



WM Civil Rights Assessment Report

Paul | Weiss





Message from Loretta Lynch

In May 2022, WM* shareholders voted in favor of a shareholder proposal by the International Brotherhood of Teamsters General Fund requesting that WM’s Board of Directors commission and publicly disclose the findings of a third-party assessment “analyzing the adverse impact of [WM’s] policies and practices on the civil rights of company stakeholders, above and beyond legal and regulatory matters, and to provide recommendations for improving the company’s civil rights impact.” WM utilized this proposal as an opportunity to obtain an independent assessment of the effectiveness of its longstanding efforts to treat its employees, the communities it serves, and its business partners with fairness, dignity, integrity, and respect. After a competitive process, WM selected this firm, which had no prior relationship with WM, to conduct the assessment. This is our report of our findings and recommendations from the nearly year-long investigation and analysis we conducted.

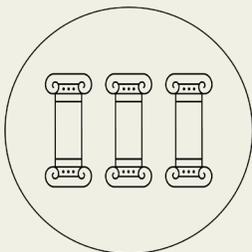
At the outset of our work, we had to determine what an assessment of the impact of WM’s policies and practices on its stakeholders’ “civil rights” should entail. Certainly, the rights of WM’s nearly 50,000 employees to be treated fairly and equitably had to be paramount. This became the first pillar of our review. We assessed WM’s efforts to create a culture of inclusion in which the diverse backgrounds and life experiences of its employees and prospective employees are viewed as a critical strength, and all are given an equal opportunity to succeed and prosper at all levels of the Company. The **“Diversity & Inclusion”** or “D&I” section of our report addresses this first pillar of our assessment.

In addition, we considered the impact of WM’s business on the communities where it operates. WM operates landfills, hauling sites, and recycling facilities across the nation, and these operations have environmental impacts in the communities where they are conducted. For that reason, the second pillar of our review considered environmental justice: the extent to which WM treats all communities affected by its operations, including low-income communities and communities of color, in a fair and equitable manner, with opportunities for meaningful engagement. The **“Environmental Justice”** section of our report addresses this second pillar of our assessment.

Finally, we considered the impact of WM’s policies and practices on the diversity of its suppliers. WM relies on a vast network of suppliers for contracts worth billions of dollars. The third pillar of our review assessed WM’s efforts to build a robust, resilient, and growing network of high-quality suppliers from traditionally underrepresented groups, including small businesses and those majority-owned by women, racial or ethnic minorities, and veterans. The **“Supplier Diversity”** section of our report addresses this third pillar of our review.



WM utilized this proposal as an opportunity to obtain an independent assessment of the effectiveness of its longstanding efforts to treat its employees, the communities it serves, and its business partners with fairness, dignity, integrity, and respect.



Pillars of Assessment:

- Diversity & Inclusion
- Environmental Justice
- Supplier Diversity



Message from Loretta Lynch (Continued)

Our assessment began with an in-depth review of the relevant WM policies, programs, and practices. A variety of criteria guided our assessment, including:

- i. WM's stated commitments and messaging relating to D&I, environmental justice, and supplier diversity;
- ii. The design and content of WM's policies, practices, and initiatives relating to D&I, environmental justice, and supplier diversity;
- iii. The adequacy of WM resources to implement its policies and programs;
- iv. The intended impact of WM's policies, practices, or initiatives and WM's efforts to track and assess those impacts;
- v. Consistency and continuity in the implementation of WM's policies and programs; and
- vi. WM's receptiveness to feedback from employees, customers, organizations, community members, and other stakeholders, and its actions in response to that feedback.

For each pillar, we conducted dozens of in-depth interviews with both internal and external stakeholders, including those at WM responsible for developing, implementing, and evaluating the relevant policies, programs, and practices, as well as employees, community members, and suppliers affected by those policies, programs, and practices. The external stakeholders we spoke to included members of grassroots community organizations, local government leaders, and municipal customers. We also visited multiple WM sites around the country, including landfills, hauling sites, and transfer stations, to assess the impacts of WM's operations in particular communities, including those in which lower-income households or people of color predominate. Our assessment thus reflects a year-long process involving review of thousands of documents, more than a hundred stakeholder interviews, visits to different kinds of facilities in both urban and rural areas in disparate regions, and careful consideration of opportunities for improvement identified both by those with whom we spoke and through our own analysis.

