of our facilities fall above and half below the median state income. With regard to race, only 34 percent of our facilities are located in communities with higher minority representation than the state average. This pattern holds true for our municipal waste landfills, hazardous waste landfills and waste-to-energy facilities. For more information and a description of our methodology, see [35](#).

Although our analysis shows that our demographic footprint does not follow a pattern of siting in environmental justice communities, this does not lessen our commitment to work with others in pursuit of environmental justice in public policy forums and at every site in which these issues are raised. We remain fully committed to working with community members, environmental advocates, academics, governmental officials and businesses to find ways to ensure that all communities are healthy and live where the environment is protected. For a list of the many groups with which we collaborate on these topics, see [10](#).

“... only 34% of our facilities are located in communities with higher minority representation than the state average.”

INCOME/RACE WITHIN 5 KM OF WASTE MANAGEMENT LANDFILLS



PARTICIPATING IN PUBLIC POLICY PROCESSES

Waste Management is actively engaged in the political process at the local, regional and national levels. We believe this engagement is an important part of leadership for our industry, and it ensures that we represent the best interests of our business and our employees. We aim to contribute positively to the national dialogue on environmental policy, partnering with other stakeholders to paint a full picture of topics material to our business, including: environmental standards and best practices, emerging technology, greenhouse gas emissions, conversion of waste into resources, optimal environmental facility design, and the operation and production of renewable energy.

POLITICAL CONTRIBUTIONS

We periodically make financial contributions to candidates who we believe recognize the importance of the environmental services we provide, and who support a fair, free-market approach as the best way to deliver cost-effective services. We do not expect the candidates to whom we contribute funds to agree with our positions on all issues at all times. Contributions made to political candidates must be authorized by our Government Affairs Department and must comply with all applicable laws, including public disclosure of political contributions and lobbying expenses. Our contributions are reported under federal, state and local campaign finance laws and are available for review by the public. Each year, our Board of Directors receives a detailed accounting of all contributions.

OUR APPROACH TO PUBLIC POLICY OVERSEAS

To ensure compliance with international law, Waste Management has adopted an anti-bribery and corruption policy and established a Foreign Corrupt Practices Act (FCPA) Compliance Committee. All employees involved in foreign business projects must receive FCPA training.

STANCES ON KEY POLICY ISSUES

The environmental services industry is highly regulated and complex. And it's in flux. More and more, Waste Management and other companies like us are doing much more than managing waste. We are producing energy, restoring habitats and helping local governments and citizens to reduce, reuse and recycle materials. As we work with our customers and the communities we serve to create a more sustainable future, we believe we have an important voice to add to the discussion around several key policy debates. These issues represent significant challenges for our industry and are areas of special focus for Waste Management. We welcome engagement from stakeholders around these issues and strive to work with representatives from government, the business sector, community groups and environmental advocates to build consensus for positive change.

Sound Regulatory Frameworks for Emerging Technologies

Our industry is undergoing a transition to incorporate new technologies capable of transforming wastes into valuable resources. A key example is the diversion of organic material to composting operations rather than landfills. We welcome new ways to turn organics into valuable product. Currently, however, many of these technologies (both older composting practices and innovative techniques) lack strong regulatory standards mandating sound environmental practices. Our longstanding experience with federal, state and local oversight of our core operations, including our collection fleet, landfills and waste-to-energy facilities, has taught us that the competitive market, our customers and the communities in which we operate gain enormously when there are governmentally sanctioned standards for environmental performance. When municipalities want to embrace new technologies that improve how organics or other wastes are handled and turned into resources, they can find themselves stymied by a lack of guidance about who regulates what kind of project and what standards apply to ensure environmental protection. This slows down the pace of our innovation as well as our ability to service our customers' sustainability goals. We will continue to advocate for the development of strong standards to guide emerging organics management technologies.

“Waste Management believes strongly in the need for clear national guidelines around climate change reporting.”

Standardized Greenhouse Gas Reporting

In calculating our carbon footprint, Waste Management has become acutely aware of the myriad challenges that exist throughout the supply chain in measuring comprehensive greenhouse gas emissions from the commercial sector. In the absence of clear national procedures, many entities must grapple with complex accounting, inventory and recordkeeping requirements. The financial costs of doing so are significant, and inconsistencies among various reporting methods increase the likelihood of miscalculations. As estimates of the impact of greenhouse gases continue to be refined at the national policy level, Waste Management believes strongly in the need for clear national guidelines around climate change reporting.

Cleaner Heavy-Duty Vehicles

Waste Management is working with the organization Securing America's Future Energy to advocate for federal legislation to increase the efficiency and fuel efficiency of work trucks. Although we have been a leader in partnering with truck manufacturers to reduce emissions and fuel consumption, we remain dependent on engine manufacturers for technology improvements.

COMMUNITY ENGAGEMENT AND MEMBERSHIPS

Waste Management is an active participant in many business associations and multi-stakeholder groups. Our business associations inform us of what our customers think and need from us. We find multi-stakeholder forums and associations particularly meaningful because they are the best way to develop environmental solutions that are beneficial from all perspectives. For a list of memberships and associations, see [10](#) [33](#).

⁸ U.S. Environmental Protection Agency (U.S. EPA), Municipal Solid Waste Generation, Recycling, and Disposal in the United States: Facts and Figures for 2008 (Washington, DC: U.S. EPA). The U.S. EPA's most recent characterization of municipal waste estimates generation in 2008 at 250 million tons. Waste Business Journal, also generally cited, calculates its estimates differently, based upon industry measures, and estimates annual municipal waste generation in 2008 at 365 million tons.

⁹ See www.wm.com/products-and-services/residential-other-waste-solutions/electronics-recycling.jsp.

¹⁰ See www.wte.org/faq.

¹¹ Note that Waste Management's figure includes landfill gas used to generate electricity as well as its direct use as a fuel (for example, by a nearby manufacturing plant).

¹² Note that the Waste Management total includes landfill gas used as electricity as well as direct use of landfill gas as fuel substituting for a fossil fuel.

¹³ See www.cewep.eu.

¹⁴ See www.wte.org/userfiles/file/epaletter.pdf.

¹⁵ See www.epa.gov/ncer/publications/research_results_needs/combustionEmissionsReport.pdf.

¹⁶ See www.wte.org/faq.

¹⁷ See www.wte.org/userfiles/file/epaletter.pdf.

¹⁸ Eileen Brettler Berenyi, Recycling and Waste-to-Energy: Are They Compatible? 2009 Update (Westport, CT: Governmental Advisory Associates, Inc., 2009).

¹⁹ Renewable energy figures include 16 WTE plants and two plants using waste wood and tires. Output in any given year will fluctuate somewhat, reflecting economic trends that are positive or negative as manifest in the generation of more or less waste. With the addition of a 17th plant in 2010, Waste Management is projected to sell an additional 140,000 MW, powering an additional 30,000 households and avoiding 166,400 tons of coal or 717,200 barrels of oil.

²⁰ Note that this number includes only energy sold, not generated and used to power the facility itself.

²¹ Calculations based on standard WTE industry reporting – 1,000 households per installed megawatt.

²² Calculations based on standard LFGTE industry reporting – 815 households per installed megawatt.

²³ See www.wm.com/products-and-services/residential-curb-side-pickup/index.jsp.

²⁴ See www.wm.com/products-and-services/small-business-commercial-pick-up/compactor-monitoring.jsp.

²⁵ See www.wm.com/sustainability/protection-and-management.jsp.

²⁶ See www.wm.com/products-and-services/small-business-medical-waste-solutions/index.jsp.

²⁷ See www.wm.com/enterprise/healthcare/index.jsp and www.thinkgreenfromhome.com/SyringesAndLancets.cfm.

²⁸ See www.wm.com/products-and-services/residential-on-demand-disposal/bagster-dumpster-in-a-bag.jsp.

²⁹ Through the Strategic Business Framework, we have identified five major stakeholder categories – Employees, Customers, Environment, Community and Shareholders. For each stakeholder category, we have established long- and short-term strategies and specific targets and measures.

³⁰ See www.wm.com/contact-us.jsp.

³¹ See www.wm.com/about/company-profile/corporate-governance/pdfs/Policy-Environmental.pdf.

³² See www.wm.com/wm/procurement/diversity.asp.

³³ NOV's may be given for anything from a short delay in receipt of a required report to a deviation from any aspect of regulatory standards or permit conditions. Some violations could have the potential to impact the environment, but most do not. Upon investigation, not all NOV's are ultimately found to represent an actionable violation.

³⁴ UIC, Terra-Dynamics, and Geosyntec, Municipal Solid Waste Landfill Leachate Characterization Study (Raleigh, NC: Environmental Research and Education Foundation, 2007).

³⁵ See www.wm.com/sustainability/protection-and-management.jsp.

³⁶ See www.wm.com/about/community/wildlife-habitat.jsp.

³⁷ A small amount of the 15 percent reduction results from U.S. EPA-mandated standards for 2007 and 2010 engines. The longer-term reductions will require new technology.

³⁸ Emissions were estimated using the U.S. EPA's NONROAD 2008 and SmartWay 1.0 models for particulate matter and nitrogen oxides, while California Climate Registry conversion factors were used to estimate emissions of carbon dioxide, methane and nitrous oxide, the primary greenhouse gases. Since Waste Management vehicle duty cycles are significantly different from the on-road long-haul vehicles for which SmartWay is designed, we are taking the lead in working with SmartWay in the near future to refine their model to better address our vocational fleet.

³⁹ The seven facilities include five active landfills, one landfill no longer accepting commercial waste and one underground injection well. In addition, our Wheelabrator Frackville waste coal plant reports under TRI as a utility. That facility's air emissions have held relatively steady at 55,000 pounds per year on average, and it has no releases to water or containment in a RCRA Subtitle C unit.

⁴⁰ We are reporting this 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 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 greenhouse gas reduction benefits as our own, nor attempt to deduct these reductions from our carbon footprint.

⁴¹ For a discussion of the protocols that govern this calculation of carbon storage or sequestration, see the Appendix at p.28.

⁴² The CCX commitment covers our North American CO₂ emissions from fuel consumption in our vehicles and stationary facilities, as well as from combustion of non-biogenic materials (wastes not produced from a biological process, e.g., plastics or synthetic textiles) at our waste-to-energy facilities with rated capacity of 25 megawatts or larger. These annual inventories are third-party audited by the Financial Industry Regulatory Authority at the direction of the CCX, and then certified. Waste Management committed to Phase II of the CCX, which ends in 2010, and in 2010 the exchange was acquired by IntercontinentalExchange. We are evaluating our continuing participation in light of our focus on new federal climate inventory obligations.

⁴³ The CCAR is scheduled to cease in 2010, and for 2009 we shifted our data-collection efforts to assembling our national footprint, anticipating federal collection data needs.

⁴⁴ Substances produced by living organisms or biological processes.

⁴⁵ Our 17th facility, acquired in 2010, is not included in the 2009 data summary.

⁴⁶ Both the UN Intergovernmental Panel on Climate Change and the U.S. EPA's National GHG Emissions Inventory account for carbon sequestration of undecomposed wood products, yard trimmings and food wastes disposed of in landfills.

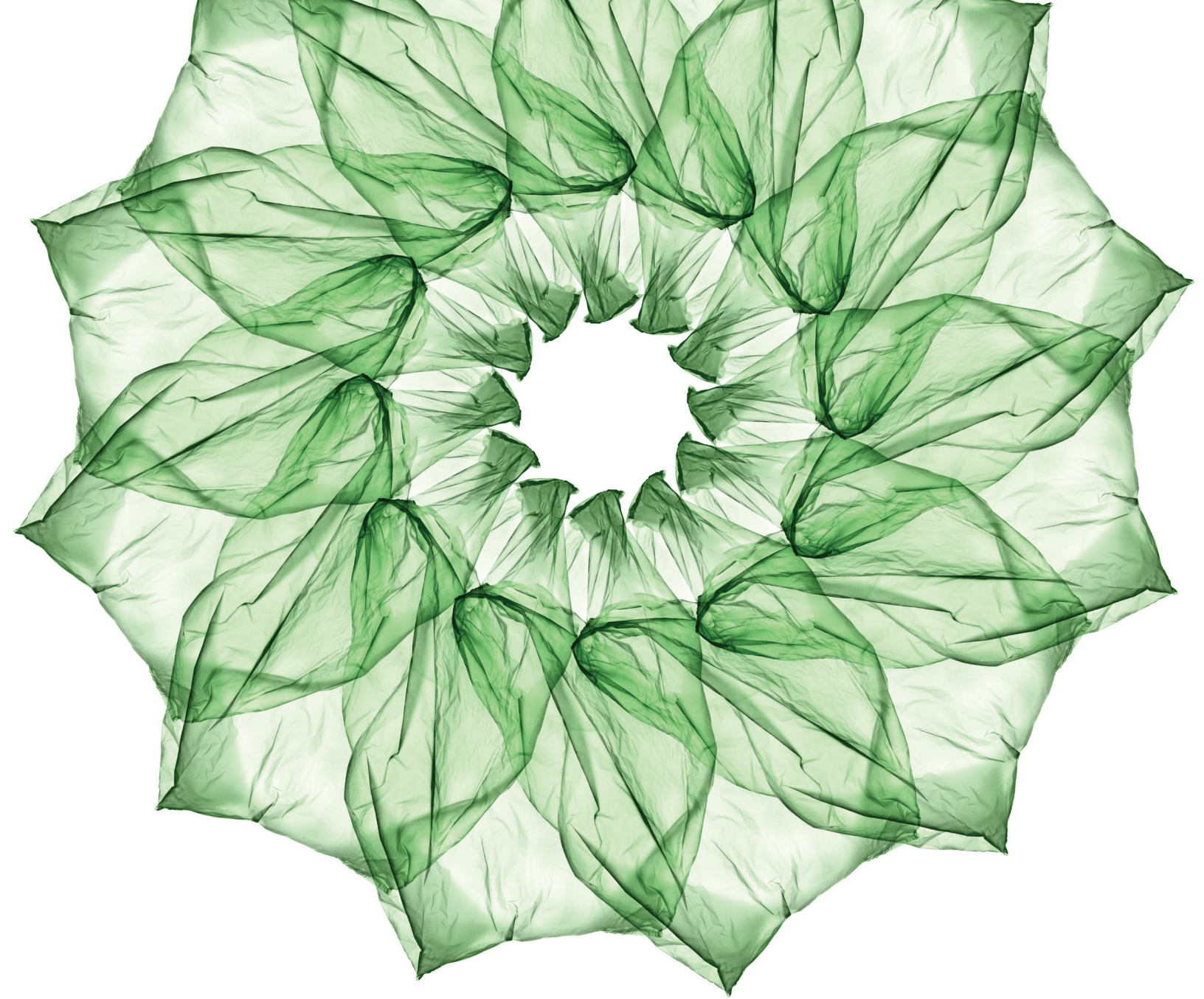
⁴⁷ GHG emissions from refrigerant use are de minimus and therefore are not reflected in the summary of GHG emission types by percent presented above.

⁴⁸ For more information, visit www.environmentalistseveryday.org/solid-waste-management/environmental-waste-garbage-safety-first/index.php.

⁴⁹ The TRIR reflects the number of injuries that occur for every 100 employees annually.

⁵⁰ The VARR reflects the number of driver hours between accidents. A higher number of hours reflects improvement.

⁵¹ See www.wm.com/wm/community/giving.asp.



