Governance

Disclose the organization’s governance around climate-related risks and opportunities.

a. Describe the board’s oversight of climate-related risks and opportunities.

Waste Management (WM) is committed to environmental stewardship, positive social impact, and sound governance. The Board of Directors (Board) is responsible for maintaining this commitment and holding appropriate parties accountable for reporting, transparency and execution of agreed upon commitments and initiatives.

Due to the overlapping nature of the environmental services that WM provides and climate-related issues, the risks and opportunities are discussed, in whole or in part, at each meeting through one or all of the following governance mechanisms: strategy, major plans of action, risk management policies, annual budgets, business plans, performance objectives, major capital expenditures, and progress against goals and targets for addressing climate-related issues. Specifically, reviewing and guiding strategy is scheduled into every board meeting to inform the entire board and contribute to managing information, making decisions about what the company will do, and adapting those decisions based on climate-related information. Issues discussed in the reporting year include (1) the ability to provide carbon-reduction services such as recycling, composting, renewable energy, and advisory services; (2) direct GHG reductions from changes associated with our fleet, use of renewable energy, and operational efficiencies; (3) physical risk of severe weather to our employees, facilities, and ability to provide services, and (4) regulatory risk associated with climate change policy issues. Successful management of these issues relies not only on significant investment in, for example, collection of landfill gas and production of renewable natural gas (RNG) and state-of-the-art material recovery facilities leveraging robotics and automation, but also on overarching strategic plan to address the financial viability of recycling, deployment of capital in our fleet, and WM’s ongoing development of landfill-gas-to-fuel facilities. Therefore, reviewing and guiding strategy at each board meeting is essential to meeting goals and targets. Additionally, one-on-one sessions with the Committee Chairs are conducted on an ad hoc basis.

As North America’s leading provider of comprehensive waste management environmental services, sustainability and environmental stewardship is embedded in all that we do. We have enabled a people-first, technology-led focus to drive our mission, “Always Working for a Sustainable Tomorrow.” As a result, it would not be effective, or possible, to assign responsibility for oversight of our environmental, social and governance (“ESG”) risk and performance to anyone committee of our Board. Rather, various aspects of ESG, which are already organically a part of our Board and committees’ oversight of our performance, risk management and strategic vision, are addressed in different committees and with our full Board, as appropriate depending on the subject matter. Our Board has a dedicated annual strategic planning session with our Senior Leadership Team (SLT) and receives focused strategic updates quarterly. Given the nature of our business, those sessions will address topics such as sustainable operations, waste diversion, recycling business improvements, potentially disruptive technologies and environmental impacts, risks and opportunities. In 2020, the Board received a dedicated strategy update regarding ESG and climate impacts, responses and goal setting.

b. Describe management’s role in assessing and managing risks and opportunities.

Responsibilities for climate-related issues have been assigned to the President and Chief Executive Officer (CEO) because the CEO sets short and long-term strategy, including strategy for investment and risk/opportunity forecasts for WM’s climate-related services, in particular recycling, renewable energy and fuel production, fleet emissions reduction, and advisory services. As North America’s leading residential recycler and a major producer of renewable energy from waste, climate-related services are core to our operations.

The Chief Sustainability Officer (CSO) reports directly to the CEO. The CSO meets regularly with the CEO, who is also a member of our Board, to discuss the key issues identified in the Enterprise Risk Management (ERM) process, and holds responsibility for managing information on climate-related issues, developing strategy, and adapting decisions based on climate-related information as necessary. Climate issues such as the ability to provide GHG emissions-avoiding services, the physical risks of climate change on WM facilities and services, and meeting WM’s GHG reduction goals impact WM’s recycling, composting, renewable energy production, fleet composition,
advisory services and landfill operations of our business. In addition, carbon reduction and response to climate change are central factors in our municipal and private sector customers’ decisions to employ our services.

