Triodos Investment Management

WASTE MANAGEMENT INC

MEETING DATE	Tue, 12 May 2015 11:00 am	TYPE	AGM	ISSUE DATE	Fri, 08 May 2015
MEETING LOCATION	The Maury Myers Conference Center, Waste Management, Inc., 1021 Main Street, Houston, Texas 77002				
CURRENT INDICES	S&P500				
SECTOR	Refuse systems				

	PROPOSALS	ADVICE
1a	**Elect Bradbury H. Anderson** Independent Non-Executive Director. There are concerns over his aggregate time commitments.	**Abstain**
1b	**Elect Frank M. Clark, Jr.** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the board. He is chair of the Remuneration committee which is not fully independent.	**Oppose**
1c	**Elect Andrés R. Gluski** Independent Non-Executive Director. He is newly appointed to the Board and his appointment does not improve the gender balance which is considered to be insufficient. Triodos opposes this resolution.	**Oppose**
1d	**Elect Patrick W. Gross** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the board. He is chair of a committee which is not fully independent which Triodos does not support.	**Oppose**
1e	**Elect Victoria M. Holt** Independent Non-Executive Director.	**For**
1f	**Elect John C. Pope** Non-Executive Director. Not considered independent owing to a tenure of over nine years and he served as Non-Executive Chairman of the Board from 2004 through 2011. There is insufficient independent representation on the board.	**Oppose**
1g	**Elect W. Robert Reum** Non-Executive Chairman. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the board.	**Oppose**
1h	**Elect David P. Steiner** President and Chief Executive Officer	**For**
1i	**Elect Thomas H. Weidemeyer** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the board. He is chair of the Nomination committee and the most recent appointment did not improve the gender balance on the Board which Triodos considers to be insufficient. Triodos opposes this resolution.	**Oppose**
2	**Ratify the appointment of the auditors** Ernst & Young proposed. There were no non-audit fees paid in the year under review and in the past three years. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. Triodos opposes this resolution.	**Oppose**

3 Advisory vote on executive compensation **Oppose**

The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: ADA.

Performance targets that determine the award of annual cash incentives are not considered challenging. There are concerns that the vesting scale of PSUs is insufficiently broad to ensure superior awards reflect superior performance as executives may receive 100% payout for performance at the 50th percentile which is considered excessive. Stock options vest in 25% increments on the first two anniversaries of the grant date and the remaining 50% vest on the third anniversary. Based on these concerns. Triodos opposes this resolution.

4 Approval of an amendment to the Employee Stock Purchase Plan to increase the number of shares authorized for issuance **For**

The Company has put forward a resolution requesting shareholders to amend the ESPP to authorize an additional three million shares of Common Stock for issuance under the ESPP, which comprises less than 1% of the Company's outstanding shares of Common Stock. The ESPP is administered by the Administrative Committee of the Waste Management Employee Benefit Plans which has the power to interpret all provisions of the ESPP. The Plan is open to any employee who customarily works for one of the Company's participating subsidiaries at least 20 hours per week and more than five months in a calendar year (as of March 16, 2015, approximately 31,000 employees). The price of shares of Common Stock purchased under the ESPP is 85% of the lower of the fair market value on the first day and the last day of the offering period. According to the Plan, no employee may make payroll deductions during any calendar year in excess of $21,250; purchase shares under the ESPP if such purchase would result in the employee owning five percent or more of the total combined voting power or value of the Company's outstanding capital stock; or purchase shares under the ESPP with a fair market value in excess of $25,000 per calendar year.

It is considered that it is in the best interests of the company and its shareholders to provide employees with an opportunity to benefit from business success and increase their share ownership through payroll deductions. As the Plan is open to the majority of employees and is capped, at purchase price of no less than 85% of fair market value, Triodos supports this resolution.