**TRANSFORMING
OUR BUSINESS**

CAPTURING THE VALUE IN WASTE

Increasingly, our customers are turning to us not only to manage their waste, but to help them create less of it. We are happy to oblige, because we see this as an important part of the future of our company. In fact, we have transformed our business model to become a more dynamic and integral part of our customers' business models. Building on our history of recycling and waste-to-energy technologies, we are actively working with our customers and their suppliers to find innovative ways to reduce waste generation and turn waste into energy or back into raw materials suitable for reuse.

Helping our customers succeed in extracting more value from waste helps us to succeed as well.

In 2010, to provide the specialized expertise our customers need, we reorganized ourselves into segments, each focused on environmental solutions tailored to the specific needs of a business sector.

Under this new structure, service teams are focused on helping customers incorporate sustainability principles throughout their operations – from using materials more efficiently in production to considering (during the design phase) the potential for product reuse and the ease of dismantling and recovering materials at the end of a product's life. We also work with service providers to help them safely recycle and reuse as many materials as possible from their waste streams.

REORGANIZING TO BETTER SERVE OUR CUSTOMERS

MATERIALS MANAGEMENT	RECYCLING SERVICES	RENEWABLE ENERGY	SUSTAINABILITY SERVICES
Collection Services	Single-Stream Recycling	Waste to Energy	Upstream
Transfer Services	Electronics Recycling	Landfill Gas to Energy	Green Squad
Disposal Services	Organics Recycling		
Commercial Property Solutions			
Construction Solutions			
Food & Retail Solutions			
Healthcare Solutions			
Manufacturing & Industrial Solutions			
Public-Sector Solutions			

While we have used waste for years to produce clean, renewable energy through our waste-to-energy and landfill-gas-to-energy plants (as discussed beginning on p.15), our Renewable Energy operations are at the forefront of pioneering new approaches. We are investing in multiple technologies to advance our renewable energy goals, including new conversion technologies and new uses for organic waste streams. Extracting value from the organic waste stream, one of the largest waste streams we handle, is an area in which we see enormous growth potential through the conversion of biogenic material to power, advanced biofuels and renewable chemicals.

On the pages that follow, we highlight some of our efforts that are providing value to our customers, including product design consultation, renewable energy projects, recycling initiatives and composting programs. For further information, visit our website.

FROM SUPPLY CHAIN TO SUSTAINABILITY CHAIN

We see the material supply chain as circular: when we pick up a box from a consumer, that isn't the end of the chain – it's the beginning of a new chain that turns one-time waste into a valuable resource. By expanding our focus on the customer to include an advisory role, we can better serve our customers, as well as our broader communities and local governments, as they set their own waste management goals.

As public interest in sustainable products grows, producers of goods are being asked to meet the twin demands of economic growth and environmental stewardship. Accomplishing this is no easy feat. Many products that feature sustainable attributes involve trade-offs that impact their overall environmental performance. A good example is compact fluorescent light bulbs. These use less energy than other bulbs, yet the plastic used by some manufacturers to make these bulbs is not recyclable. Waste Management's Lamptracker® business recycles and recovers the mercury in CFLs and advises how to increase recycling of the other materials these bulbs contain.

If we are truly to convert our waste streams into value streams, it will take working together to achieve innovation at every step of the creation of goods. We think of this shift as an evolution from a linear "supply chain" to a more holistic and integrated "sustainability chain." In the future, we believe companies will collaborate on the design, production, packaging and even transport and disposal of goods to maximize efficiency throughout a product's lifecycle. Waste Management is poised to provide solutions for our customers at every step – evolving our role from waste management to materials management. To learn more, visit: www.wm.com/enterprise.jsp.



"In the future, we believe companies will collaborate on the design, production, packaging and even transport and disposal of goods to maximize efficiency throughout a product's lifecycle."



WHAT IS “ZERO WASTE”?

Customers know the importance of setting goals to drive sustainability progress. A number of our customers (and potential customers) have set “zero-waste” goals for their cities, individual facilities or entire businesses. Definitions of zero waste are often as varied as the customers that aspire to it. Zero waste may mean avoiding direct disposal in landfills, but it may also mean reducing, reusing and recycling to the extent that no residuals – not even ash from waste-to-energy combustion – remain unreclaimed.

We don’t see zero waste as a threat – in fact, it’s an opportunity. Helping customers achieve their zero-waste goals requires exactly the kind of expertise, insight and practical solutions that Waste Management offers. It requires the ability to look upstream to a company’s supply chain and production processes and work collaboratively with the customer’s experts to recommend changes that will eliminate waste streams and increase recoverable resources. It means that we offer municipalities creative solutions to make waste recycling, reuse and recovery practical. To date, we have helped several major companies and are helping cities achieve their zero-waste goals.

THE SUSTAINABILITY CONSORTIUM

In 2009, Waste Management became a founding member company of the Sustainable Product Index Consortium, an initiative launched in 2009 that brings together business suppliers, retailers, nongovernmental organizations and government leaders. Led by co-chairs Dr. Kevin Dooley, a Distinguished Professor of Supply Chain Management in the W.P. Carey School of Business at Arizona State University, and Dr. Jon Johnson of the Sam M. Walton College of Business at the University of Arkansas, the Consortium aims to develop a global database on the lifecycle of consumer products – from raw materials to disposal. Ultimately, the Consortium seeks to create an all-encompassing “green label” that will account for everything from labor conditions to end-of-life disposal. Waste Management is a key participant and partner in this effort, contributing expertise in post-consumer materials, waste reduction and recycling. Other companies involved include Walmart, P&G, Best Buy, Tyson, Unilever, Monsanto, Cargill, Clorox, Dell, HP, Dial, Henkel and PepsiCo.



HELPING CUSTOMERS REDUCE COSTS, BUILD BETTER BRANDS AND PROTECT THE PLANET

We pride ourselves on helping our customers achieve their environmental goals – even goals that aren’t directly related to managing their waste streams, like conserving energy or reducing water use. We help customers to “rethink” waste by showing them how to eliminate or find higher value for the things they used to throw away. This approach can lead to lower costs, less energy use and reduced GHG emissions.

LAMPTRACKER®: RECYCLING OPTIONS FOR SPECIAL WASTES

LampTracker®, launched in 2007, provides a safe way for commercial, industrial and residential customers to recycle all types of fluorescent lighting and other types of special wastes (e.g., batteries and mercury-containing devices). LampTracker is now the largest lamp recycler in North America, with operational facilities throughout the United States. In 2009, LampTracker recycled over 58 million lamps. To offset emissions generated by shipping recycling kits to businesses, we announced in January 2010 that we would purchase Voluntary Carbon Standard certified carbon offsets from Green Mountain Energy Company. The initial purchase will offset approximately 478,000 pounds of CO₂ emissions – as much as 28,000 trees would absorb in one year, or the equivalent of taking 15,000 cars off the road for a day. To learn more, visit: www.thinkgreenfromhome.com/closetloop.cfm.

UNCOVERING VALUE WITH GREEN SQUAD

A growing part of Waste Management is our comprehensive Green Squad sustainability consulting service. Launched in 2008, Green Squad helps businesses identify all manner of sustainable business practices that mitigate risks, build better brands and protect the environment. Green Squad works with clients to uncover resource value all along their supply chain, in many cases enabling them to realize significant cost savings. All aspects of a company’s operations are assessed, providing solutions that help meet a variety of needs – from simple recycling programs to complex zero-waste initiatives.

Green Squad professionals are equipped to address the broadest range of customers’ sustainability needs. In addition to waste solutions, Green Squad provides sustainability solutions for greening properties, meeting state or local producer responsibility requirements, green performance tracking and reporting, as well as helping architects design properties with features that minimize waste and optimize resource management. In the first two years of its existence, Waste Management’s Green Squad helped hundreds of clients in the United States achieve their sustainability goals by recommending business practices that reduce waste, save energy and provide a “next life” for resources they no longer need.

REDUCING WASTE WITH OUR UPSTREAM SERVICE

Upstream is the professional services division of Waste Management and provides environmental solutions that are sustainable, cost-effective and ISO 9001/14001 certified. Upstream works with businesses to minimize their environmental impacts by assessing the current state of their operations and developing sustainable, green practices that deliver significant business results. For businesses wishing to enhance their sustainability efforts, Upstream provides a practical guide online to help the company get started. From there, we are able to progress to complex evaluations of how companies can reduce what used to be wasted. For example:

- A major brewing company was looking to recover more value from materials both inside their facilities and out, with the ultimate goal of becoming a “zero-waste” company. They tapped Waste Management to help them formulate a plan, and we enhanced recycling participation by establishing metric-driven programs. This approach resulted in landfill diversion rates of 90 percent and a reduction in costs of more than 20 percent. Waste Management and the company also collaborated to create a national reverse-logistics program to recover commodities from non-saleable goods. The result was a closed-loop recycling option that reduced the cost of logistics by 15 percent. The company awarded us its Gold Supplier Award.
- A manufacturing plant in Illinois turned to Waste Management to help the facility improve their recycling programs and save money. In just over one year, our comprehensive program improved the facility’s landfill diversion rate from 30 percent to 80 percent, moved more than 3.6 million pounds of material into a reuse and recycling program and saved the facility over \$320,000.

To learn more, visit: www.wmupstream.com/documents/SustainabilityWhitepaper.pdf. See also .

REDUCING WASTE WITH OUR MUNICIPAL PARTNERS

Waste Management is working through public/private partnerships with governments at the local and state levels to address waste and sustainability goals. These partnerships can take unusual and rewarding turns. For example:

- We have used the equivalent of “money-back coupons” to incentivize recycling in Battle Creek, Michigan. Waste Management partnered with that city to create and pilot Think Green Rewards, a new customer rewards program, designed to help the city meet long-term sustainability and recycling goals. The program offered residents an extra incentive to recycle by tracking their recycling activities online and earning points for using their recycling bin to divert materials – including aluminum, plastic, glass and cardboard – for reprocessing and reuse. Waste Management tracked recycling rates by neighborhood and offered points redeemable through an online catalog.
- Organizers of major public events – such as concerts and sports tournaments – increasingly want to conform their practices with sustainability goals. In early 2010, Waste Management sponsored the Phoenix Open professional golf tournament and met the challenge to “green” that event. We increased the recycling rate at the event from 28 percent to 50 percent.

Additional success stories and case studies about these partnerships can be found on our website.

GREEN BUILDING: SERVICES FOR A GROWING TREND

In the construction industry, green building is gaining popularity. Waste diversion is increasing despite the recession: 20 percent of firms are diverting half of their construction waste on 60 percent or more of their projects, and 25 percent of firms expect to do so in 2010. The LEED green building certification system has become the de facto standard for design and construction, in order to:

- Reduce the amount of building material waste going into landfills,
- Design buildings to maximize the efficiency of the materials used, and
- Encourage the reuse, recycling and recovery of construction materials.

Waste Management managed or consulted on more than 900 LEED-registered projects from 2008 through 2009. Each of these projects actively engaged in diverting construction and demolition materials from landfills and used our services to recycle approximately 75 percent of the materials generated.



CREATING RENEWABLE ENERGY AND NEW PRODUCTS FROM WASTE

The more our customers ask us to help them find value in their waste streams, the more we recognize that “waste” simply is no longer the right term for the materials we collect and manage. Nowhere is this more evident than in energy generation. We are exploring numerous new technologies for converting waste into alternative fuels, as well as looking into wind, solar and other emerging technologies at our landfill facilities.



ORGANICS RECYCLING REPRESENTS NEW GROWTH

In 2010, in response to customer demand, we expanded our Organics Recycling Group. Every year, homes and businesses in North America generate around 55 million tons of organic waste, not including sewage. About half of this waste is grass clippings and other biomass from yards; the other half is food scraps. Most yard waste is recycled, but most of the food is not. In the coming years, we will be developing new approaches to convert this resource into energy, advanced biofuels and renewable chemicals. As we invest in new technologies and approaches, we have one guiding principle: how can we extract the highest value from the wastes we receive? We are looking into partnerships and new ventures offering different approaches. We know some will prove more practical and environmentally productive than others; when we have determined that, we will expand the scope of the most promising.

GREEN ENERGY AT “NEXT-GENERATION” LANDFILLS

Traditionally, landfills have been “dry tombs,” sealed up to minimize exposure to outside air and water. While helping to ensure that these landfills are environmentally secure, this approach also tends to prevent the breakdown of waste inside the landfill. By contrast, “next-generation” or “bioreactor” landfills reinvent the goal of landfilling from the storage of waste to the treatment of waste.

In a next-generation landfill, microbial degradation is encouraged by adding aqueous liquid wastes, nutrients or rich air to the waste. The result: a much faster decay of waste and transformation of the waste into water and gases (including methane and carbon dioxide). These byproducts can then be harvested to generate energy, as in other landfill-gas-to-energy processes. Once the waste it contains is fully degraded, a landfill is stabilized and available for a broad range of beneficial uses.

Waste Management currently operates 10 next-generation landfills in the United States and Canada, and six additional landfills are in the permitting stage. All of our sites are being studied under a Cooperative Research and Development agreement with U.S. EPA.

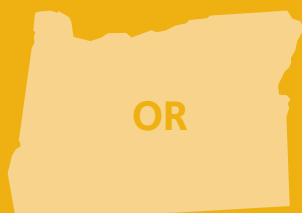
IN ORDER TO FURTHER OUR RENEWABLE ENERGY GOALS, WE ANNOUNCED THE FOLLOWING STRATEGIC INVESTMENTS IN 2009 AND THE BEGINNING OF 2010:

IN APRIL 2008, we announced a joint venture with the Linde Group to create a facility at our Altamont Landfill near Livermore, California, that would convert landfill gas into liquefied natural gas to power our trucking fleet. This plant – the largest of its kind – is now producing up to 13,000 gallons of fuel per day. Using bio-methane LNG results in 90 percent fewer greenhouse gas emissions compared to natural gas from fossil fuel.



IN 2010, we plan to produce 2 million gallons of bio-methane LNG and purchase an additional 100 LNG-powered vehicles. We are also investigating technology that could convert gas from landfills into a synthetic diesel fuel.

IN MAY 2009, we undertook a joint venture with InEnTec to develop projects for processing nonhazardous waste, such as medical waste and other segregated industrial and commercial wastes. InEnTec uses a technique called “plasma enhanced melter gasification,” which processes waste to produce renewable energy and environmentally beneficial fuels and industrial products, as well as to generate electricity. The first project of the joint venture, called S4, is being built at Waste Management’s Columbia Ridge Landfill in Arlington, Oregon. In 2010, InEnTec received the top energy prize in the *Wall Street Journal’s* annual Technology Innovation awards.



IN FEBRUARY 2010, we made a strategic investment in Enerkem, a Canadian company which, through proprietary thermo-chemical technology, helps convert waste materials into advanced biofuels such as ethanol, as well as renewable chemicals. Enerkem’s technology is able to process diverse carbon-based feedstocks, including sorted municipal solid waste, construction and demolition wood, and agricultural and forest residues.



IN AUGUST 2009, we invested in Terrabon, a Texas-based startup. Terrabon’s MixAlco™ technology is an acid fermentation process that converts biomass into organic salts. The organic salts can be converted to a high-octane gasoline that can be blended directly into a refiner’s fuel pool, avoiding many of the blending and logistics challenges presented by ethanol.



IN AUGUST 2010, we finalized a controlling investment in Garick, LLC, a leading producer of lawn and garden supplies from organic residuals. Garick’s operations will add over 1 million tons of processing capacity as well as commercial and consumer organic products to Waste Management’s organics recycling business.