Reporting to the CSO on issues that may be related to climate risks and opportunities are the VP of Recycling Operations, the Director of Organic Waste Operations, the Senior Director of WM Renewable Energy, and the Senior Director for Sustainability and Policy. The Senior Director for Sustainability and Policy manages the Sustainability Resources team who are tasked with researching, tracking and reporting on sustainability issues related to climate change at the Company. This team maintains knowledge of climate issues, providing WM’s CSO with information on key issues that may impact our business. Our CEO is responsible not only for quarterly reviews of the finances for these services and the competitive landscape, but is also the public face of WM and the industry more broadly. He routinely discusses our climate related services in investor-related media, at the annual WM Sustainability Forum (which is open to the public and is streamed live), and in numerous presentations to trade associations and annual conventions. He relies on the specific quarterly data from department managers (i.e., operations, recycling, renewable energy, investor relations, sales and marketing) for real-time refinement of longer-term WM investment and profitability goals and forecast.

Note that changes in public understanding of the scope, impact and timing of physical changes associated with climate change are a necessary component of this analysis because perceptions of carbon-reduction urgency impact customer service requirements, services selected and the stability of pricing for recycling, waste reduction and renewable energy sales. The CEO also interacts directly with major institutional investors, who increasingly engage in specific discussions of market conditions for recycling and the profitability of renewable energy.
Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.

a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

Short-term climate-related risks and opportunities fall within a 0-3 year time horizon, and align with annual budgeting and financial reporting. These include the risks associated with the New Source Performance Standards (NSPS) and Emission Guidelines (EG) for MSW Landfills, Extended Producer Responsibility to recycling programs, the opportunities for improving the economics of recycling programs; and both the risk and opportunity from increased frequency and intensity of hurricanes, floods, fires, and droughts.

Medium-term climate-related risks and opportunities fall within a 3-10 year time horizon and align with WM’s five-year strategic planning process. These include meeting new goals for recycling and production of RNG (2025 and 2038), with an overarching goal of offsetting 4 times the GHG emissions we generate through our operations; deployment of the lower-carbon technologies we have already commercialized and identifying geographic targets for our commercial recycling and renewable fuel projects over a 5-year time frame; both the risk and opportunity of increased transparency of methane emissions from landfills through satellite technology; and advisory services with our customers to achieve sustainability and climate change goals along this same time horizon.

Long-term climate-related risks and opportunities fall within a 10-30 year time horizon and align with our infrastructure investments.

b. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.

Transitional Risks

Federal regulation of landfill air emissions also has a strategic impact on our business. In August 2016, EPA promulgated two new rules to update the 1996 standards governing NSPS and EG for MSW Landfills. Working with our trade associations and other landfill owners and operators, we identified significant legal, technical, and implementation concerns with the rules and together filed a judicial appeal of the rules while also filing administrative petitions asking that EPA stay the rules and initiate a rulemaking process. We also alerted EPA that its August 2016 rulemakings led to an inconsistent regulatory structure in which six separate overlapping and inconsistent work practices governed the disposal industry. In May 2017 EPA granted industry’s administrative petitions for reconsideration and rulemaking and has signaled its intent to begin a new rulemaking process by February 2022. Meanwhile, in March 2020, the EPA promulgated updates to the existing National Emissions Standards for Hazardous Air Pollutants for MSW Landfills, which attempted to address the overlapping and inconsistent regulatory structure. The agency subsequently proposed two sets of technical corrections and announced a federal plan in May 2021 that implemented the 2016 EG for MSW Landfills where state and tribal plans are not in effect. The Federal Plan rulemaking again attempted to address overlapping and inconsistent requirements resulting from multiple prior rulemaking efforts. Confusion stemming from these overlapping and inconsistent requirements for MSW landfills and several rounds of revisions has the potential to create misinterpretations and the potential for penalties and fines, and may negatively impact our ability to respond to municipal contracts bids as well as our reputation with the investment community, which monitors regulatory compliance. WM has been preparing for the new requirements of these rules to become effective for several years. Although WM remains concerned about the potential for continued conflict among the requirements of EPA’s rules governing MSW landfills, we do not anticipate widespread confusion or noncompliance at our facilities.

Financial Impact: Increased direct costs, $13.2M-18.2M estimated

Timeframe: Short term

Global concern over the use of fossil fuel-derived plastics and their impact on the environment is driving increased regulation around recycling. Several states are considering EPR legislation to transfer cost and responsibility for recycling from the waste management industry to the manufacturing industry. China’s ban of recycling imports resulted in a global downturn for recycling, negatively impacting community recycling programs everywhere. COVID-19 has exacerbated municipal budget constraints.

Municipalities across the U.S. have been impacted by China’s policy and the recent pandemic, leading some communities to cancel or pause their curbside recycling programs, thus increasing the risk of EPR.