5 Shareholder Resolution: disclosure of political contributions **For**

Proposed by the New York State Common Retirement Fund. The Proponent requests the Board of Directors to provide a report disclosing the Company's: policies and procedures for making, with corporate funds or assets, contributions and expenditures to participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office, or influence the general public, or any segment thereof, with respect to an election or referendum; monetary and non-monetary contributions and expenditures, including: the identity of the recipient as well as the amount paid to each; and the title(s) of the person(s) in the Company responsible for decision-making. The Proponent argues that publicly available data does not provide a complete picture of the Company's political spending and the Company's payments to trade associations used for political activities are undisclosed and unknown. The Board recommends shareholders oppose and considers that the Company has a comprehensive system of reporting and accountability for political contributions and that it publicly discloses its participation in the political process through public sources. The Board argues that the Company already discloses its policies and procedures for participation in public policy processes and that the Company's Political Action Committee (PAC) files monthly reports of receipts and disbursements to the Federal Election Commission (FEC), as well as pre-election and post-election FEC reports. In addition, the Board argues that the Company's participation in the Political Process Policy provides additional information regarding criteria for, and oversight of, the Company's participation in trade or business associations, as well as a link to an updated 2014 listing of the Company's memberships in national, state and local business associations and stakeholder groups.

It is noted that while the Company states that the information on political contributions made by the company is publicly available on their website and that further information on participation in the political process has been provided, it is not considered that all relevant donations by the Company have been disclosed. Triodos supports this resolution.

6 Shareholder Resolution: policy on acceleration of vesting of equity awards **For**

Proposed by the International Brotherhood of Teamsters General Fund. The Proponent requests the Board of Directors to adopt a policy that in the event of a change in control, there shall be no acceleration of vesting of any equity award granted to any named executive officer, provided, however, that the board's Compensation Committee may provide in an applicable grant or purchase agreement that any unvested award will vest on a partial, pro rata basis up to the time of the named executive officer's termination, with such qualifications for an award as the Committee may determine. The Proponent argues that the Company currently permits executives to receive an accelerated award of unearned equity under certain conditions after a change of control of the Company and that current practices may permit windfall awards that have nothing to do with a senior executive's performance. The Proponent argues that in the event of a change in control and termination, the Company's performance share units vest pro-rata, but the provision is meaningless because the Company compensates the executives through a replacement grant for any lost earnings due to proration. The Board recommends shareholders oppose and argues that adoption of the proposed policy could put the Company at a competitive disadvantage in attracting and retaining key executives, it would disrupt the alignment of interests between management and stockholders by discouraging pursuit of any transaction that could result in a change in control, and it would unduly restrict the Company's MD&C Committee from designing and administering appropriate compensation arrangements.

The acceleration of unvested stock pursuant to a change in control where there is no reference to performance is not supported. Triodos supports this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - Advisory vote on executive compensation

Disclosure: A- In fiscal 2014, annual cash incentives were based on income from operations margin (target: 15.7%), income from operations excluding depreciation & amortization (target: $3.639 billion) and cost measure (target: 62.1% - 62.5%). For each measure, threshold, target, maximum level and actual result are disclosed in the compensation analysis. The Company awarded long term incentives in the form of Performance Share Units (PSUs) (80%) and stock options (20%). PSUs granted in 2014 were dependent on cash flow generation and on total shareholder return (TSR) relative to other companies in the S&P 500 over the three-year performance period. Threshold, target and maximum level are also disclosed in the compensation analysis.

Balance: D- Performance targets that determine the award of annual cash incentives are not considered challenging. For fiscal 2014, Income from operations margin was above target, income from operations, excluding depreciation & amortization was below target but above threshold level and cost measure was above maximum level. NEOs received an annual cash incentive payment equal to 163.8% of target. There are concerns that the vesting scale of PSUs is insufficiently broad to ensure superior awards reflect superior performance as executives may receive 100% payout for performance at the 50th percentile which is considered excessive. Stock options vest in 25% increments on the first two anniversaries of the grant date and the remaining 50% vest on the third anniversary. Stock options have a ten year term.

Contract: A- The Company has a compensation 'claw back' policy and 'double trigger' change in control agreements.

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