WM publicly commits itself to putting "Our People First"—to "taking care of each other, our customers, communities and the environment." Our assessment confirmed that WM takes this commitment seriously, from CEO Jim Fish and the rest of the C-Suite on down, and views "Our People First" as a business imperative against which senior leadership and managers throughout the organization are evaluated. We found that WM has made substantial and effective investments over a period of many years to attract and welcome diverse employees and suppliers and to provide them with the support and tools they need to be successful, in addition to ameliorating the impacts its facilities have on the communities where they are located, including diverse and lower-income communities.



*We found that WM has made **substantial and effective investments** over a period of many years **to attract and welcome diverse employees and suppliers** and to provide them with the support and tools they need to be successful, in addition to ameliorating the impacts its facilities have on the communities where they are located, including diverse and lower-income communities.*



Message from Loretta Lynch (Continued)

Notwithstanding WM's substantial efforts to date, the Company faces continuing challenges. For instance, the diversity evident in WM's frontline workforce and in more junior roles tends to dissipate as one looks up the corporate ladder, and WM has struggled to attract women at all levels in an industry that remains predominantly male. Likewise, policies to ensure equitable engagement and investment in the communities that surround its operations and to elevate the importance of supplier diversity throughout the enterprise remain a work in progress. Although these challenges are endemic in the waste industry and by no means unique to WM, WM acknowledges the opportunity to enhance its practices to achieve better results. We have shared our findings and recommendations with senior management and the Board, who welcomed our assessment.

Throughout Paul, Weiss's engagement, WM ensured that we had the information and access to stakeholders necessary to conduct a thorough and accurate assessment. We thank our internal points of contact and the numerous internal and external stakeholders who assisted us, for generously sharing their time, their experiences, and their insights. Their contributions were vital to this undertaking.



Loretta Lynch



WM seeks to provide employment opportunities regardless of background. Of WM’s more than **49,000 employees**, as of year-end 2022,

19.2% were women **41.9%** were racially or ethnically diverse

“
WM has also worked to dispel misperceptions about women in the waste industry by highlighting the success stories of women employees both internally and externally.

”

- In furtherance of the Company’s D&I goals, WM has focused on:
- Expanding the pool of applicants applying to WM roles,
 - Increasing and enhancing opportunities for frontline employees (including those working in the field as drivers, mechanics, or operators) to advance into management roles, and
 - Investing in D&I programming and training.

1. Diversity and Inclusion

We assessed WM’s efforts to create a culture of inclusion in which the diverse backgrounds and life experiences of its employees and prospective employees are viewed as a critical strength, and all are given an equal opportunity to succeed and prosper at all levels of the Company.

WM recognizes that its senior management does not reflect the diversity of its employees as a whole and that women are underrepresented at all levels of the Company. WM’s Diversity & Inclusion (“D&I”) programming seeks to create the conditions necessary to reduce this disparity over time.

Eliminating Barriers to Success

WM’s internal D&I initiatives focus on eliminating barriers to success and providing opportunities to employees and prospective employees regardless of their background.

Recruiting women is a challenge for WM. Many jobs at WM and other waste management companies require heavy lifting and other physical labor, mechanical training, or truck driving experience, all fields in which women historically have been underrepresented. WM has recognized that recruiting exclusively from the industry talent pool would tend to replicate existing demographics and has begun to reach outside of the waste industry to draw from a broader pool of qualified applicants. For instance, recruiting bus drivers as well as truck drivers to fill open driver positions has enabled WM to attract more women into driver roles. Bus drivers, among whom women are more heavily represented, often have the requisite skills and complementary experience. WM has also worked to attract more women to the waste industry by highlighting the success stories of women employees both internally and externally. The career trajectory of WM’s current Senior Vice President and Chief Human Resources and Diversity & Inclusion Officer, who began her career in the waste industry in a frontline role, provides an inspiring example of the opportunities available to women at WM.

WM’s efforts to recruit from a diverse pool of talent also include leveraging connections with military and veterans organizations, recognizing that veterans (including women) often have relevant skills and training. WM also recruits actively at historically Black colleges and universities. Through a program called Innovative Employment Pathways, it works with partners to offer a path to permanent employment for groups with low levels of employment, such as people with histories of substance use disorders or criminal convictions or those experiencing homelessness.

Developing Leaders

To build a diverse pipeline of employees ready for management roles, WM is also developing programs to increase opportunities for its current frontline workers, who are the most racially and ethnically diverse segment of WM’s employees and also have a deep understanding of WM’s operations. To ensure the effectiveness of these programs, it will be important for WM to monitor participation and outcomes for employees taking part in them and to reallocate resources and adjust its programming if the desired results are not achieved.