WM is the largest residential recycler in North America with 7% of our revenue coming from our recycling operations. Recycling is a service differentiation that is critical to our market advantage connected to 50% of our annual revenues. Our customers value our recycling
services for the GHG emissions reductions that we provide to them through these services. In 2020, WM avoided 28,554,578 MTCO2e by managing over 14 million tons of recyclable material. As global attention focuses on packaging in general, and more specifically on plastic, there is an increasing risk of regulation of plastic and bulky cardboard packaging. States continue to pass legislation banning plastic bags and straws, while states are also starting to require packages be produced with post-consumer content. As e-commerce continues to grow, pressure to minimize cardboard packaging has also increased. Cardboard is the largest quantity of material that WM sells, and a reduction in cardboard will have negative financial impacts on the company.

Financial Impact: Decreased revenues due to reduced demand for products and services, $300M estimated
Timeframe: Medium Term

Physical Risks
WM incurs increased operational costs from responding to and maintaining contingency response plans and supplies for severe storm events at its facilities due to the uncertainty of risk associated with severe weather events. Other impacts include service interruptions, risk of lost property and risk to employees. Impacts from climate change are reaching a broader swath of our business in North America. Our operations have been impacted by fires and floods in the West and by hurricanes, super storms, and tornadoes in the East, South and Midwest. WM has lost operating facilities— including buildings and fleets of trucks, and spends increasing amounts of staff time, investments in equipment, training and event management to mitigate the impacts of climate change on our employees, our customers and our operations. In particular in 2019, winter storm events decreased revenue because we could not operate for periods of time.

WM updates its contingency plans each year, including refreshing training and supplies, and communications to our customers. We have extensive emergency response plans for protecting our employees, facilities and equipment, from moving trucks to securing equipment from other areas. We have generators, fuel and other supplies on site in those locations with a high risk of impact from wind, storm surges, flooding, drought, and fires. We have escape and recovery plans for our employees. Electricity outages and fuel shortages have the potential to exacerbate the initial impacts, which in turn could reduce revenues and increase operational costs. The unpredictability of these events requires that we be prepared to respond at all times, requiring investments in response planning, supplies and equipment.

WM has adjusted facility design and IT capabilities to mitigate our risk, changing the configuration of electrical systems, making provision for emergency fuel and upgrading our logistics capacity to maintain service in these events. We prioritize our emergency planning by using climatological mapping. Floods and fires in the West have required additional planning. Planning costs continue to represent <1% annual operating cost. Increased operational cost is <0.05% annual operating cost.

WM’s emergency plans place an importance on ensuring the safety of our employees. By helping our employees, and offering extensive support, we are better able to quickly recover to help our customers.

Financial Impact: Increased direct costs, $2.5M estimated
Timeframe: Short term

Opportunities
WM is reducing our fleet’s greenhouse gas (GHG) emissions by transitioning our traditional diesel collection fleet to vehicles running on natural gas and increasingly fueling these vehicles with renewable natural gas (RNG) produced at our own landfills. The biogas in our landfills is a gaseous product of the decomposition of organic matter through anaerobic digestion. With cleanup to remove water, carbon dioxide and other trace elements, this biogas can be used as vehicle fuel. Our landfill-gas-to-fuel plants convert landfill gas into RNG, a pipeline-quality gas that is fully interchangeable with conventional natural gas and thus can be used in our vehicles in the form of compressed natural gas (CNG) or liquefied natural gas (LNG).

At the end of 2020, our natural gas fleet totaled 10,449 trucks, which comprised the largest heavy-duty natural gas truck fleet of its kind in North America. For every diesel truck we replace with natural gas, we reduce annual use of diesel fuel by an average of 8,000 gallons, reducing GHG emissions by 14 metric tons.

We currently fuel over 55% of our natural gas fleet with RNG produced from biogas at three of our own facilities plus third-party producers (both third party landfills and dairies). The dairy producers use manure from tens of thousands of dairy cows to operate anaerobic digester systems. The RNG is then injected into the natural gas grid, and WM uses a corresponding amount in CNG collection trucks in California. Converting waste manure to RNG is a win-win: it reduces methane emissions at the dairy and reduces vehicles emissions from trucks on the road.
Financial Impact: Reduced direct costs, $250M estimated
Timeframe: Medium Term

(i) Extreme weather events do not produce "opportunities"; they produce loss and hardship. However, our services are an important means to assist the community and relieve hardship. WM services its customers with our 17,500+ collection routes. Our facilities are equipped and WM personnel are trained to respond quickly and safely to certain damage caused by extreme weather events such as hurricanes, wildfires, winter weather, torrential rain and floods, and we do so when such services are needed.