EARLY IN 2010 we made an investment in Harvest Power, a Waltham, Massachusetts-based company that generates high-quality compost with a proprietary technology that controls odors and potential emissions. We’re providing the raw materials for Harvest Power’s composting, biogas and syngas operations and helping the company expand to more cities. We’re also working with them on developing high-solids aerobic and anaerobic digestion and composting technologies, which accelerate the decomposition of organic materials to produce renewable energy.



IN MARCH 2008 in Pennsylvania, Waste Management partnered with Excelon and Epuron on the fourth-largest solar energy installation in the United States and the largest on the East Coast. The installation is on property adjacent to the GROWS landfill in Morrisville, Pennsylvania, and will provide enough power to supply 400 homes in Bucks County.



GREENING HOMES AND COMMUNITIES

Making it easy for our customers to reduce their environmental impact is one of the most important things we can do as a company. Through interactive websites and residential recycling programs, we provide a variety of ways for individuals to take action in their own homes and communities.



THINK GREEN FROM HOME

We launched www.ThinkGreenFromHome.com in 2008 to encourage our residential customers to safely and conveniently dispose of common items that contain heavy metals, like certain household batteries, compact fluorescent bulbs and e-waste, as well as medical needles and syringes. Customers can purchase specially designed boxes online to facilitate simple returns to Waste Management processing facilities via the U.S. Postal Service. The idea is to encourage recycling so that potentially hazardous items don't end up collecting dust in a garage, or worse, getting accidentally tossed into a landfill. To learn more, visit: www.thinkgreenfromhome.com.

GREENOPOLIS

Greenopolis is a green information platform and revolutionary material recovery system in one. It is designed to educate, foster eco-friendly collaboration and bring together physical and digital infrastructures.

The Greenopolis Recycling System makes personal recycling goals both achievable and desirable. The system includes interactive kiosks – at grocery stores, retail outlets and high-traffic venues like stadiums – where users can recycle. For every item recycled, points are earned, which can be redeemed for rewards at www.greenopolis.com. Rewards include coupons or discounts on entertainment, dining, travel, personal services and more. Some locations (like

Whole Foods supermarkets) give in-store coupons whenever a user recycles, offering even more incentives for participation.

Greenopolis.com is a Waste Management-sponsored online community featuring a daily stream of stories and tips on sustainability. In addition to earning points for recycling through the kiosks, participants can earn points simply by participating in the online community. Since the program's inception in 2008, Greenopolis recycling kiosks have collected more than 1 million items, and more than 1 million visitors have visited the website.

The birth of Greenopolis traces to four like-minded companies – Waste Management, Nestlé Waters North America, Whole Foods and McDonough Braungart Design Chemistry – that teamed up to find a way to “reincarnate” plastic bottles and create a “cradle-to-cradle” recycling chain. The collaboration led to a new brand of natural spring water from Nestlé called re-source®, sold in recycled PET plastic bottles, which can be recycled endlessly through the Greenopolis Recycling System.

In 2010, the Greenopolis Recycling Program expanded to include a partnership with PepsiCo. Through PepsiCo's Dream Machine recycling initiative, Waste Management is supporting the company's goal of increasing “recycling on the go,” to grow the U.S. beverage container recycling rate from 34 percent to 50 percent by 2018. As of mid-2010, Greenopolis

kiosks were launching across California, Florida, Arizona and North Carolina, to give consumers points for each container recycled. Greenopolis's companion Facebook game, Oceanopolis, is an entertaining way to learn about sustainable living. In Oceanopolis, players build and manage a sustainable environment comprised of their own island, surrounding ocean waters and the habitats of their friends.

For more on how we are investing in new ways to recycle, see [36](#).





SINGLE-STREAM RECYCLING

Single-stream is a recycling system that allows consumers to put all their recyclables into a single bin. Instead of the traditional two streams found in most curbside recycling programs – mixed paper and comingled containers – single-stream recycling simplifies the process and allows mingled recyclables to be sorted later, at a state-of-the-art materials recovery facility. The simplicity of this collection has been shown to increase rates of recycling an average of 30 percent. In fact, a 2009 study conducted for Waste Management by the Earth Engineering Center of Columbia University at facilities in Massachusetts and New Jersey saw an increase of 40 percent when single-stream recycling replaced dual stream. Single stream not only makes recycling easier and increases participation, it also helps reduce collection costs and emissions.

The city of Springfield, Massachusetts, is a great example of single stream's benefits. In cooperation with the state's Department of Environmental Protection and Waste Management Recycling Services, the city launched the first curbside single-stream pilot program in Western Massachusetts in September 2008. The city more than doubled the amount of recycling in the pilot area.

The program's goal was to encourage residents to recycle more, not only for the environmental benefit, but to conserve city resources. For every ton of trash residents recycle, the city saves \$75 on trash disposal costs. Springfield's Department of Public Works conducted a survey of the pilot area to garner residential feedback, and the comments were overwhelmingly positive:

- 97% of respondents said the 95-gallon recycling carts made recycling easier;
- 96% thought the city should expand the system;
- 89% thought the system kept the city cleaner; and
- 82% said they disposed of less trash;

After the successful pilot program, citywide single-stream recycling was introduced, featuring the same 95-gallon wheeled carts used in the pilot. Early citywide figures show that the 95-gallon cart areas (about 38 percent of the city) recycled more than double what the non-cart areas recycled.

In 2009 Waste Management operated 30 single-stream recycling facilities across the country; an additional four will be in construction or open by the end of 2010. Some of our newest single-stream recycling processing plants are capable of recycling more than 1,000 tons on an average day. In commercial markets, we believe single-stream technology will allow us to extract larger amounts of higher-value commodities such as office paper, plastic and aluminum.

97% said it "made recycling easier"

96% said the "city should expand the system"

89% said the system "kept the city cleaner"

82% said they "disposed of less trash"

SURVEY RESULTS FROM FIRST CURBSIDE SINGLE-STREAM RECYCLING PROGRAM IN SPRINGFIELD, MASSACHUSETTS



Waste Management Sustainability Report 2010

APPENDIX

This appendix provides supplemental information to Waste Management, Inc.'s 2010 Sustainability Report, which is available at www.wm.com/sustainability/index.jsp.

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GRI INDEX

Waste Management used the 2006 G3 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) to prepare this report at a self-declared application level B. This index covers all core indicators and those additional GRI indicators (shown in *italics*) on which we have fully or partially reported. Please visit www.globalreporting.org for the full text of the indicators and other information on the Guidelines.



		2002 In Accordance	C	C+	B	B+	A	A+
Mandatory	Self Declared							
	Third Party Checked							
	GRI Checked							

KEY TO INCLUSION: ■ Reported ■ Partially Reported ■ Not Covered

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ADDITIONAL INFORMATION ON PROVIDING ENVIRONMENTAL SERVICES

RECYCLING INNOVATIONS FOR ELECTRONIC WASTE ([linked from p.14](#))

Throughout our operations, we have established high standards for managing e-waste. In 2002, we adopted our own standards for international management of e-waste consistent with the goals for safe handling set forth in the Basel Treaty, which established standards for international transport and management of hazardous materials. In 2007, we committed to be a founder of the Basel Action Network's E-Stewards program for managing electronic waste. And in 2010, we implemented the U.S. EPA's R2 principles for managing e-waste in both our own and our partners' processing operations. R2 establishes practices to protect the environment and workers' health and safety and is accredited by the ANSI-ASQ National Accreditation Board.¹

Waste Management's Minneapolis eCycling facility was the first in the industry to be certified to R2 standards, and we are in the process of certifying all of our electronics recycling facilities to both R2 and E-Stewards standards. Four of our e-waste processing facilities are ISO 14001 and 9001 certified. All electronic waste is tracked each step of the way, from pickup to delivery at our U.S.-based electronic waste disassembly facilities. By upholding high standards for e-waste recycling, we are helping to ensure that valuable materials can be recovered from consumer electronics without creating new environmental problems.

WHEELABRATOR'S OTHER POWER PLANTS ([linked from p.16](#))

In addition to its waste-to-energy plants, Wheelabrator owns and operates five independent power plants with the capacity to produce 227 megawatts of clean energy from waste fuels, including wood, tires and coal mining waste. That is enough electricity to power 280,000 homes. Wheelabrator's Frackville facility is a cogeneration plant providing environmentally safe disposal of anthracite coal mining waste (known as "culm") abandoned in Schuylkill Valley, Pennsylvania. Using culm as fuel, the plant generates over 300 million kilowatt-hours of electricity and reclaims on average 16.75 acres of abandoned mine land per year. Since the plant began operating in 1988, it has reclaimed over 355 acres of previously unusable land. Two of Wheelabrator's independent power plants are classified as renewable energy producers, converting waste wood and tires to renewable energy.

THE ALTAMONT LANDFILL: FROM LANDFILL GAS TO LIQUEFIED NATURAL GAS ([linked from p.19](#))

The Altamont Landfill is the world's largest landfill-gas-to-liquefied-natural-gas plant. The landfill gas collected results from the natural decomposition of organic waste in the landfill. According to the California Air Resources Board, landfill-gas-derived LNG is one of the lowest-carbon-emitting fuels currently available, reducing CO₂-equivalent emissions by at least 84 percent. A heavy-duty truck using this fuel has less than 16 percent of the GHG emissions of a similar diesel truck. The Altamont project is expected to reduce CO₂ emissions by nearly 30,000 tons each year. The plant is designed to produce up to 13,000 gallons of LNG a day – enough to fuel 300 of our 485 LNG collection vehicles that serve 20 California communities.

¹ See www.epa.gov/osw/conserve/materials/ecycling/r2practices.htm.

ADDITIONAL INFORMATION ON MANAGING A SUSTAINABLE ENTERPRISE

STRATEGY AND MANAGEMENT PROCESSES (linked from p.22)

OUR PERFORMANCE SCORECARD PROCESS



Our performance scorecard process is used by senior leadership to ensure that our entire organization (field operations and staff functions) is focused on objectives including compliance with all applicable laws and regulations and support for environmental performance and stewardship goals and values.

1. When establishing our strategic objectives, we take into account the perspectives of our customers, shareholders, employees and other stakeholders, as well as our performance against key internal metrics and our reputation as measured with key audiences.
- 2 and 3. We align our major financial, operational, environmental, community, people, safety and compliance, and customer objectives with those specific company-wide programs and initiatives that have been approved and funded as critical to achieving our strategic objectives. Performance expectations are cascaded down into the organization, and senior leadership assigns quarterly and annual targets for which our field operations are held accountable.
4. Targets are set as part of our annual budgeting process. The targets represent the commitments we have made to our stakeholders and include improvements and metrics for which our employees are held accountable. Illustrative targets include:
 - **Financial:** Traditional financial measures that our shareholders and debt holders have found to be critical to our success.
 - **Customer/Community:** Customer engagement, improving customer interactions and service, and our community relations programs. We are seeking to improve Waste Management's reputation by developing and maintaining strong community partnerships and measuring our reputation among key stakeholders.
 - **Process:** Efficiency and cost per unit measures across our collection, disposal, recycling and waste-to-energy operations.
 - **Compliance:** Our primary safety measures and overall environmental scores are our targets.
 - **Learning and People:** Employee engagement, recruiting, development and retention, and training.
5. Our operations at all levels report progress in reaching targets. Reports at the corporate level are prepared on a monthly and quarterly basis and presented to the Board of Directors at each of their meetings. We also prepare reports for each of our six Operating Groups (Eastern, Southern, Midwest, Western, Recycling and Wheelabrator waste-to-energy). During 2009 we began preparing reports at our area operating level as well. (We have approximately 25 areas through which we operate and manage our core solid waste business.) There are Monthly Performance Review and Quarterly Performance Review meetings to continually engage layers of management on progress toward company goals. This format and target-setting process (using specific Key Performance Indicators) was integrated into our annual performance planning process during 2009 to ensure consistency among strategy, performance planning, and performance measurement and accountability.

SUSTAINABILITY OVERSIGHT

Because they are linked so closely with company strategy, Waste Management's services supporting our customers' and our own sustainability goals are discussed at most Board of Directors meetings. Topics include recycling goals, market conditions and operations; generation of renewable energy and related acquisitions; and innovations in operations to increase efficiency and provide environmentally superior service. Customers' sustainability goals (e.g., waste reduction, recycling and materials reuse, expansion of renewable energy capacity) are discussed annually during Waste Management's Senior Leadership Team strategic planning meeting. In 2010, the full Board received its first report on Waste Management's carbon footprint. Our Board of Directors and governance guidelines are discussed in detail on our website.²

The Audit Committee of our Board is responsible for overseeing the company's environmental, safety and health compliance. These efforts are supported by our Compliance Audit Services Department, which oversees compliance audits at all company-owned, -operated and -controlled facilities and operations.

GOVERNANCE AT WASTE MANAGEMENT

Eight members serve on the Waste Management Board of Directors, seven of whom are independent as defined by the New York Stock Exchange. Waste Management's CEO, David Steiner, is the eighth director, and he does not hold the Board chairmanship. Board members are each elected annually. There are three standing committees: the Audit Committee, the Management Development and Compensation Committee, and the Nominating and Governance Committee.

Innovation in service offerings is managed by the Vice President of the Organic Growth Group, who is a member of the senior leadership team and reports directly to the CEO. Waste Management employs a "Phases and Gates" process structured to constantly revisit changes in the technological and competitive landscape. This is critical since our industry is constantly facing regulatory shifts, and it allows us to respond by offering new services and solutions before the changes become effective. For example, in anticipation of customer and regulator interest in new solutions for organic material, Waste Management began to develop innovative composting/digestion facilities in several market areas to provide an alternative to landfills and to reduce potential emissions and maximize the potential capture of renewable energy.

BOARD OF DIRECTORS DIVERSITY

The Nominating and Governance Committee seeks board candidates who bring a variety of perspectives and industry knowledge relevant to Waste Management's business. Candidates are evaluated for personal and professional integrity and sound judgment, potential conflicts of interest and potential for effectiveness in serving the long-term interests of shareholders. Before being nominated, Director candidates are interviewed by the CEO and a minimum of two members of the Nominating and Governance Committee, including the Non-Executive Chairman of the Board. Of the current directors, one is female and Hispanic and one is African-American.

RISK MANAGEMENT

Part of Waste Management's service to customers is our ability to provide essential services in times of emergency. The Waste Management Corporate Emergency Response plan has been constructed to ensure that disruption to normal business, as a whole, is minimized in times of emergency events such as hurricanes. Moreover, our Green Squad and other tactical units deploy Waste Management's nationwide assets to assist customers in times of need. In 2009 and continuing into 2010, Waste Management provided essential cleanup services to customers in areas hit by hurricanes and the Gulf of Mexico oil spill – while simultaneously maintaining service in other service areas.

As do many corporations with new product launches, Waste Management employs a Phases and Gates evaluation process by a multi-disciplined, due diligence acquisition committee. This process is structured to fully assess environmental and safety implications, human resource needs, information technology (IT) system needs, commercial viability and scale, and enterprise-wide integration. Our process allows us to resolve new product and service issues that are traditionally not visible until after a new product launch. We also take a risk management approach to supply disruptions in the recycling commodity markets, managing our rebate structure to lessen exposure to cyclical markets.

² See www.wm.com/wm/about/governance.asp.