1. Diversity and Inclusion (Continued)



In summary, we found that WM has made a significant commitment to D&I across the enterprise, with extensive programming, training, recruitment initiatives, and support to foster the success of all employees,



WM has also focused on building out D&I programming and training for the benefit of all employees. WM employees with whom we spoke appreciated this visible support of D&I. Among the initiatives lauded by employees were WM’s Employee Resource Groups, which give employees a space to share their firsthand experiences related to D&I and to learn from colleagues who have different backgrounds by virtue of their sexual orientation, gender or gender identity or expression, race or ethnicity, military experience, different abilities, and other life experiences.



Building Out D&I Programming

WM has recognized that making meaningful D&I content available to all employees throughout the Company remains challenging. A large portion of WM’s employees work in field operations, away from an office or computer, as drivers, mechanics, and operators. D&I programming lends itself to in-person events and virtual meetings during the work day, which is difficult for these frontline workers. Finding ways to include these employees in D&I programming requires creative thinking and innovative use of technology. Including these employees in the conversation, however, is critical to WM’s achievement of its D&I goals, as WM’s leadership recognizes.

In summary, we found that WM has made a significant commitment to D&I across the enterprise, with extensive programming, training, recruitment initiatives, and support to foster the success of all employees, including those in historically underrepresented groups such as women, people of color, members of the LGBTQ+ community, veterans, and people with disabilities. All members of senior management with whom we spoke expressed their commitment to continuous improvement in putting “Our People First” through robust and effective D&I programming. Our recommendations to WM reflect that **WM has the opportunity to tackle the particular challenges of this industry in recruiting women and building a pipeline for success from the frontline into management roles through creativity, experimentation, and long-term commitment.**





The U.S. Environmental Protection Agency (“EPA”) defines environmental justice as “the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies.”



WM has recognized the opportunity to use the data analysis to identify and address any disproportionate impact of its facilities on communities with EJ indicators.



WM’s EJ Working Group:

- Sustainability
- Environmental Protection
- Government Affairs
- Workforce Development
- Community Engagement
- Legal
- Environmental Compliance
- Area Representative

2. Environmental Justice

Our review considered environmental justice: the extent to which WM treats all communities affected by its operations, including low-income communities and communities of color, in a fair and equitable manner, with opportunities for meaningful engagement.

WM’s actions show a commitment to measuring its operations against both prongs of the EPA’s definition:

- i. fair treatment and
- ii. meaningful community involvement.

Leading the Way in Environmental Justice Reporting

WM has long been a national leader in environmental justice reporting. WM has disclosed information on the demographics of the communities surrounding its sites in its annual Sustainability Reports since 2010. In 2021, WM launched its interactive Environmental Justice Mapping Tool, which provides not only socio-economic indicators of the communities surrounding WM sites, but also EPA data regarding public health and pollution indicators. On its Environmental Justice webpage, WM presents information on the percentage of households of color and households below the low-income definition used by the EPA within one kilometer of its sites. WM identifies a facility as having an environmental justice indicator (“EJ indicator”) if the community is comprised predominantly of populations of color or those with a median household income below the low-income threshold used by the EPA.

WM has recognized the opportunity to use the data analysis to identify and address any disproportionate impact of its facilities on communities with EJ indicators. To that end, WM has created a cross-functional Environmental Justice Working Group (the “EJWG”) tasked with formalizing policies related to analyzing the disproportionate impacts that the Company’s operations may have on communities with EJ indicators, in addition to best practices for community engagement in these communities. For instance, WM tracks environmental compliance and investments in communities with EJ indicators, and is working to develop other meaningful and actionable metrics of “fair treatment.” We recommend that WM and the EJWG continue to seek out metrics of fair treatment and develop specific key performance indicators against which sites can be measured and appropriate responsive actions taken if sites fail to meet expectations.

Developing Strong Community Relationships

Over the past two decades, WM has developed strong community relationships. WM’s community relations managers serve as the principal conduit between local communities and WM. Community relations managers work closely with operations managers to build relationships with local community groups, elected officials, schools, small businesses, and residents in the communities where WM operates. Together, they are responsible for, among other things, fielding and addressing community concerns, updating the community on operational changes, and identifying local recipients for WM’s significant social impact investments.

2. Environmental Justice (Continued)



In summary, we found that WM has operated for decades with consciousness of the impact its operations may have on surrounding communities, including in particular communities with EJ indicators, and has invested significantly in both transparency and building positive community relationships, so that it can be a good neighbor...