(ii) WM facilities in 17 market areas across the United States and Canada have equipment, supplies and trained staff to secure our operations after damage from extreme weather events. They also can offer assistance to others who may not be well equipped. WM facilities offer the equipment and skills needed for early response and clean-up after extreme events, securing and preserving the health and property of the communities we serve. WM is proud to be able to offer these services, as well as support for later-phase state and federally mandated clean-ups, to help the communities we serve recover from events as quickly, safely, and cost effectively as possible. Lessons from storm events has informed our ongoing emergency planning for elevating electrical equipment, adding generator capacity, upgrading logistical capabilities during storm events at priority sites identified by climatological mapping.

We have seen that annual, ongoing preparation and improvements have successfully mitigated our risk of losses due to uncontrollable events.

Financial Impact: Increased revenues resulting from increased demand for products and services, $10M-35M estimated
Timeframe: Short Term

Recent consumer response and attention to climate change and the circular economy movement could result in more value being assigned to opportunities for reuse, recycling, use of renewable alternative fuels and sustainability consulting offerings. This would enhance the revenue generation of these products and services and could give us a market advantage because of the breadth of our offerings both in variety of technology and locations.

Examples of new and emerging opportunities related to recycling and consulting, include increased demand for post-consumer recycled content for use in textiles and building materials, growth for demand of polypropylene (PP) and increased demand for high-density polyethylene (HDPE) which reached its highest commodity prices on record. These growing opportunities coupled with WM’s commitments to education and investments in new recycle infrastructure both aimed at reducing contamination in recycling stream, only enhance the benefits that can be gained from these new and emerging markets.

The potential benefits of significantly increased recycling are enormous. According to EPA, in 2017 67 million tons of recycled materials provided an annual benefit of more than 174 million metric tons of life cycle carbon dioxide equivalent emissions avoided.

Financial Impact: Increased revenues through access to new and emerging markets, $245M estimated
Timeframe: Medium term

Waste that reaches a landfill can have value as it decomposes. At more than half of our landfills, WM creates economic and environmental value by turning landfill gas into energy. As organic material decomposes in an anaerobic environment, it naturally produces landfill gas, which is roughly half carbon dioxide and half methane. At our landfill gas-to-energy (LFGTE) facilities, we capture this methane and use it beneficially as an alternative to fossil fuel. Landfill gas is recognized by the U.S. EPA as a renewable energy resource. Our most frequent application for collected landfill gas is to use the processed methane to generate electricity that is sold to public utilities, municipal utilities and power cooperatives. Beyond electricity generation, we are also a leader in converting landfill gas into RNG that is distributed for use in residences, businesses and commercial vehicles, including our own. Fifty-five percent of our natural gas trucks run on RNG. Today, WM is the largest LFGTE developer and operator in North America. In 2020, approximately 52 percent of landfill gas collected at Waste Management-owned and -operated facilities was used for beneficial use projects. WM does not incinerate waste for energy recovery. We are continually looking for opportunities to develop new beneficial use projects. Proximity and accessibility to energy infrastructure makes projects more cost effective. While larger landfills tend to have greater potential, smaller landfills can also support beneficial use projects. Our newest and most advanced RNG facility is located at our Skyline Landfill in Ferris, Texas. The facility uses a membrane-based separation system that removes CO2 and trace components from the raw landfill gas stream. It began injecting pipeline-quality gas into the Atmos Energy system in early 2020.

Financial Impact: Increased revenues resulting from increased demand for products and services, $140M estimated
Timeframe: Long Term
c. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

WM has incorporated climate-related scenario analysis into our risk assessment process in line with TCFD guidance. We understand the importance of evaluating multiple future scenarios in order to both minimize our physical risks, but also our transitional risks by ensuring our goals and strategies are aligned with a future in which we are mitigating climate changes and keeping warming below 2°C.