An important component of enterprise risk management is security, which is managed corporate-wide by the Waste Management Security Operations Center. Among the Center’s functions are:

- Supporting real-time protections for lone employees in the field working in remote locations;
- Providing real-time video to operations to minimize wait lines at transfer stations, monitor impacts of weather conditions, ensure vendors comply with Waste Management safety standards, and detect and respond to spills.
- Maintaining traditional security services in terms of access control and fire and burglar alarm monitoring, and providing after-hours complaint response support to facilities to fulfill permit requirements.

HOW OUR CODE OF CONDUCT GUIDES THE WAY WE DO BUSINESS (linked from p.23)

Each employee of the company, as well as all officers and directors, are given a copy of the Code of Conduct yearly. The Code, published in English, Spanish, French, Polish and Vietnamese and found at www.wm.com/wm/ethics-diversity/code_of_conduct.asp, provides standards for ethical behavior across the scope of our business, including providing equal employment opportunities, ensuring employee safety, maintaining quality in our services, honoring relationships with suppliers and vendors and complying with all applicable rules and regulations, including those related to bribery and corruption. All employees receive training on the Code of Conduct when they join the company and periodically thereafter. The Code applies to all employees, and signed acknowledgments are required attesting that each recipient understands the responsibilities outlined. There is an affirmative obligation to report violations, and an anonymous and confidential Integrity Help Line is provided for employees to report concerns or violations. The Integrity Help Line reporting, annual Business Ethics questionnaire and whistleblower processes established by the Code of Conduct are reviewed, audited and verified by an outside auditing firm. Amendments to the Code require Board of Director approval.

STAKEHOLDER ENGAGEMENT (linked from p.23)

NATIONAL PARTNERSHIPS

BUSINESS ASSOCIATIONS	MULTI-STAKEHOLDER GROUPS
ABA’s Waste and Resource Recovery Committee (chair)	ASIS International
American Trucking Associations	Association of Climate Change Officers
Association of Plastics Recyclers	ASTM E50.04 Green and Sustainable Corrective Action Task Group (member)
Business Network for Environmental Justice (steering committee)	Board of Environmental, Health and Safety
California State University Fullerton, College of Natural Sciences and Mathematics, Sustainability Working Group (member – Dean’s Advisory Council)	Boy Scouts of America, multiple chapters in Indiana
Clean Air Network	Central Station Alarm Association
Council of Industrial Boiler Owners (board member)	Chicago Climate Exchange
Auditor Certifications (member) Energy Recovery Council (board member)	Climate Action Reserve
Energy Security Leadership Council (board member)	Conference Board’s Council of Corporate Security Executives
Environmental Industries Association (board member)	Junior Achievement (local board member)
Institute of Scrap Recycling, Inc.	Diversity Best Practices
National Association of Manufacturers (board member)	Environmental Justice 2007 Summit (board member)
National Minority Supplier Development Council	Environmental Media Association (corporate board)
National Recycling Coalition	Habitat for Humanity (local board member)
National Solid Wastes Management Association	Institute of Hazardous Materials Management
Product Stewardship Institute	International County and City Management Association

BUSINESS ASSOCIATIONS	MULTI-STAKEHOLDER GROUPS
RCRA Corrective Action Project	International Security Management Association
Secure America's Future Energy (board member)	ITRC Green and Sustainable Remediation team
Security Industry Association	Keep America Beautiful (Illinois)
Superfund Settlements Project	Keep America Beautiful (board member)
U.S. Chamber of Commerce	National Academies of Science National Research Council (advisory council member)
Women's Business Enterprise National Council	National Association of Counties Green Government Initiative
	National Association of Local Government Environmental Professionals
	National Black Caucus of State Legislators (chair, Corporate Roundtable)
	National Burglar and Fire Alarm Association
	National Conference of Black Mayors Business Council (chair)
	National Council of State Legislators (Foundation member)
	National Wild Turkey Federation (Tioga Chapter – Indiana)
	North American Association of Environmental Educators (board member)
	Society of Former Special Agents of the FBI
	Solid Waste Association of North America
	Sustainable Remediation Forum (SURF)
	The Auditing Roundtable
	The Climate Registry Stakeholder Advisory Committee
	The National Elephant Center (board member)
	Urban League (local board member)
	U.S. Composting Council
	U.S. Conference of Mayors Business Council (co-chair)
	U.S. Conference of Mayors Climate Protection Council
	U.S. Environmental Protection Agency (U.S. EPA)
	National Environmental Justice Advisory Council (co-chair, two work groups)
	U.S. EPA Environmental Finance Advisory Board (work group co-chair)
	U.S. Green Building Council
	Wheelabrator Symposium for the Environment (annual)
	Wildlife Habitat Council (board member)

STATE PARTNERSHIPS

BUSINESS ASSOCIATIONS	MULTI-STAKEHOLDER GROUPS
Associated Industries of Massachusetts	American Public Works Association (New York and Michigan)
Association of Commerce & Industry, Environment Committee	Apogee Retail/Lupus Foundation
Business Journal of Wisconsin	Association of Minnesota Counties
Chemical Industry Council of Illinois	Association of New Jersey Recyclers

BUSINESS ASSOCIATIONS	MULTI-STAKEHOLDER GROUPS
Illinois Chamber of Commerce	Boys & Girls Clubs (Minnesota)
Indiana Manufacturers Association	California Cumulative Risk Advisory Committee
Iowa Recycling Association	Children's Hospital of Wisconsin Foundation
Michigan Chamber of Commerce	Environment Virginia
Michigan Manufacturers Association	Epilepsy Foundation
Michigan Municipal League	Goodwill
Michigan Township Association	Illinois CCX Subcommittee on Methane Avoidance
Michigan Waste Industries Association	Indiana Hunter Education
Minnesota Chamber of Commerce	International Association of Business Communicators (Yankee/Boston Chapter) (board member)
Minnesota Chamber of Commerce, Recycling Committee	Iowa Governor's Anti-Litter Task Force
Minnesota Chamber of Commerce, Environment and Natural Resources Committee (member, vice chair)	Iowa League of Cities
Minnesota Chamber of Commerce, Waste Subcommittee (committee chair)	Ivey Tech College - Sustainable Energy Advisory Board (Indiana)
Minnesota Clerks and Finance Officers Association	Junior Achievement of Southeast Texas (board member)
New Hampshire Business & Industry Association	Kansas Governor's Energy and Environment Plan (KEEP)
North Dakota Solid Waste & Recycling Association	League of Minnesota Cities
Ohio Chamber of Commerce (board member)	Maryland Recycling Network
Ohio Chapter, Solid Waste Association of North America (board member)	Michigan Association of Environmental Professionals (board member)
Ohio Manufacturers' Association	Michigan Department of Natural Resources and Environment, Solid Waste Advisory Committee
Ohio National Solid Wastes Management Association (chapter chair)	Minnesota Energy Smart (board member)
Pennsylvania Chamber of Business and Industry, Environmental Executive Committee (board member)	Minnesota Environmental Initiative (board member)
Professional Recyclers of Pennsylvania (board member, president)	Minnesota Governor's Climate Change Advisory Task Force
Recycling Alliance of Texas (board member and officer)	Minnesota Multi Housing Association
Recycling Association of Minnesota	Minnesota Pollution Control Agency, Solid Waste Stakeholder Group
Rethink Recycling	Minnesota Pollution Control Agency, Product Stewardship and Construction and Demolition Task Forces
Ronald McDonald House	Minnesota Waste Wise (board member)
State Chapters, National Solid Wastes Management Association	Muscular Dystrophy Association
The Texas State Bar	National Audubon Society - Ohio Chapter
Virginia Waste Industries Association (chair)	Natural Resources Foundation of Wisconsin
Waste Cap Resource Solutions	New Hampshire Businesses for Social Responsibility
Wisconsin Manufacturers & Commerce	New Hampshire Women's Policy Institute (board member)
	New Mexico Environment Department, Working Groups on Environmental Justice and Recycling
	New Mexico Governors Task Force on Greenhouse Gases
	New Mexico Recycling Coalition (board member)
	North Dakota League of Cities

BUSINESS ASSOCIATIONS	MULTI-STAKEHOLDER GROUPS
	Ohio Solid Waste Advisory Council (Governor Appointment)
	Pennsylvania Department of Environmental Protection Water Resource Advisory Committee's "Total Dissolved Solids" Stakeholder Group (board members)
	Pennsylvania Environmental Justice Advisory Committee (board member)
	Pheasants Forever
	Recycle Florida Today (board member)
	Regional Greenhouse Gas Initiative
	Salvation Army
	Solid Waste Districts Citizen Advisory Boards (multiple - Indiana)
	Southern Governors' Association (corporate affiliate)
	State Chapters, Keep America Beautiful (board members and officers)
	State Chapters, Solid Waste Association of North America (board members and officers)
	State of Texas Alliance for Recycling
	Susan Komen 3 Day
	Texas Society for Ecological Restoration
	The California Climate Action Registry
	The Climate Registry
	Virginia Attorney General's Government & Regulatory Reform Task Force
	University of Wisconsin Arboretum
	Western Climate Initiative

LOCAL PARTNERSHIPS

BUSINESS ASSOCIATIONS	MULTI-STAKEHOLDER GROUPS
Battle Creek Chamber of Commerce (board member)	Air and Waste Management Association – Alamo Chapter
Canton Road Business Association (board member)	American Cancer Society's Metro Golf Classic (board member)
Detroit Regional Chamber of Commerce	American Leadership Forum
Eastpointe/Roseville Chamber of Commerce	American Public Works Association, Monroe County
Ferris Main Streets Board	ARISE Detroit – Neighborhoods Day
Greater DFW Recycling Alliance (secretary)	Bayou Preservation Association (board member)
Junior League of St. Paul	Belleville Area Council for the Arts
Kalamazoo County Council of Government	Big Brothers/Big Sisters (board member)
Local Chambers of Commerce (New Hampshire, Illinois and Indiana) (board members)	Big Brothers/Big Sisters of Broward County
North Texas Corporate Recycling Alliance	Boys & Girls Clubs (Minnesota)
Orion Area Chamber of Commerce	Bremen, Indiana, Food Pantry
Richmond Chamber of Commerce	Bucks County Park and Recreation Board (chair)

BUSINESS ASSOCIATIONS	MULTI-STAKEHOLDER GROUPS
Rio Rancho Chamber of Commerce	Buffalo Bayou Partnership (board member)
Rochester Area Builders Association	Cannon River Watershed Partnership
Simi Valley Chamber of Commerce (board member)	Chippewa Conservation District
Simi Valley Kiwanis	City and County of Honolulu Solid Waste Advisory Committee
Sterling Heights Regional Chamber of Commerce & Industry	City of Baltimore Cleaner Greener Fund
Southern California Sustainability Support Group	City of Elgin, Illinois, Sustainability Task Force
Texas Society for Ecological Restoration (secretary)	City of Peoria, Illinois, Mayor's Litter Committee
The Greater Houston Partnership	City of Peoria, Illinois, Sustainability Commission
The Houston Bar Association	City of Simi Valley Sustainability Committee
	Clare County Solid Waste & Recycling Committee (2 board members)
	CLEAN (Committing to Litter Enforcement and Adopting Neighborhoods) (Peekskill, New York)
	Clinton River Watershed Council
	Cobb County Neighborhood Safety Commission (board member)
	County of Manitowoc Clean Sweep Program
	Crime Stoppers (board members)
	DaCamara (board member)
	De Kalb County, Illinois, Economic Development Corporation
	Detroit Keep It Moving - Keep America Beautiful Organization
	Detroit Motor City Makeover
	Drexel University's Office of Research Biosafety Committee (board member)
	EASE (Emergency Assistance Service Effort) Foundation (Davie, Florida) (board member)
	End Hunger Network
	Fairmont Medical Center
	Friends of the Rouge (current supporter, former board member)
	Greater Houston Partnership (board member)
	Green Houston (board member)
	Heart of the City Marathon
	Hermann Park Conservancy (board member)
	Houston Wilderness (board member)
	Junior League of Houston
	Keep Saginaw Beautiful
	Lake Orion Education Foundation
	Lake St. Clair Channel Keepers
	Leadership Broward (Broward County, Florida)
	Leadership Houston (board member)
	Leelanau County Solid Waste & Recycling Board (2 board members)

BUSINESS ASSOCIATIONS	MULTI-STAKEHOLDER GROUPS
	Lifetime – Torchlight Run
	Local Government Chapters, Keep America Beautiful (board members and officers)
	Macomb Conservation District – supporter
	Marquette Area Blues Society
	Massachusetts Audubon Society
	Merrimack Valley Economic Development Council Inc. (Lawrence, Massachusetts)
	Minooka, Illinois, High School Athletic Boosters Golf Outing Fundraiser Committee
	Montgomery County, Ohio, Keep America Beautiful Chapter
	Nature Conservancy of Houston (board member)
	New Ulm Area Sports Fisherman
	New York City Center for the Urban Environment
	Orion Art Center
	Orion Boys and Girls Club
	Orion Solid Waste Committee (committee member)
	Orion Township "Look for the Good" campaign
	Orion Township Recycling Committee
	Partners in Education (Broward County, Florida)
	Relay for Life
	Richmond Regional Youth Facility
	Roundy's Foundation/Milwaukee Public Library
	Saugus Business Education Collaborative (Saugus, Massachusetts) (board member)
	Simi Valley Boys & Girls Club (board member)
	Simi Valley Cultural Arts Association (board member)
	Simi Valley Education Foundation (board member)
	Simi Valley Family YMCA (board member)
	Simi Valley Police Foundation (board member)
	Simi Valley Police Officers Association (board member)
	Six Rivers Land Conservancy
	St. James Farm Forest Preserve (volunteer)
	SOS Children's Villages – Florida (Broward County, Florida) (board member)
	South Baltimore Learning Center (board member)
	Sun Valley Beautiful
	Swim Teal Lake – Diabetes
	Taylorville, Illinois, Memorial Hospital (Board of Directors)
	The Nat Moore Foundation
	The Park People (board member)
	Three Rivers Festival Committee (Channahon, Illinois)
	University of Southern California "SEER" Project
	U.S. Green Building Council – Inland Empire Chapter

BUSINESS ASSOCIATIONS	MULTI-STAKEHOLDER GROUPS
	Village of Lake Orion Downtown Development Authority
	Washington DC Metropolitan Scholars (board members)
	Waterfowl U.S.A. – supporter
	Will County, Illinois, Center for Economic Development
	Wisconsin Department of Natural Resources Lakeshore State Park
	Women's Center (board member)
	Women in Distress, Inc.
	YMCA of Broward County
	YMCA of Miami-Dade County

Engagement with Customers

Customer feedback is welcomed 24/7 through wm.com and actively solicited through ongoing surveys conducted by J.D. Power and Associates. In 2009, Waste Management conducted an additional diagnostic study with J.D. Power to identify how to enhance customer engagement. As a result, each month customers now receive surveys that feed information directly to market area leaders within Waste Management. Action steps are then created directly from customer feedback to enhance customers' experience. For example, if a customer reports a late pickup, we determine whether changes need to be made to match service needs. Responses to our customer surveys have grown nearly fivefold since 2006.

In our 2008 sustainability report, we stated that we planned to establish a sustainability council of advisors and to seek input on our reporting. As the economic downturn took hold in 2008, our focus shifted from what would be a relatively expensive formal council to other ways to engage with stakeholders about our progress. We talked with individual stakeholders and solicited ideas about how to improve our sustainability reporting. We contacted key federal, state and local government stakeholders and members of national environmental organizations. We also sought out the sustainable investor community to identify ways we could better communicate the benefits of our services in a sustainable economy. This feedback gave us guidance on topics included in this 2010 report and provided the incentive to adopt GRI reporting. We plan to continue the dialogue with stakeholders based on the 2010 report, and will continue to evaluate the concept of a more formal advisory board in the future.