Community members and members of local environmental organizations we spoke with commended WM’s responsiveness to community concerns when they arise and the Company’s openness to working jointly on projects that serve community interests, such

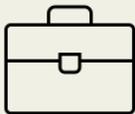
as greenspace access, education initiatives, and cultural events. Examples cited included remediation of noise, traffic, and odors as well as beautification projects and improved waterfront access. Community members indicated that they valued WM’s direct engagement, and that additional proactive outreach, including additional recruiting efforts to create job opportunities within the communities where WM operates, would be welcome. Additionally, WM is often not the only business whose operations may have environmental impacts within a particular community, and community members we spoke with highlighted the opportunity for WM to be a leader among its corporate neighbors to effect positive change collaboratively.



Through the EJWG, WM is leveraging its extensive network of community relations, operations, environmental compliance, and sustainability personnel to distill best practices for engagement with communities with EJ indicators. Creating structures to disseminate best practices and provide oversight to ensure consistency throughout WM’s vast footprint will be key to the success of this initiative. We encourage WM to support the EJWG in building out these oversight structures.

In summary, we found that WM has operated for decades with consciousness of the impact its operations may have on surrounding communities, including in particular communities with EJ indicators, and has invested significantly in both transparency and building positive community relationships, so that it can be a good neighbor and responsive to community concerns as they arise. Those with whom we spoke lauded these efforts. Our recommendations are consistent with the ongoing work of the EJWG: to ensure consistent adherence to best practices for fair treatment and meaningful engagement in every community in which WM operates.





WM relies on

35,000

suppliers to provide billions of dollars in products and services.



We found that WM has an effective supplier diversity program that is still growing and yields significant economic benefits to the communities in which WM and its suppliers operate, while increasing the resilience and diversification of WM’s supply chain.



3. Supplier Diversity

We considered the impact of WM’s policies and practices on the diversity of its suppliers.

As a federal contractor, WM is required to have a small business subcontracting plan that includes goals for purchasing from diverse suppliers, and many of its state and local contracts include supplier diversity requirements. We found that WM’s supplier diversity program goes beyond these legal requirements, however, and is an integral part of its broader commitment to diversity and inclusion.

Increasing Resiliency in Supply Chain

Senior management has made clear its support for the Company’s supplier diversity program. Such a program not only provides economic opportunity to small businesses and diverse business owners in the communities in which WM operates, but increases the resilience of its supply chain. To achieve these benefits, WM set a goal of 10% growth in annual spend with high-quality diverse suppliers. To help meet this goal, the Company has focused on both the identification of new diverse suppliers and the expansion of its business with existing diverse suppliers. The Company has increased its supplier diversity base through formal programs and informal offerings, such as providing suppliers with guidance on obtaining state and federal certifications and responding to requests for proposals. New software platforms adopted by WM have made it easier for procurement personnel to identify approved diverse suppliers. In 2022, WM’s spend with diverse suppliers nearly doubled from the previous year, totaling \$665.5 million.

In summary, we found that WM has an effective supplier diversity program that is still growing and yields significant economic benefits to the communities in which WM and its suppliers operate, while increasing the resilience and diversification of WM’s supply chain. We also found that messaging about the program, both across the organization and externally, could be more comprehensive and consistent. Our recommendations relate to ensuring understanding and commitment across the enterprise, to seek opportunities to work with qualified diverse suppliers for the benefit of WM and all of its stakeholders.





4. Conclusion

The goal of this assessment was to analyze WM’s impact on the civil rights of those most affected by its business and identify opportunities for improvement. Our review focused on three stakeholder groups that the Company has a unique opportunity to impact:

- Its employees
- The communities in which it operates
- Its suppliers

WM’s work to date reflects a substantial and enduring commitment, backed by investment and action, to create a welcoming and supportive environment presenting opportunities for all employees and suppliers to succeed, regardless of their backgrounds, and to address the environmental impacts its facilities have on the communities where they operate, including lower-income and communities of color.

While we were impressed by the depth, breadth, and effectiveness of WM’s D&I, environmental justice, and supplier diversity programs, WM has not yet fully achieved the objectives of these programs. Among the areas in which we saw room for further growth are:

- i. Diversifying its management and executive ranks and attracting and retaining more women employees at all levels
- ii. Engaging frontline workers more effectively in D&I-related programming
- iii. Consistent adherence to best practices in engaging with communities with EJ indicators
- iv. More effective and consistent messaging about the importance and benefits of supplier diversity



Our overall recommendation to WM is to embrace the challenges that remain and to continue to seek innovative ways to welcome, support, and serve its key stakeholders with fairness, equity, integrity, and respect.