While the sustainability team has responsibility for identifying scenarios and evaluating overall trends and impacts, multiple teams across the company including Environmental Management, Renewable Energy, Fleet, Recycling and more are engaged in the process in order to fully understand and evaluate the risks and opportunities under various scenarios. Meetings are held quarterly in which risks and opportunities are discussed, new scenarios are presented and progress against existing targets and scenarios are discussed.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Identified Impact Area</th>
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<tbody>
<tr>
<td>Physical Scenarios</td>
<td></td>
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<tr>
<td>Representative Concentration Pathway (RCP) 2.6</td>
<td>• GHG emissions</td>
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<tr>
<td></td>
<td>• Sustainability targets</td>
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<tr>
<td>World Resources Institute (WRI) Aqueduct Water Risk Analysis</td>
<td>• Disruptions to operations</td>
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<tr>
<td></td>
<td>• Disruptions to supply chain</td>
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<td></td>
<td>• Risk to home communities of workforce</td>
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<td></td>
<td>• Risk to local infrastructure</td>
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<tr>
<td></td>
<td>• Disruptions to support functions</td>
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<tr>
<td>Transitional Scenarios</td>
<td></td>
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<tr>
<td>International Energy Agency (IEA)</td>
<td></td>
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<tr>
<td>2 Degree Scenario (2DS)</td>
<td>• Technological shifts</td>
</tr>
<tr>
<td></td>
<td>• Reputation</td>
</tr>
<tr>
<td></td>
<td>• Shift in consumer behaviors</td>
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</table>

Selected scenarios were chosen because they are publicly available, peer-reviewed, issued by an independent body, supported by publicly available data sets, updated, and link to mapping tools or visualizers.

**Representative Concentration Pathway (RCP) 2.6**

The representative concentration pathway scenarios, commonly referred to as RCP’s, outline the possible radiative forcing levels caused by greenhouse gases and impacting the global mean temperature increase between 2000 and 2100. RCP 2.6 is considered a "very stringent" pathway which limits radiative forcing and keeps global mean temperature increase well below 2°C. WM committed to an absolute emissions reduction target in line with Science Based Target Initiative’s (SBTi) guidance in January 2021 and is currently in the process of setting a target. The greenhouse gas emissions impact of WM’s acquisition of ADS will not be fully realized until January 2022 and will require a re-evaluation of the target. SBTi reduction targets are set within 15 years followed by continued reductions to carbon neutrality by 2050.

Both time periods are considered long-term for WM. The process of establishing a target has included evaluating the various target setting options available through SBTi including analyzing RCP2.6 to align with a well below 2°C target. This analysis will not only inform our science-based target, but is already a driving factor in developing our internal carbon reduction strategies. WM’s largest emissions category is landfills and therefore it is a primary area of focus. WM is investing capital funds in landfill gas capture systems and improve emissions measurement systems.

**World Resources Institute (WRI) Aqueduct Water Risk Atlas**

The WRI Aqueduct Water Risk Atlas looks at baseline, 2030 and 2040 time horizons. We used the baseline, 2030 and 2040 scenarios because they are close to our current set of greenhouse gas reduction goals and fit within our medium- and long-term climate strategies. Using the WRI tool, WM maps 100% of our operational facilities and can identify specific facilities at greatest risk of flood, drought and water stress. This data is presented at least annually, and as needed in regularly scheduled quarterly meetings based on updated data, to the specific departments responsible for analysis and implementation of emergency response planning. Scenario analyses of the physical impact of climate change on all locations where WM has a facility of any kind has resulted in taking a closer look at potential future impacts.

This analysis has helped inform WM operations on potential impacts and put plans in place to utilize the closest operations that would be out of the severe weather path.