J.D. Power and Associates

We are committed to continuous improvement in customer service. We are transforming our call centers and creating dedicated customer queues to fulfill our "one call does it all" objective. We have begun holding "customer summits" to solicit feedback, and continue benchmarking exercises with key customers.

To measure the effectiveness of our customer service and identify opportunities for improvement, Waste Management has engaged J.D. Power and Associates for the last three years to conduct detailed surveys of our customers in all market areas. While we are pleased to report improved scores each year, our goal is to reach and maintain a level of service that creates engaged customers who are loyal and would recommend Waste Management to others. A customer's recommendation is the best compliment we can receive.

Waste Management Earns Torch Award

Waste Management's commitment to customers and ethical behavior was recognized by the Better Business Bureau of Upstate New York, which gave Waste Management of New York its 2009 Torch Award for large business for demonstrating "exceedingly high standards of behavior toward customers, employees, suppliers, shareholders and communities; adherence to truthful and honorable advertising and sales practices; and [a] reputation for noteworthy contributions to their industries and the communities in which they do business."

Waste Management Sensitive Information Protection and Compliance Program

Our business and service operations rely heavily on business information and information technology systems to support our customers, employees, business partners, suppliers and shareholders. Some of the information we use is sensitive and requires protection from accidental or unauthorized disclosure. Waste Management is committed to protecting this sensitive information and has an established formal information security program.

Our security program includes information protection policies and procedures; hardware, software and procedural security implementations; and monitoring and periodic vulnerability scanning of our systems and networks. The program also focuses on maintaining our compliance with federal, state and international privacy and data-protection laws, as well as with industry standards such as the Payment Card Industry (PCI) data security standard.

As part of our security commitment, Waste Management annually conducts a formal, independent PCI audit. All Waste Management personnel who access our information systems receive new user and annual refresher training in security awareness. In addition, those personnel who handle customer account payment information must complete annual reviews and acknowledge, in writing, their responsibility for proper handling and protection of payment data.

We also established and operate an American Society of Crime Lab Directors (ASCLD) certified digital forensics laboratory to assist with data preservation, recovery and analysis of electronic information, and internal investigation support. Our lab facility was only the sixth nongovernmental digital forensics laboratory to attain the ASCLD certification.

Over the years, we have also partnered with a number of public, industry and professional organizations – such as InfraGard, the Information Systems Security Association and the Corporate eDiscovery Forum – to improve protection guidelines and standards for sensitive information and IT infrastructures.

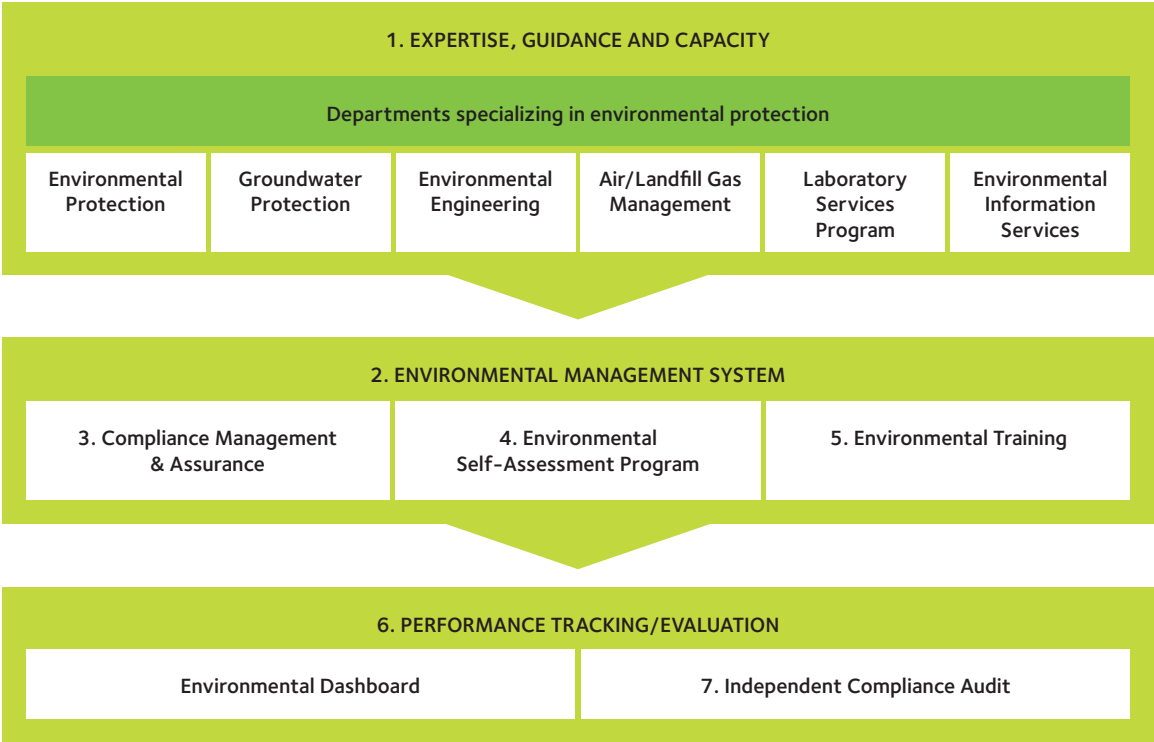
ENVIRONMENTAL MANAGEMENT PROCESSES (linked from p.24)

We have a long track record of supporting high regulatory standards – and then trying to go beyond them. For example:

- Waste Management was a prime mover in urging the U.S. EPA in 1991 to revise regulations implementing the Resource Conservation and Recovery Act Subtitle D and to establish strong and prescriptive federal standards for managing MSW. We supported specific, rigorous, governmentally sanctioned and publicly reviewed standards to ensure environmental protection at all MSW landfills.
- We constantly innovate to go beyond compliance. As part of Waste Management's formal performance review process, employee salaries are impacted by regulatory compliance, and repeat violations are tracked, reviewed by senior managers and result in disciplinary consequences for those responsible. Our success has been apparent in our continually improving compliance and environmental performance indicators from 2007 to 2009.
- We are developing a tracking system for complaints, such as noise and odors, that are not regulatory violations but are public concerns that we must address. Our management tool ensures that public complaints are taken very seriously. Complaints are tracked and responses are implemented and reviewed by senior management, who evaluate how each division and region are performing.
- We test our internal systems to ensure their thoroughness and accuracy. We conducted a gap analysis of our Corporate Environmental Management System (EMS) against the International Organization for Standardization (ISO) 14001 standards to ensure the sufficiency of our systems for landfills, transfer stations, hauling operations, waste-to-energy plants, hazardous waste treatment and disposal facilities, and recycling facilities. These systems continue to be evaluated and supplemented through our monthly training series for all environmental personnel.
- All of our Upstream divisions (including over 100 customer operator locations), our Canadian Green Squad, our e-waste operations and three individual landfills have received certification to the globally recognized ISO 14001 standard for environmental management.
- The rest of our operations are audited by an independent environmental audit team employing nationally recommended compliance audit practices approved by the American Standards for Testing and Materials and the Board of Environmental Health and Safety Certifications standards for professional auditors. Nearly all of Waste Management revenues come from operations subject to environmental management systems that are audited.
- We continually test to be sure that our facilities are protective. Simply meeting the standards is not enough. We often provide monitoring data to outside experts to evaluate how our systems are performing. Our environmental experts hold a number of patents on innovative monitoring and analysis technologies. We work with all stakeholders to assure ourselves that our operations are sound and protective of human health and the environment. (See p.10 of this appendix for a list of stakeholder groups.)

Overview of Waste Management’s Environmental Management Approach

The text below the figure elaborates on the elements within it.



1. Six departments at Waste Management supply the **expertise, guidance and capacity** needed to ensure that our operations protect the environment.

Environmental Protection	Provides environmental policies, procedures and guidance designed to ensure 100 percent compliance; provides standardized operational practices ³ , compliance tools, training, metrics and strategic advice to our groups and market areas
Groundwater Protection	Provides expertise and direction on groundwater protection programs; ensures that environmental monitoring networks are installed and operating to specifications
Environmental Engineering	Manages the planning, design and operation of our disposal facilities
Air/Landfill Gas Management	Sets policies and standards; responsible for the planning and development of air quality and landfill gas management tools
Laboratory Services Program	Ensures accuracy and quality control in the analytical testing of environmental monitoring samples
Environmental Information Services	Deploys systems for training, self-assessment, compliance assurance, corrective measure tracking and environmental metrics

2. Our **environmental management system** is tailored to support full environmental compliance at our facilities through prevention, training, self-identification of issues, rapid correction of such issues and tracking of resolution. The goal is to correct conditions that could lead to a violation before the violation happens. Corporate goals and objectives for this system are developed based on a systematic review of ongoing operational performance and an evaluation of conditions that could result in potential environmental exposure if not proactively managed. As part of the company’s culture of continuous improvement, the tools, training and strategies that comprise the EMS are reviewed and updated annually.

³ Listed at www.wm.com/wm/environmental/protection.asp.

A number of our operations are certified to the ISO 14001 standard – the globally recognized benchmark for environmental management systems. For example:

- Our Upstream division is one of the very few non-facility-based service organizations with an EMS conforming to the ISO standard.
- Our nationwide e-cycling division is the first national electronics recycler to achieve ISO 14001 certification as well as ISO 9001 certification (for quality), with a total of four locations certified by the end of 2009. The Minneapolis, Minnesota, facility is also certified to the Responsible Recycling standard.
- Three individual Waste Management landfills have received ISO certification.

3. Compliance Management and Assurance systems are implemented by our corporate Environmental Protection department, which monitors compliance, including proactively preventing, tracking and correcting conditions before they can become regulatory violations. The goals of the department are 100 percent compliance and enhancement of the environment. Compliance management tools include the Environmental Dashboard (discussed below) as well as the following:

- a.** A central permit and regulation-focused database, Waste Management's primary tool for ensuring compliance with our regulations, permits and requirements. Waste Management facilities use this to:
 - Track and schedule recurring regulatory requirements, inspections and training, and best management practices, and
 - Report and track corrective actions and preventative measures for environmental incidents.
- b.** An online auditing database that centrally queries our management to identify environmental issues before they become regulatory issues
- c.** An online data tracker that centrally manages and tracks all self-identified environmental issues
- d.** An incident alert system that gives immediate notification of significant environmental events directly to the corporate office for tracking and resolution
- e.** Latent cause analysis, a process for identifying the underlying root causes of noncompliance or other failures to prevent recurrence
- f.** WMVisor (Waste Management's intranet) and *WM Monday* (Waste Management's weekly newspaper), which provide updates to employees on environmental and operations best practices
- g.** Groundwater and surface water sampling point databases
- h.** Toxic Release Inventory data tracking
- i.** The Landfill Gas Management System database and corrective action assurance program
- j.** Applied Landfill Information Analysis System tracking data on leachate, groundwater and surface water chemistry
- k.** The Climate Care database tracking our greenhouse gas emissions

4. Our Environmental Self-Assessment Program equips district and site managers to routinely evaluate their environmental compliance status and manage potential compliance issues. Managers at more than 1,200 collection, transfer, landfill, recycling, waste-based-energy and closed sites complete a module each month on key topics using the online auditing database. Each module consists of a series of questions identifying key issues and tasks to be done to ensure that environmental concerns are identified and resolved before they rise to the level of noncompliance. Each question can result in an identified issue or potential issue, which is loaded into online corrective action tracking software with an appropriate schedule for completion. Identified issues are tracked until they are corrected and prevented from recurring. Modules are task-specific, audited and centrally accessible online.

5. Environmental training provides employees with the knowledge and skills they need to conduct operations in an environmentally responsible way. Our training programs, which target a range of operational and functional levels within the company, are summarized below. Additional local training is provided through group in-house

classroom training, on-the-job training and online training. Not counting the ethics training required for all new employees, 36,200 training sessions were conducted in 2009, which represent over 137,182 participant events when multiple attendees are taken into consideration.

We also believe we have the opportunity to reach out to employees and the public at large to raise awareness of environmental issues. We do this through our websites at www.wm.com; www.thinkgreen.com and www.greenopolis.com.

AUDIENCE	TRAINING DESCRIPTION
Employees with environmental leadership responsibility	Online modules, in-person training sessions conducted by our field Environmental Protection professionals during site visits to facility management and technical staff on environmental and compliance subjects
Site management	The Environmental Protection Learning Series, a monthly online program featuring a different environmental topic each month
Front-line employees	The Environmental Compliance Awareness Program, conducted live and covering a different environmental topic each month, and harmonized with the Environmental Self-Assessment program to ensure that each subject reaches a wide cross-section of the company

6. We regularly **track and evaluate** our environmental performance. One key tool for this is our **Environmental Dashboard**, which tracks environmental metrics for all our facilities. The Dashboard goes beyond tracking regulatory compliance to monitor conditions that, if uncorrected, could lead to a regulatory violation. Dashboard results are communicated monthly to site managers and the Senior Leadership Team and are linked to management compensation. Components of the Dashboard include:

- Compliance assurance task-based tracking software
- Environmental self-assessment issue correction and prevention
- Agency-identified violations
- Compliance audit findings correction

In addition, the Dashboard includes environmental impact response and correction. This impact tracking system is fully automated to include:

- Regulatory impacts such as agency-identified or self-reported violations.
- Community impacts, including noise, dust, odors, mud tracking and anything else that may concern the public, our neighbors and our communities. Impacts are identified and tracked via an automated public comment and response process now being piloted to become applicable to every facility owned by the company.
- Indicators of potential environmental concern related to groundwater, surface water, land and air quality.

7. Waste Management's Compliance Audit Services department conducts **environmental, health and safety compliance audits** to help the company's field staff and managers to ensure compliance with legal and regulatory requirements and to identify compliance trends. The compliance audits are systematic and objective reviews conducted by professional auditors who are independent from the facilities they audit. The department reports to the Vice President and Assistant General Counsel, and audit practices are modeled on the nationally recommended compliance audit practices approved by the American Standards for Testing and Materials and the Board of Environmental Health and Safety Certifications standards for professional auditors.

With the assistance of a web-based program, auditors monitor a site's progress following audits until corrective actions are completed and the facility provides documentation to verify compliance. Biweekly progress reports are presented to local managers, and the department delivers monthly progress reports to our senior management. Compliance audit statistics are reported quarterly to the Board of Directors. In addition to audit progress reports, our Compliance Audit Services department routinely issues audit alerts to communicate compliance recommendations throughout the company.

Environmental Expenditures

Because we are an environmental service infrastructure provider, our “environmental expenditures” are necessarily interrelated with our operations. They properly include compliance, environmental protection, control and research costs and also the capital and operating costs for our waste handling options – from waste reduction and reuse consultation to recycling, waste-to-energy and disposal facility construction and operation. Our environmental expenditures over the past four years are shown below.