**International Energy Agency (IEA) 2 Degree Scenario (2DS)**

The IEA’s World Energy Outlook (WEO) 2DS analyzes emissions reductions and energy flows mainly related to transport fuels, from 2025 to 2060. The 2DS scenario uses time horizons of
2025, 2035, 2040 and 2060. We used the 2025, 2038 and 2040 time horizons because they are close to our current set of greenhouse gas reduction goals and fit within our short-, medium- and long-term climate strategies. WM’s largest emissions categories are landfill gas and transportation, therefore these areas are the primary focus of the scenario analysis, including landfill gas capture systems and programs, as well as capital investments in fleet vehicles and subsequently fuel types. WM discovered through analysis of the 2DS scenario that one of the primary levers identified in reducing heavy duty vehicle emissions in the short- and medium-term is the use of biomethane, also referred to as RNG. As owners and operators of municipal solid waste landfills in North America, WM has a particular advantage in accessing and developing landfill gas (LFG) capture systems for the purposes of processing the gas to generate electricity or for fuel, use within our own fleet as well as public sale. Utilizing the results of the climate-related scenario analysis and aligned renewable energy incentives, the business case has been made to continue to pursue LFG capture and invest capital expense in CNG trucks. Our vehicles powered by compressed natural gas (CNG) emit nearly zero particulate emissions, cut GHG emissions by 15 percent and are quieter than diesel trucks. For every diesel truck we replace with natural gas, we reduce our use of diesel fuel by an average of 8,000 gallons per year along with a reduction of 14 metric tons of GHG emissions annually. Using RNG fuel reduces GHG emissions and nitrous oxide by over 90%. Additionally, WM sees a benefit to our reputation from the public sale of RNG which supports the shift of consumer behavior toward renewable and lower-carbon intense fuel sources.
Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.

a. Describe the organization’s processes for identifying and assessing climate-related risks.

At the company level, WM uses an enterprise risk management (ERM) process involving senior leaders and subject matter experts from all major divisions to assess the materiality of all risks across the enterprise, including climate related risks. Each year the Treasury & Risk Management team performs top-down and bottom-up reviews across all headline risk areas to assess changes, identify emerging risks and prioritize risks for in-depth analysis. Top-down reviews consist of one-on-one meetings with every member of the Senior Leadership Team (SLT) as well as select group Area Vice Presidents to get a regional and operations-focused viewpoint on risk. Bottom-up reviews are done in workshop format including all subject matter experts for a given headline risk as well as participants from regional operations. An output from these meetings is a standardized scorecard which includes risk and opportunity ratings for (financial) impact, likelihood (of event), outlook (of risk exposure) and confidence (in risk management). Additionally, forward-looking action plans with measurable indicators and progress on action plans from previous assessments are also discussed & documented. Based on findings from top-down and bottom-up reviews, certain risks are identified as “Priority Risks” and receive a more granular assessment, quantification of impact, and are elevated for further discussion with the SLT and the Board. The executive team that manages our enterprise risk reporting to the Board reviews all submissions for consistency in determining scope of impacts, and comprehensiveness in determining the adequacy of current support by internal staff, the sufficiency of financial support for contractors or mitigation measures needed to manage and reduce risk, sufficiency of legal support, and the extent and sufficiency of third-party consulting support. Moreover, the staff working on the ERM documentation coordinate with those drafting the risk factor description for the Annual Report Form 10-K to assure thoroughness in response. The environmental impacts, risks, and opportunities, including climate-related, associated with our carbon reduction service lines are discussed each year. WM’s Corporate Development & Innovation department briefs the Board at least annually on potentially disruptive technologies, sometimes related to customer expectations with regard to carbon reduction services. Additionally, a cross-functional team made up of team members from Legal, Sustainability, Recycling, Treasury & Risk Management, Corporate Development and others, meet monthly to discuss business disruptors.

c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.

Environmental Management System (EMS)

The overlapping nature of WM’s environmental services and climate change, make ensuring we have a robust and effective Environmental Management System (EMS) a priority. The processes and practices of our EMS are designed to reduce our environmental impacts and increase our operating efficiency. The EMS is built around our Environmental Policy which states:

"Waste Management is committed to protecting human health and the environment. This commitment is a keystone of all that we do, reflected in the services we provide to customers; the design, operation and long-term maintenance of our facilities; the conditions under which employees work; the implementation of our sustainability initiatives; and our interactions with the communities where we live and do business. We will be responsible stewards of the environment, leaders in sustainability, and will protect the health and well-being of our employees and neighbors. We will work to provide and create public awareness of the importance of environmental stewardship."

Our management regularly monitors operations and make recommendations to the Board of Directors on programs improvements, including updated goals and objectives. The Board and SLT regularly monitor environmental performance to ensure adherence to the principles of this policy across the company.

Our EMS focuses on preventing, correcting and ultimately reducing impacts associated with our operational activities. Specifically, we focus on eliminating environmental impacts, community impacts and regulatory impacts. This is achieved through:

- Engaging corporate, geographic area and facility-level personnel with job-specific functions, roles and responsibilities for planning, implementing and evaluating the EMS components.
- Ensuring employees maintain the knowledge and skills to manage and conduct operations in environmentally responsible ways via a variety of training tools.
- Maintaining accurate and transparent record keeping of documents and operational controls, beyond those required under permits and regulatory requirements.
• Integrated system to monitor, measure, report and track environmental aspects and impacts through closure/completion.
• Implementation of corrective actions and preventative measures as approved by an Environmental Performance Manager.
• Independent environmental, health and safety (EHS) and transportation compliance audits.

Supply Chain Risk Assessment
We have established a process to identify key supplier risk factors and determine how to mitigate those factors. We observe and check the progress of the supplier risk profile over a period of time. We methodically examine the supplier risk profile for the purpose of explanation and interpretation. A risk profile is established for the supplier and the overall category. In this way, we continually assess the strengths and weaknesses of our suppliers, and the impact these could have on our business.
Potential sustainability risks include financial and insurance-related risks (including compliance and governance considerations), safety and health, and supplier diversity. In our mission of continuous improvement, we monitor insurance declarations through an automated system checking for expired or out of date insurance declarations, which triggers notification to the supply chain managers for corrective action; we conduct site visits and unannounced inspection of suppliers’ facilities, particularly with our top fleet suppliers; and we work closely with the operations in the field to observe the service level provided to our operations. Any slippage observed from a safety or service disruption standpoint, will warrant a corrective action plan.

**SUPPLIER RISK ASSESSMENT CRITERIA**

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial</strong></td>
<td>Review the financial strength and welfare of the supplier</td>
</tr>
<tr>
<td><strong>Operational</strong></td>
<td>Evaluate the service or product provided to WM</td>
</tr>
<tr>
<td><strong>Strategic</strong></td>
<td>Long term viability of the supplier and of the relationship</td>
</tr>
<tr>
<td><strong>Compliance</strong></td>
<td>Supplier follows WM and legal rules and regulations</td>
</tr>
<tr>
<td><strong>Business Impact</strong></td>
<td>How a supplier disruption will affect WM</td>
</tr>
<tr>
<td><strong>Likelihood of Occurrence</strong></td>
<td>WM evaluation of supplier’s ability to provide business continuity</td>
</tr>
<tr>
<td><strong>Outlook</strong></td>
<td>Future barriers to supplier’s ability to perform</td>
</tr>
<tr>
<td><strong>Confidence</strong></td>
<td>Supplier ability to provide uninterrupted service</td>
</tr>
</tbody>
</table>

In addition, WM has a formalized process in place that is performed annually and reviewed with the Chief Procurement Officer for identifying sustainability risks in our supply chain. We monitor insurance declarations, conduct site visits and unannounced inspection of suppliers' facilities, and work closely with the operations in the field to observe the service level provided to our operations.
Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

WM defines substantive strategic impact as events that directly impact the day-to-day operations of our facilities for an extended period of time, not only in terms of additional costs to maintain operations but also in potential lost revenues from the inability to service our customers via collection, hauling, and disposal of materials. Minimal risk is under 10% likelihood, moderate is 10-51%, strong is over 52%. For climate-related risk, potential costs are between $25M and $100M, or up to a 1% reduction in profits and therefore a substantive financial impact of moderate magnitude.

b. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

<table>
<thead>
<tr>
<th>2020 Emissions</th>
<th>Metric Tons CO2e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1</td>
<td>15,624,632</td>
</tr>
<tr>
<td>Scope 2</td>
<td>238,341</td>
</tr>
<tr>
<td>Scope 3</td>
<td>3,211,665</td>
</tr>
</tbody>
</table>

For additional details on environmental metrics and methodology please see our ESG Resources Hub.

c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

WM reports on progress against our goals in our annual Sustainability Report: Goals and Progress,

- Offset 4 times the GHG emissions we generate through our operations by 2038
- 70% of collection fleet to be alternative fuel vehicles by 2025
- 55% of alternative fuel vehicles to run on RNG by 2025
- 100% renewable electricity will be purchased for all WM controlled facilities

For additional information about WM goals, including retired goals, please see our annual CDP Response (C4.1a).