TOTAL ENVIRONMENTAL EXPENDITURES

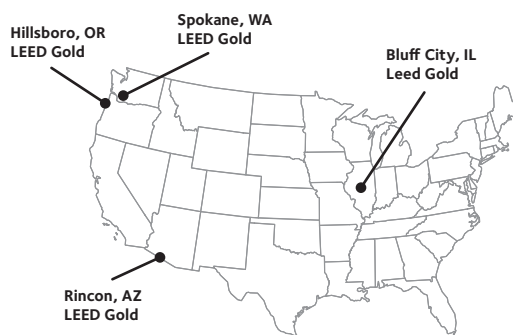
YEAR	ENVIRONMENTAL COSTS ⁴ (IN MILLIONS)	TOTAL ANNUAL EXPENSES (IN MILLIONS)	PERCENTAGE OF ENVIRONMENTAL COSTS TO TOTAL EXPENSES
2006	\$4,468.3	\$11,333.2	39.4%
2007	\$4,279.7	\$11,056.2	38.7%
2008	\$4,192.3	\$11,153.5	37.6%
2009	\$3,795.4	\$9,904.7	38.3%

OUR LEED-CERTIFIED FACILITIES (linked from p.24)

In 2008, our Bluff City Transfer Facility in Illinois received a LEED rating, becoming the first Waste Management operational facility to achieve this recognition. Between 2008 and 2009, three other Waste Management facilities in the Western Region were certified LEED. Nine additional projects are undergoing design and construction and are expected to be LEED certified in 2011 and 2012.

In 2010, our DADS Landfill was recognized as a Gold Leader in the Colorado Environmental Leadership Program, making it the first and only MSW landfill in Colorado with this distinction. A comprehensive Corporate Sustainable Facilities initiative is planned to manage internal real estate assets to better track progress toward the company’s corporate sustainability goals.

Waste Management is an active national corporate member of the USGCB. Most Green Squad staff are LEED Accredited Professionals, Green Globe Professionals and active USGCB local chapter members, often serving in leadership positions.



⁴ Includes costs associated with the environmentally responsible management of waste and the creation of renewable fuel. Excluded are costs associated with sales, general collection operational and administrative costs, merger costs and unusual items.

LEED FACTS

	WM BLUFF CITY, IL	WM HILLSBORO, OR	WM SPOKANE, WA	WM RINCON, AZ
Certification Awarded	August 2008	December 2009	August 2009	July 2009
LEED-GOLD	42 points	39 points	44 points	45 points
Sustainable Sites	7/14	7/14	10/14	9/14
Water Efficiency	5/5	2/5	3/5	3/5
Energy and Atmosphere	12/17	12/17	10/17	10/17
Materials and Resources	7/13	6/13	7/13	7/13
Indoor Environmental Quality	7/15	8/15	9/15	11/15
Innovation and Design	4/5	4/5	5/5	5/5
Project Highlights	43% reduction in water consumption 65% more energy efficient than similar buildings 98% of C&D waste diverted from landfill 44% of the building materials were from recycled content First WHC certification of a transfer station 3-acre wildlife refuge Green roof	43% energy cost savings 90% of stormwater managed 40% reduction in potable water use WHC-certified transfer station 100-acre habitat	75% of C&D waste diverted from landfill 27% of total building materials from recycled contents 140% more open space maximized compared to minimum code required 71% of energy used is renewable	82% recycled construction waste 43.5% building materials used from local sources 46.3% indoor air quality improvement

OUR SUSTAINABILITY EFFORTS IN PROCUREMENT AND OPERATIONS [\(linked from p.25\)](#)

We work with our suppliers to close the loop on resource maximization by buying recycled products and supplying them with waste materials that can be recycled into new products. For example:

- We buy paper with a minimum of 30 percent recycled content.
- We recycle our equipment by using steel from scrapped containers to make new containers, repurposing used tires into cutting edges for scrapers and dozers, grinding up plastic garbage cans to make new plastic containers and using discarded oil as heating fuel.
- We are using new products like longer-lived motor oil, plastic containers that can be recycled more easily and new materials to reduce the weight of fleet trucks.
- Our Real Estate department oversees the deployment of recycled materials and energy efficiency in its Capital Projects and Construction Management Program, identifying vendors for controlled lighting and HVAC, occupancy sensors, recycled content carpet and furniture, and low-emitting paints and adhesives.

In pursuit of our sustainability goals for recycling and renewable energy, we look up the supply chain not only to our own suppliers, but to those who supply the materials that eventually come to us as waste. We help suppliers understand how to increase the lifecycle sustainability of their products. For example, we are working with the suppliers of compact fluorescent bulbs to not only recycle the bulbs and recover the mercury and other materials for reuse, but to give them insights into how the plastics used in CFLs could become recyclable.

Reaching our target of increasing fuel efficiency and reducing our fleet emissions will depend upon our success in working with truck manufacturers and equipment suppliers. Waste Management is active in helping to test new hybrid technologies in our trucking fleet, including equipment configurations that reduce weight and use natural

gas as fuel. Our work with Securing America's Future Energy has been important to these efforts, and our CEO, our Senior Vice President of Public Affairs and Communications, and our driver Anthony Dunkley from Waste Management North Virginia were pleased to join the President of the United States when he signed a Presidential Memorandum regarding prospective legislation to establish emissions standards for heavy-duty vehicles.

AWARDS AND RECOGNITIONS [\(linked from p.26\)](#)

2008 – 2010 NATIONAL AWARDS AND RECOGNITIONS

2008

Ethisphere Institute, World's Most Ethical Companies

Ethisphere Institute, Attorneys Who Matter (for Waste Management's General Counsel)

World Business Council for Sustainable Development, "Sustainability Leader" for the Waste and Disposal Services Sector

Dow Jones Sustainability Index North America

Institutional Investor Survey, Top Shareholder-Friendly Companies (ranked 2nd)

Waste-to-Energy Research and Technology Council, Outstanding Contribution Award

Wildlife Habitat Council, William W. Howard C.E.O. Award

National Sheriffs' Association, Award of Excellence in Neighborhood Watch

Corporate Responsibility Magazine, 100 Best Corporate Citizen (ranked 75th)

Environmental Industry Associations, Driver of the Year

Wildlife Habitat Council, Corporate Lands for Learning Project of the Year (Alliance Landfill)

American Society of Civil Engineers, Outstanding Civil Engineering Award
(Waste Management Turnkey Landfill/University of New Hampshire EcoLine Gas Pipeline)

InformationWeek, 250 Top Innovators (ranked 63rd)

Human Rights Campaign, Corporate Equality Index (100% rating)

2009

FBI Honorary Certificate (for a Waste Management truck driver)

American Legion Honor (Flag Day)

Fleet Owner Magazine, Top 500 Fleets (ranked 6th)

SAM Sustainability Yearbook, Sector Leader, Waste and Industrial Services Sector

U.S. Conference of Mayors, Mayors Business Council, Outstanding Award for Public/Private Partnerships

Institutional Investor, America's Best CEOs (ranked 2nd in Environmental Category)

Newsweek, Greenest Big Companies in America (ranked 109th out of 500)

Dow Jones Sustainability Index, North America

Human Rights Campaign, Corporate Equality Index (85% rating out of 100)

Vigeo, Waste & Water Utilities North America (all "+" ratings)

Ethisphere Institute, World's Most Ethical Companies

U.S. Environmental Protection Agency (U.S. EPA) Landfill Methane Outreach Program Projects of the Year: Waste Management Turnkey Landfill/University of New Hampshire EcoLine Project, and Altamont Landfill Resource and Recovery Facility

2010

Mashable.com's 2nd Annual Open Web Awards, Blogger's Choice award (environmental category)

GovernanceMetrics International Accountability Ratings, ranked 10 (highest available)

Forbes, Inc., Top 20 Most Responsible Companies

Ethisphere Institute, World's Most Ethical Companies

Ethisphere Institute, Attorneys Who Matter (for Waste Management's General Counsel)

Corporate University Best-In-Class, Best New Corporate University (runner-up)

American Hospital Association, endorsement of Waste Management Healthcare Solutions

PR News, Best Annual CSR Award (honorable mention)

G.I. Jobs Magazine, Top 100 Most Military-Friendly Companies

U.S. Occupational Safety and Health Administration, Star Certification (1st transfer station)

Profiles in Diversity Journal, Diversity Leader

InformationWeek 500 “most innovative IT organizations” (ranked 36th of 500)

U.S. EPA SmartWay Transport Partner

Climate Change Business Journal, Business Achievement Award, Technology Merit: Transportation

2008 – 2010 STATE AND LOCAL GOVERNMENT AWARDS AND RECOGNITIONS

2008

Industrial Environmental Association of San Diego, Environmental Responsibility Award

California Climate Action Leader

San Diego EarthWorks, EARTH Award

Virginia Environmental Excellence Program, Exemplary Environmental Enterprise Award

New Jersey Department of Environmental Protection and New Jersey Clean Communities Council, Business Partnership Award

Austin Chamber of Commerce, Business Award Nomination – Environment

Wildlife Habitat Council, International Habitat Conservation Award

Houston Port Region Economic Alliance, Visionary Award

U.S. Occupational Safety and Health Administration, Merit Status, Grayslake Recycling Plant

Sacramento Municipal Utility District, Top Supplier

California Mothers Against Drunk Driving, Corporate Leadership Award

Keep Mississippi Beautiful, Louise Godwin Award for Excellence

Canon Technology Solutions, Inaugural Leadership Award, Waste Management Safety

2009

Pennsylvania Department of Community and Economic Development, “Best 50” Award

Greater Taylorville (Illinois) Chamber of Commerce, Member of the Quarter

New York League of Conservation Voters, 2009 Corporate Environmental Pioneer

Abington (Pennsylvania) Area Joint Recreation Board, Environmental Partnership Award

Better Business Bureau of New York, Torch Award

Broward County (Florida) Partners in Education, 2009 Community Involvement Award

Sustainable Florida Collins Center, 2009 Best Practice Award

National Solid Wastes Management Association – Minnesota Chapter, Special Governor’s Award

Schuylkill (Pennsylvania) Conservation District, Forest Stewardship Award

Northfield News (Minnesota), Business of the Year

Northfield Chamber of Commerce (Minnesota), Business of the Year

California Integrated Waste Management Board, Waste Reduction Awards Program Honoree

San Diego American Lung Association, Clean Air Circle Honoree

Industrial Environmental Association (California), Environmental Responsibility Award

Orange County Register (California), Top Workplaces

2010

California Mothers Against Drunk Driving, Corporate Citizen of the Year

West Virginia Department of Environmental Protection, Environmental Excellence Award, Municipal Landfill

ADDITIONAL INFORMATION ON ENSURING ENVIRONMENTAL PERFORMANCE

INTERNAL ENVIRONMENTAL METRICS: NUMBER AND VOLUME OF SIGNIFICANT SPILLS (linked from p.27)

Waste Management is committed to reducing the number and amount of leaks and spills that occur at our operations. We track fluids usage by our trucks and train drivers to report any leaks or spills they observe; we also require that all significant spills be reported to the corporate office via the Environmental Incident Notification System. The table below summarizes all “reportable quantity” spills (i.e., those of a size required to be reported to the appropriate agency) for the period covered across our more than 1,200 operating locations.

YEAR	# OF REPORTABLE QUANTITY SPILLS REPORTED
2009	4
2008	5
2007	6
2006	10

REDUCING AND RECYCLING WATER AT WASTE MANAGEMENT (linked from p.28)

Examples of innovative operational practices our facilities use to reduce and recycle potable water include:

- The use of rainwater or water not suitable for drinking to wash trucks or control dust
- The creation of wetlands to purify contaminated water, which also provides usable green space and wildlife habitat
- Onsite water treatment (such as reverse osmosis or onsite spray irrigation) within a confined unit for biologic treatment before returning water to the environment at drinking water quality
- Use of floating cover over leachate ponds and temporary cover over landfills to avoid contact with precipitation and minimize the volume of water for which treatment is required
- Reuse of landfill leachate through landfill-gas-fueled evaporation, closed-loop recirculation and pond evaporation. In some cases, leachate is used for dust control on lined areas of a landfill.
- Conservation and reuse of reclaimed wastewater in boilers for steam turbines at select renewable energy projects
- At our 10 next-generation technology (bioreactor) landfills in operation (with six more in the permitting process), receipt of commercial and industrial wastewaters for biotreatment within the landfill, converting the organics in these materials into gas collected for beneficial use in renewable energy projects
- Avoidance of water contact with industrial processes and processing water for reuse in our operations to avoid release to the environment
- At all sites where environmentally appropriate and permitted under state regulation, use of wastewater rather than potable water in constructing landfill units and recirculation of landfill leachate for conversion into renewable energy in our landfill gas projects
- LEED certification for nine Waste Management facilities, with required water conservation and achievement of specific water-use reduction goals

We are continuing to evaluate our water use. One large commercial customer requested an estimate of the water used at Waste Management facilities in its supply chain. Our Green Squad evaluated the metered potable water consumption for 65 facilities at 81,501 hundred cubic feet per year. The Green Squad, as part of the company's Corporate Sustainable Facilities initiative, is evaluating ways to expand water consumption monitoring in order to enhance future reporting on the results of conservation initiatives.

OUR WILDLIFE HABITAT SITES (linked from p.29)

We have 100 sites certified by the Wildlife Habitat Council. See www.wm.com/about/community/wildlife-habitat.jsp for a map showing where these sites are located. In addition to these formal, certified WHC sites, we conserve land for active recreation, parkland and athletic uses. Our closed landfills are reviewed for potential beneficial use. Two facilities that we operated now have golf courses, 13 Waste Management-owned sites have wildlife habitats (with eight more planned), one has a learning center (with two more planned), five have passive recreation areas, three have constructed wetlands (with two more planned), three host model airplane clubs (with two more planned), and three have been transferred back to the community or a local conservancy. In addition, 10 sites have various forms of commercial redevelopment, two are used to support local law enforcement training, and 19 generate renewable power (with three additional systems planned).

TECHNOLOGIES FOR OPERATING A CLEAN AND EFFICIENT FLEET (linked from p.32)

Efficient Routing: We use fleet management and route optimization systems to improve efficiency and reduce driver time. Throughout our residential and commercial collection operations, we use state-of-the-art collection fleet routing software known as WasteRoute and a subsequent Efficiency Management and Planning (EMAP) system. These tools were developed to simplify, standardize and improve the efficiencies of the company's routing process. They provide our users with an automated way to optimize routes based on travel time, disposal options, vehicle capacities and waste streams, resulting in an overall reduction in miles driven. This leads to a direct reduction in fuel consumption and the attendant greenhouse gas emissions. WasteRoute and EMAP reinforce a companywide emphasis on daily route management. In addition, about 4 percent of our fleet uses an in-cab routing system that helps to optimize routes. These measures have reduced driver time by 2 million hours.

Cleaner Engines: We continue to replace our vehicles' older engines with new engines equipped with diesel particulate filter and selective catalytic reduction technology. These new-technology engines emit significantly reduced particulate matter and nitrogen oxides, making our fleet more environmentally friendly. In 2009, 23 percent of our collection vehicles and 33 percent of our diesel Class 8 vehicles used particulate filters or the equivalent installed by the manufacturer. In addition, we have retrofitted approximately 1,600 additional engines to reduce diesel particulate emissions to "best-available control technology." While these devices reduce particulate matter and nitrogen oxides emissions, they also increase the weight of each vehicle by about 1,000 pounds, which has moderated our potential emissions intensity improvements. We continue to research advanced technologies and equipment to meet this challenge.

Reducing Vehicle Weight: One equipment change that we are evaluating to offset the increased weight of the new-technology engines is the replacement of drum brakes with lighter-weight disc brakes. This one change will reduce the weight of our vehicles by 720 pounds per vehicle and improve vehicle performance, including stopping distance and brake effectiveness in wet conditions.

Alternative Fuels and Hybrids: Waste Management has the world's largest fleet of heavy-duty natural gas refuse and recycling trucks. In 2009, we purchased 125 natural gas vehicles, raising our natural-gas-fueled fleet size to 853. Our natural gas fleet includes 351 compressed natural gas and 491 liquefied natural gas vehicles. This represents about 3.5 percent of our collection vehicles.

We also have over 2,200 vehicles that run on various blends of biodiesel. By the end of 2010, we plan to have purchased an additional 150 CNG-powered vehicles. Using natural gas as a fuel reduces emissions, including particulate matter, nitrogen oxides and greenhouse gases, and also reduces our dependence on imported fuels.



EMISSIONS (linked from p.33)

Actual Releases at Waste Management Hazardous Waste Facilities

TRI-reportable releases must be within emission levels authorized by permit or regulation, but the TRI was initiated to go beyond the permitting process to provide communities with information about chemicals from all of the facilities in their vicinity. Disclosure of the total releases emitted in each community was intended as an indirect means of encouraging pollution prevention, and has served that purpose. The following information reflects a small rise in actual releases from Waste Management facilities from 2001 (the date TRI became applicable to hazardous waste facilities) to 2009 (the year of the U.S. EPA's most recent data compilation). The increase is solely attributable to the inclusion in 2007 of adjacent nonhazardous waste management units in the hazardous waste facility release calculation. Note that these releases result from permitted waste treatment or placement activities and are within the terms of permit limits.

TRI CHEMICAL RELEASES AT WASTE MANAGEMENT HAZARDOUS WASTE FACILITIES (IN POUNDS)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	CHANGE 2001 - 2009
Air ⁵	19,047	35,002	22,539	8,435	9,984	9,258	10,163	15,113	32,606	-41%
Water	30	26	60	5	28	170	114	186	195	-85%

Containment of Customers' Wastes at Waste Management's Hazardous Waste Facilities

Containment of a TRI chemical in a permitted RCRA hazardous waste facility is the opposite of release – containment means isolation of waste in an engineered structure continually monitored for leaks to assure zero impacts to surrounding soil or groundwater. The purpose and design of the federally mandated RCRA program is to ensure that materials placed in a RCRA containment facility will never migrate into the environment. As a consequence, in the U.S. EPA's view, increased quantities of TRI materials in containment can represent "a generally positive environmental trend because these facilities are in the business of managing hazardous waste and do so under strict controls."⁶ The U.S. EPA reports the containment at the seven Waste Management hazardous waste facilities as follows:

TRI CONTAINMENT AT WASTE MANAGEMENT HAZARDOUS WASTE FACILITIES (IN POUNDS)

	2009	2008	2007	2006	2005	2004	2003	2002	2001
Containment in RCRA Subtitle C unit	34,040,988	33,855,809	36,895,969	26,859,210	29,356,115	49,988,090	61,365,982	33,829,570	52,827,514
Contained Underground Injection	5,025,091	12,311,678	13,260,957	10,668,797	7,934,792	12,008,034	12,554,221	16,021,979	16,268,251
Transfer Off-Site to Treatment/Containment	71,948	85,477	54,025	75,697	583,512	577,754	596,280	530,510	458,952

The rises and declines in containment at Waste Management facilities reflect relative activity in customer remediation projects and brownfield cleanup, as well as fluctuations in activity in some heavy industrial sectors. Declines also reflect positive initiatives to avoid generating hazardous waste in the first place – initiatives for which Waste Management Upstream is a leading service provider. The offsite transfers for containment vary, reflecting changes in the customer base from year to year, one-time events like plant closures or large remedial projects, changes to onsite treatment capacity and changes in treatment or disposal regulations.

⁵ A change in Clean Air Act monitoring in 2007 and 2008 added air emissions to the reports for Kettleman Hills, Arlington and CID to account for municipal waste landfills located on property adjacent to these hazardous waste facilities. Note that these three municipal waste landfills appear to be the only such facilities included in the TRI database (simply because of their location next to a TRI reporting facility). This anomaly in the TRI reporting regulations makes it difficult to evaluate trends over time at these facilities.

⁶ U.S. EPA Toxic Release Inventory 2006 Public Data Release Key Findings, p.10, www.epa.gov/tri/tridata/tri06/pdr/key_findings_v12a.pdf. See also www.epa.gov/tri/tridata/tri08/national_analysis/pdr/TRI_key_findings_2008.pdf.

METHODOLOGY USED TO CALCULATE WASTE MANAGEMENT'S CARBON FOOTPRINT (linked from p.34)

Waste Management's carbon footprint comprises all anthropogenic⁷ Scope 1 (direct) emissions and Scope 2 (indirect) emissions from facilities and activities under Waste Management's operational control in the United States, the U.S. Territories and Canada. These emissions include direct emissions from vehicle and facility fossil fuel use, landfill operations, waste-to-energy and power plants, management of medical wastes, and refrigerant use, as well as indirect emissions from electricity use. The carbon footprint relies on company operating data collected from auditable corporate business, legal and accounting records, as well as invoices, that have undergone internal quality-assurance checks.

Our inventory reflects the most accurate means available to calculate GHG emissions within our industry sector. We worked with leaders in government, industry and academia in developing our inventory processes and protocols, including staff of the California Climate Action Registry, the multi-state Climate Registry and the U.S. EPA. Our GHG inventory employs the protocols embodied in the U.S. EPA's final Mandatory Greenhouse Gas Reporting Rule (74 Fed. Reg. 56260, October 30, 2009) and the Climate Registry's General Reporting Protocol (May 2008) for the majority of our GHG emission sources.

Because a broadly accepted protocol for estimating the carbon mass balance of landfills does not yet exist, Waste Management, along with other public and private owner/operators of landfills, funded development of the Solid Waste Industry for Climate Solutions (SWICS) protocol by SCS Engineers.⁸ The protocol represents a first step in refining existing U.S. EPA models and protocols using peer-reviewed, published research to improve landfill GHG emission estimation. We employed the SWICS protocol in estimating the emissions associated with the landfill operations reported in our companywide carbon footprint and the voluntary GHG reporting protocols in which we participate.

To determine more accurately the amount of methane emitted from landfills, we have undertaken multi-year studies using state-of-the-art measurement techniques at landfills with different operational, topographical and climatic features. Our California landfills are part of a three-year landfill methane study sponsored by the California Energy Commission. The findings from that study have been published as a new method for evaluating methane flux through landfill cover. We have also worked closely with the U.S. EPA's Office of Research and Development, under a 10-year Cooperative Research and Development Agreement, to identify and test new techniques for measuring landfill surface methane emissions. A new instrument called a "cavity ring-down laser" offers real promise, and the U.S. EPA and Waste Management began testing it at eight locations in 2010; we anticipate the publication of results in 2011. We have signed a five-year extension of our research agreement with the U.S. EPA to continue this important research.

Our calculation of the potential GHG reductions or "avoided emissions" that our operations enable includes:

- The production of renewable waste-based energy that replaces electricity generated from fossil fuels.
- The potential avoided GHG emissions from one year's production of renewable fuel from landfill gas at our Altamont, California, landfill.
- Facilitation of the reuse and recycling of materials.
- Permanent carbon storage in landfills. (This paragraph is also linked from p.37.) Carbon storage in landfills can significantly offset GHG emissions from landfills. The decision to include these factors and how they are utilized in a statewide inventory will depend on the accounting protocol employed. A number of international and domestic protocols – including those of the United Nations Intergovernmental Panel on Climate Change, the U.S. EPA, the Oregon Climate Trust and the California Air Resources Board – recognize carbon storage in landfilled material as a "sink" in calculating carbon emissions inventories.⁹ These protocols recognize that when wastes of a biogenic origin are deposited in landfills and do not completely decompose, the carbon that remains is effectively removed from the global carbon cycle, or sequestered. For example, the U.S. EPA has published reports that evaluate carbon flows through landfills to estimate their net GHG emissions. The methodology the U.S. EPA employed recognizes carbon storage in landfills. In these studies of MSW landfilling, the U.S. EPA summed the GHG emissions from methane generation and transportation-related carbon dioxide emissions, and then subtracted carbon sequestration (i.e., treated it as negative emissions).¹⁰

⁷ Anthropogenic GHG emissions occur due to human activity and are the focus of existing and proposed international and national regulation by GHG reduction programs.

⁸ SCS Engineers, Inc., Current MSW Industry Position and State-of-the Practice on LFG Collection Efficiency, Methane Oxidation, and Carbon Sequestration in Landfills for SWICS (Long Beach, CA: SCS Engineers, January 2009).

⁹ Ibid.

¹⁰ U.S. EPA, Solid Waste Management and Greenhouse Gases: A Life-Cycle Assessment of Emissions and Sinks, 3rd Edition (Washington, DC: U.S. EPA, September 2006).

- We have used the SWICS protocol to calculate the amount of carbon permanently stored in landfills from the annual disposal of biogenic waste that will not decompose in the landfill to produce methane. This carbon storage, or sequestration, is important because it removes carbon from the natural carbon cycle indefinitely, reducing net emissions of GHG. Both the UN Intergovernmental Panel on Climate Change and U.S. EPA National GHG Emissions Inventory account for carbon sequestration of undecomposed wood products, yard trimmings and food wastes disposed of in landfills. Both entities consider carbon sequestration to be an integral component of the landfill carbon mass balance calculations.

OUR PARTICIPATION IN CLIMATE CHANGE PUBLIC POLICY [\(linked from p.35\)](#)

Waste Management is actively working with stakeholders from all perspectives to assess how GHG emissions can be accurately inventoried and disclosed, and how that information can be used in climate change initiatives that improve the environment and are consistent with a healthy economy. We participate with the Carbon Disclosure Project, the Dow Jones Sustainability Index and Newsweek Green Rankings Research, and we have made our voluntary reports to these organizations publicly available. We have also commented on federal, regional and state frameworks for addressing climate change. Extensive comments and recommended strategies have been discussed with:

- U.S. House of Representatives, Committee on Energy and Commerce
- U.S. House of Representatives, Committee on Science and Technology
- U.S. Senate Energy and Natural Resources Committee
- U.S. Environmental Protection Agency
- California Air Resources Board
- Western Climate Initiative
- Regional Greenhouse Gas Initiative
- Climate Registry
- Climate Action Reserve

All comments are a matter of public record.

ADDITIONAL INFORMATION ON CREATING A GOOD PLACE TO WORK

OUR VALUES [\(linked from p.38\)](#)

Our values provide the foundation for our company's practices and standards. Our values remain constant – even though our world is changing.

Honesty: We are truthful and use the highest levels of integrity and fairness in dealing with our customers and each other.

Accountability: We are trained, knowledgeable and empowered. We take full responsibility for our actions, conduct and decisions.

Safety: We take care of ourselves, our coworkers and our neighbors. We follow the rules and practices, and we don't do it unless it can be done safely.

Professionalism: We are the best at what we do. We trust one another and follow through on our commitments.

Respect: We appreciate the worth of others and treat everyone with dignity and consideration.

Inclusion: We listen to and interact with others with an open mind.

Diversity: We appreciate the unique talents we all bring to the Waste Management team.

Employee Empowerment: We are valued employees, protecting the environment and the well-being of the communities where we live and work.

ADDITIONAL DIVERSITY DATA (linked from p.38)

WASTE MANAGEMENT WORKFORCE BY ETHNIC GROUP

ETHNIC GROUP	PERCENTAGE IN WASTE MANAGEMENT'S U.S. WORKFORCE	PERCENTAGE IN THE U.S. POPULATION ¹¹
American Indian	0.61%	1.0%
Asian	1.24%	4.6%
African-American	15.26%	12.9%
Hispanic	20.57%	15.8%
Caucasian	60.90%	65.1%
Multi-Race	1.42%	1.7%

WASTE MANAGEMENT WORKFORCE BY AGE

AGE GROUP	PERCENTAGE OF WASTE MANAGEMENT'S WORKFORCE IN THE UNITED STATES AND CANADA
Veterans (Born 1922-1943)	1.09%
Baby Boomers (Born 1944-1960)	28.81%
GenXers (Born 1961-1980)	60.72%
Millennials (Born 1981-2000)	9.38%

WORKPLACE SAFETY INITIATIVES (linked from p.39)

Avoiding Worker Injuries

When an injury occurs, we have clear rules about reporting and investigating the incident. Employees and managers are trained to follow these rules; failure to do so is grounds for disciplinary action, including dismissal. We investigate every injury to determine whether a claim is related to work or not.

We assist injured employees throughout the healing and recovery process. Our Transition to Recovery program works with the employee's doctors to accommodate restrictions and return the employee back to work as soon as possible. We pay for a full-time, independent occupational health counselor to advocate for an employee's health and well-being as part of the transition process. Our goal is to return all injured or ill employees to work, incorporating meaningful and appropriate work opportunities during the recovery period.

The Danger of "Sharps"

A particular concern for sanitation workers is injury from "sharps" – needles and syringes used by people who self-inject medications in their homes. Each year, more than 7.5 billion doses of medicine are administered by syringes, with the used sharps potentially discarded in trash or recycling containers.

Waste Management has reduced the number of reported sharps incidents by more than 55 percent since 2001, thanks to several initiatives. We have been working to educate the public about the safe disposal of sharps through our website, work with the Association of Diabetes Educators and other media.¹² We have actively supported legislation that reduces our employees' risk of exposure to blood-borne pathogens. And we have worked with 3M to develop new glove technology specifically designed for our employees to reduce the risk of exposure. These gloves are in use at our materials recovery facilities to ensure worker protection.

In 2009, we developed a new proprietary line of mail return systems for customers generating small volumes of sharps and medical waste. Our MedWaste Tracker System contains the supplies an individual needs to safely contain small quantities of medical waste. Customers simply arrange a pickup with the U.S. Postal Service.

¹¹ Source for U.S. population data: U.S. Census Quickfacts 2009 estimate

¹² See www.thinkgreenfromhome.com/SyringesAndLancets.cfm.

OTHER WORKPLACE-RELATED ISSUES (linked from p.43)

Employee Benefits

We offer our employees competitive wages and benefits, including health and dental coverage, prescription drug coverage, short- and long-term disability insurance, life insurance, education savings accounts and paid time off to participate in our Community Partners Volunteer Program (see p.46). About 96 percent of employees participate in our health insurance plans or receive compensation for opting out. Employees choosing to opt out of participation, whether requesting compensation or simply waiving coverage, must demonstrate that they have alternative insurance coverage.

We are particularly proud of our wellness programs. We have a team of “Get Well Guides” – a group of nurses and coaches who help employees and their families get access to the help they may need for a variety of life challenges. Employees can dial a toll-free phone number for support and confidential assistance from reliable, compassionate professionals who are trained as nurses, coaches, dieticians, clinicians and financial counselors. They are available for assistance with:

- Health questions
- Tobacco cessation
- Weight loss
- Financial advice and assistance
- Discounts on gym memberships and other wellness programs

Our wellness programs also include onsite flu clinics and health fairs, where we provide blood pressure tests, blood lipid tests and other screenings that aid in the early detection of health risks. A health coach also meets individually with every participant to review their results and suggest action items to improve their health.

WMIDEA XCHANGE

We encourage employee input through the WMidea Xchange program. We welcome employee suggestions on everything from ways to reduce operating costs to enhancing internal communication.

Employees whose ideas are adopted as best practices receive a \$100 gift certificate. Each year, the employee or group of employees who submit the most effective idea receive a prize of \$5,000.

Talent Acquisition

Most of our new hires are for positions that are ranked among Manpower Inc.’s 2010 10-hardest-jobs-to-fill list. In 2008, we made concerted efforts to improve our hiring practices in order to reach and employ the best talent available.

TALENT ACQUISITION PERFORMANCE

TALENT ACQUISITION PROCESS	PRE 2008	IMPROVEMENTS, 2008-2009	FURTHER IMPROVEMENTS 2010	
			CURRENT	TARGET
Time to Fill	50+ days	28 days	28 days	20 days
Offer to Clearance/Start	unknown	8.5 days / 17.6 days		
New Hire Turnovers			15%	10%
No-Show Rate	30%	4%	4%	4%
HM Selection Ratio	unknown	about 50%	50% (2 of 4)	75% (3 of 4)
Cost Savings	none	\$1.92 million (reduced HM time on recruiting)	\$1.92 million	\$2.42 million
Interviewing	No consistent program	2000 front-line managers trained		
Employment Brand	None	Consistent across the business		
Employee Referrals				
Recruiting Performance Metrics	None	Detailed		
Turnover	30%	15%		

In 2010, we were named to *G.I. Jobs* magazine's list of the "Top 100 Military Friendly Employers." The list, drawn from an estimated 5,000 companies, is based upon the strength of company military recruiting efforts, the percentage of new hires with prior military service and company policies toward National Guard and Army Reserve service.

Our outreach efforts to those in the military benefit from partnerships with organizations such as the Department of Defense Transition Assistance Program, the U.S. Army's Partnership for Youth Success, Hire Heroes USA and the Army Reserve Employer Partnership Initiative.

ADDITIONAL INFORMATION ON PARTNERING WITH COMMUNITIES

CHARITABLE CONTRIBUTIONS (linked from p.45)

Aiding Employees' Families

When an earthquake devastated Haiti in early 2010, our workforce in Florida felt the impacts. Waste Management has more than 500 employees of Haitian descent in Florida.

Waste Management and its employees donated more than \$100,000 in emergency aid contributions to the Haiti relief effort. Moved by the ongoing crisis, Waste Management made an additional \$50,000 donation to the Florida Marlins' "Homes for Haiti" program conducted with its partner Food For The Poor. In addition, we donated water and ready-to-eat meals from our hurricane preparation supplies and set up four shipping containers at sites in South Florida to accept donations of food, clothing and medical supplies to be sent to Haiti.¹³

2009 HAITI RELIEF EFFORTS

	WORLD VISION	HABITAT FOR HUMANITY
Employee Donations	\$16,714	\$10,034
Company Match	\$16,714	\$10,034
North FL Market Area	\$25,000	\$0
South FL Market Area	\$25,000	\$0
Totals	\$83,428	\$20,068

¹³ Source: Waste & Recycling News, 2/1/10.

We provided grief counseling and time off to employees coping with the tragedy. In addition, employees received \$13,283.07 from the support fund noted above.

UNITED WAY CONTRIBUTIONS

In 2009, we kicked off a campaign for the United Way in our headquarters town of Houston, and we ultimately exceeded our goal of raising \$225,000.

OUR PARTNERSHIPS AND ASSOCIATIONS [\(linked from p.46\)](#)

On a national level, we have partnered with several organizations that we believe are making a difference for the environment and for local communities. These include:

Keep America Beautiful (KAB): For more than 25 years, we have supported the nation's largest volunteer-based community beautification organization. We contribute over \$1 million a year to efforts to prevent litter, reduce waste, promote recycling and beautify communities. We're a significant sponsor of the organization's signature event, The Great American Cleanup, providing in-kind equipment, manpower and logistical support to millions of volunteers in local efforts. Our grants supported 42 projects in 2007, 51 in 2008 and 47 in 2009. Barry Caldwell, Senior Vice President for Public Affairs and Communications, sits on the KAB Board, and many Waste Management employees are on local affiliate boards. (See www.kab.org.)

Habitat for Humanity: Waste Management and Habitat for Humanity share a goal of providing construction services that are environmentally friendly. We have committed \$1 million over three years to further the organization's mission of building decent, affordable housing. We began our relationship in 2007 with the Jimmy and Rosalynn Carter Habitat for Humanity Work Project in Los Angeles. A year later, we announced a multi-year partnership, through which we provide monetary support, in-kind donations and a variety of waste disposal services to Habitat affiliates across the United States and Canada. As part of the partnership, our employees participate in building Habitat homes. We're also providing a variety of industry-specific services at local building projects, such as waste collection and disposal, construction and demolition recycling, and loading services. Our partnership has enabled Habitat for Humanity to help families in 28 states and at least 111 different cities. (See www.habitat.org.)

Wildlife Habitat Council: The Wildlife Habitat Council's "Wildlife at Work" program recognizes commendable wildlife habitat management and environmental education programs at work sites. We have met our goal to have at least 100 of our facilities certified by the WHC by 2020, and to have approximately 25,000 acres of land set aside for conservation and wildlife habitat. In 2006, we were recognized as the first organizational recipient of the WHC President's Award, and in 2008 we became the first recipient of the WHC's William W. Howard C.E.O. Award, recognizing our efforts in conservation, education and outreach. For more on our habitat preservation efforts, [see p.29](#). (See www.wildlifehc.org.)

City Livability Awards: Sponsored by Waste Management, the Conference of Mayors' City Livability Program honors mayors and their city governments for development programs that enhance the quality of life in urban areas. Established in 1979, the awards are given annually to 10 mayors and their cities.

Earth Day Events across North America: Waste Management supports dozens of local Earth Day activities and events through sponsorships, volunteerism and services. Nearly 50 events were held or sponsored in spring 2010, with attendance ranging from a dozen members of a school class touring one of our facilities to large sponsored events drawing thousands.

Trash Track: Waste Management funded project “Trash Track” at the Massachusetts Institute of Technology. Through this project, a five-year-old “Sensible Cities” group has attached tracking devices to thousands of pieces of garbage generated in Seattle and New York City in an effort to study where recyclables go and the degree to which recycling benefits the climate.



PARTNERSHIPS WITH COMMUNITIES (linked from p.47)

Community Enhancement Activities

Examples of our partnerships with communities number in the hundreds. Here are a few highlights to suggest the variety of activities:

Atascocita Landfill – Humble, Texas

- Provides 30 acres of ball fields to the Humble Baseball Association to keep over 2,000 kids engaged after school each year.
- Provides 15 acres of wildlife habitat, including a pollinator garden.
- Donated trees from its site to the local Park Lakes Elementary School to help beautify their campus.
- Supports three full-time local teachers to do environmental education and challenge students to perform green tasks.

Ottawa Landfill – Ottawa, Canada

- Took part in a reforestation partnership with the Rideau Valley Conservation Authority to expand the poplar tree plantings at the site. Planted 24,000 of three poplar tree varieties in 2007, which began at 6 inches and are now more than 20 feet each.

Geneva Landfill – Geneva, OH

- Provides free service and roll-off containers to the adjoining neighbors in the Geneva township.
- Conducted an annual spring and fall township cleanup event for residents of the township.
- Provides site wetlands for use as an outdoor classroom for students.

El Coqui Landfill – Humacao, Puerto Rico

- Partners with the “Escuelas Verdes” (Green Schools) program with 35 science teachers and over 6,000 students on the island. Developed “Story of Garbage” conferences. Set up competitions in student essays, posters and a recycling or reforestation environmental proposal.
- Hosts a Solid Waste Management Symposium for regulators, public officials and key leaders to exchange information regarding the industry and best practices.

Waste Watch

Our truck drivers often drive through community streets in the early hours of the morning. That puts them in an ideal position to spot unusual, and potentially dangerous, situations – especially if they are trained to recognize signs of trouble.

Our “Waste Watch” community safety program began in Forest Grove, Oregon, in 2004 and has since spread to more than 100 communities across North America. The program trains drivers to look and listen for suspicious activities and emergency situations, and then report their observations to public safety and law enforcement agencies. Training is ongoing, and thousands of Waste Management drivers have become Waste Watch certified.

To enter the program and be recognized as a Waste Watch Certified Driver, a driver must participate in a formal training program, which includes instruction from corporate security and local law enforcement personnel, and then pass a written examination.

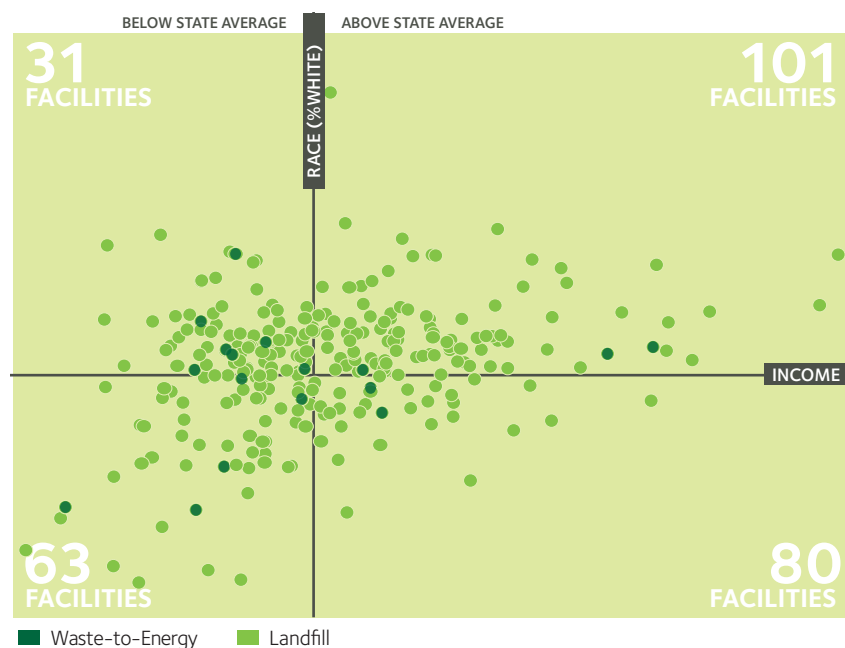
Over the years, the program has received widespread national acclaim, earning recognition from local municipalities and the National Sheriffs’ Association’s Award of Excellence in Neighborhood Watch. Our drivers have been lauded for reporting suspicious activity ranging from thefts to vandalism. Drivers have also helped save lives by calling in emergency medical assistance for individuals observed to be in physical distress.

We also partner with other safety-related organizations and programs, including Amber Alert, the National Center for Missing & Exploited Children, Community Crime Stoppers and the Department of Homeland Security.

TAXES PAID IN 2009			
Income Taxes:	United States:	\$443 million	Real Estate Taxes:
	Canada:	\$18.8 million	
	Puerto Rico:	\$4 million	
	United States:	\$57.8 million	
	Canada:	\$3.7 million	
	Puerto Rico:	Not applicable	

ANALYZING OUR FACILITIES (linked from p.49)

INCOME/RACE WITHIN 5 KM OF WASTE MANAGEMENT LANDFILLS¹⁴



This graphic shows that Waste Management's landfills and waste-to-energy facilities are located most frequently in communities that are above state average income and above state average white representation (the upper right quadrant). The graphic also shows relative distribution: the higher above the state average income axis, the relatively higher the income of the community

Using 2000 census figures – the most recent available – we identified the racial and income demographics within 1-, 3- and 5-kilometer radii of our hazardous and solid waste landfills and waste-to-energy facilities. These distances are used in the “Toxic Wastes and Race” study that is most frequently cited for its analysis of environmental justice demographics.¹⁵ This demographic approach is consistent with that adopted by the U.S. EPA in its Environmental Justice Strategic Enforcement Assessment Tool. In 1987 and again in 2007, “Toxic Wastes and Race” showed that hazardous waste facilities are disproportionately located in environmental justice communities in the United States. However, this pattern is not the case for Waste Management. We used that study’s methodology to evaluate Waste Management’s hazardous and MSW landfills and waste-to-energy facilities.¹⁶ Within the 1-, 3- and 5- kilometer radii, we found:

- No Waste Management facility is located in a community that is below the federal poverty level. One facility – an MSW landfill – is located in a community that is below the federal poverty level at 1 kilometer, but income levels are higher at the 3- and 5-kilometer radii.
- Half of our facilities’ host communities fall above the median state income, and half of them fall below – the equivalent of an even, random distribution.
- Our facilities are more likely to be located in communities with above-average white representation. Only 33 percent of our facilities are located in communities exceeding the state average minority representation at the 5-kilometer radius. (The percentage of minority representation goes down as the radius grows closer to the facility – 31 percent at 3 kilometers and 28 percent at 1 kilometer.)

¹⁴ Chart includes Waste Management’s U.S. hazardous and MSW landfills (and one underground injection well), as well as waste-to-energy facilities, as of August 2010 and at the 5 kilometer radius.

¹⁵ Robert D. Bullard, Paul Mohai, Robin Saha, and Beverly Wright, *Toxic Wastes and Race at Twenty 1987-2007: Grassroots Struggles to Dismantle Environmental Racism in the United States* (Cleveland OH: United Church of Christ Justice and Witness Ministry, 2007). We employed Mohai’s method of “areal apportionment,” which essentially draws a circle around the facility to create as precise a characterization of the area as possible. The poverty rate used by Mohai, and adopted by Waste Management, was set by the U.S. Department of Health and Human Services. The median state income levels come from the 1999 data used in the 2000 census.

¹⁶ In mid-2009, after we completed our analysis, Waste Management acquired two new facilities with hazardous waste treatment, but not disposal, capacity. Neither facility is located in a community that exceeds the poverty level or that exceeds state average minority representation.

ADDITIONAL INFORMATION ON CAPTURING THE VALUE IN WASTE

ADDITIONAL UPSTREAM SUCCESSES [\(linked from p.59\)](#)

- A leading retail organization needed to efficiently and properly process returns from thousands of store locations while maintaining compliance with intensifying regulatory mandates. More than ever, product returns were falling into regulated categories (such as pesticides, oils, paints and batteries) requiring careful packing, transportation and disposal. Waste Management developed and implemented a comprehensive program to provide a compliant yet cost-effective solution to this challenge.
- At two Alcoa plants in New York, Waste Management and the customer worked together to design and implement a comprehensive resource recovery plan that now reclaims 20 to 25 tons of aluminum oxide per week. In addition to helping Alcoa meet its landfill reduction goal, this solution generated \$500,000 annually in discovered value.
- Simi Valley Hospital was seeking to implement recycling, improve its environmental practices and cut costs as part of a social responsibility initiative. Our Upstream team analyzed the hospital's waste streams holistically, recommended a goal of 40 percent waste reduction overall and provided the waste management solutions to make it happen.

INVESTING IN NEW WAYS TO RECYCLE [\(linked from p.62\)](#)

In May 2010, Waste Management announced an investment in MicroGREEN Polymers, Inc. MicroGREEN's patented technology reduces the amount of plastic required for the production of consumer products, thereby significantly lowering raw material costs. Unlike other expansion technologies for plastics, this technology does not involve petrochemical blowing agents nor volatile organic compounds in the manufacturing process. The technology works especially well with recycled PET (rPET) – the world's most recycled plastic, commonly used to create beverage bottles.

In a recent lifecycle inventory and analysis study of hot beverage cups conducted by Franklin Associates, this technology as applied to a recycled PET hot beverage cup had the lowest total amount of energy required to produce a hot beverage cup and the lowest total solid waste (as measured in both volume and weight) when compared to expanded polystyrene and coated paperboard hot beverage cups, the two most commonly used in the market today.

Our plan with this investment, in coordination with the Greenopolis Recycling System, is to reduce the carbon footprint of food packaging materials through closed-loop recycling.



WASTE MANAGEMENT

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DESIGN Celery Design Collaborative

CONTENT BuzzWord

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