WASTE MANAGEMENT INC

MEETING DATE	Fri, 12 May 2017 11:00 am	TYPE	AGM	ISSUE DATE	Mon, 08 May 2017
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	**Re-elect Bradbury H. Anderson** Independent Non-Executive Chairman.	**For**
1b	**Re-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 which Triodos does not support.	**Oppose**
1c	**Elect James C. Fish, Jr.** Chief Executive Officer.	**For**
1d	**Re-elect Andres R. Gluski** Independent Non-Executive Director.	**For**
1e	**Re-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. There are concerns about his aggregate time commitments. He is chair of the Audit committee which is not fully independent which Triodos does not support.	**Oppose**
1f	**Re-elect Victoria M. Holt** Independent Non-Executive Director.	**For**
1g	**Re-elect Kathleen M. Mazzarella** Independent Non-Executive Director.	**For**
1h	**Re-elect John C. Pope** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board. There are concerns about his aggregate time commitments.	**Oppose**
1i	**Re-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.	**Oppose**
2	**Appoint the Auditors** EY proposed. There were no non-audit fees during the year under review and 0.66% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than seven 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: CDB. Executive compensation was not in-line with peer group averages. The Company considered internal equity, but only amongst other senior executives. In connection with Mr. Fish's promotion to CEO, the Compensation Committee made a one-off discretionary restricted stock unit award, which is not considered best practice. Long-term awards exceeded 300% of base salary, which is excessive. The vesting schedule for stock options is not sufficiently long term to link pay with performance. Based on these concerns, Triodos opposes this resolution.

4 Approve the Frequency of Future Advisory Votes on Executive Compensation **1**

The Company is providing shareholders with an advisory vote on whether the advisory vote on executive compensation should be held every one, two or three years. The Board is required by Section 951 of The Dodd-Frank Wall Street Reform and Consumer Protection Act to offer this vote on the frequency of a say-on-pay proposal not less than every six years, although they have the option to offer this proposal more often.

The Board of Directors recommends an annual vote. It is considered that an annual vote on executive compensation is best practice for companies. Executive compensation comprises both fixed and variable pay elements, with the variable including share based incentive awards and cash bonuses over which the compensation committee have discretion. Decisions affecting the quantum and design of variable pay are made annually by the committee and it is therefore appropriate that shareholder approval is sought at the maximum frequency permitted by the new legislation. Contentious compensation payments and issues could occur in the intervening years between votes, if the frequency is less than annually. Triodos recommends a one year frequency.

5 Shareholder Resolution: Pro-rata Vesting of Equity Awards **For**

Proposed by: International Brotherhood of Teamsters General Fund

The Proponent asks for the Board to adopt a policy that provides for no acceleration of vesting of any equity award to a named executive officer in a change of control situation. However, the 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. This resolution shall be implemented so as not to affect any contractual rights in existence on the date this proposal is adopted, and it shall apply only to equity awards made under equity incentive plans or plan amendments the shareholders approve after the date of the 2017 annual meeting.

Supporting Argument: The Proponent states that the Company currently allows for accelerated vesting of equity awards as part of severance following a termination in a change of control scenario, and that the Proponent has concerns about windfall awards that are not linked with performance. The Proponent states a termination and change of control as of the end of 2015 could have accelerated the vesting of $31 million worth of equity awards. The Proponent argues that several other major companies have limitations on accelerated vesting of equity, including the use of a pro-rata policy.

Opposing Argument: The Board recommends a vote against the proposal. The Board states that the proposed policy would put it at a disadvantage in terms of executive recruitment, as a majority of companies with which the Company competes for talent provide for accelerated vesting of equity in a change of control. The Board also argues that the proposed policy could discourage executives from pursuing change of control transactions where they are in shareholders' best interests. Finally, the Board states that the Management Development and Compensation Committee is in the best position to determine executive compensation arrangements, and that the proposed policy would unduly restrict the committee's discretion.

Conclusion: It is reasonable for executives that are terminated following a change of control to receive only the equity awards to which their performance entitles them. The proposed implementation of the policy is also reasonable, as it applies only to future plans and amendments. The proposal is in the best interest of shareholders. It is noted that at the 2016 AGM, 40.9% of shareholders supported the proposal.

Triodos supports this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - Advisory Vote on Executive Compensation

Disclosure: C - The Company has achieved an average level of disclosure for the fiscal year. The annual bonus is based on income from operations margin, income from operations, excluding depreciation and amortization, and cost measure (defined as operating expense, less depreciation, depletion and amortization). The Compensation Committee has the discretion to modify individual payouts by up to 25% based on individual performance. Long-term incentives consisted of 80% performance share units and 20% stock options. Performance share units are based on cash flow generation and total shareholder return over a three-year performance period. Stock options vest in 25% increments on the first two anniversaries of the date of grant and the remaining 50% vest on the third anniversary. Overall disclosure was considered transparent. However, the Company failed to provide a rationale for how performance metrics are linked to driving company growth.

Balance: D - The Company has achieved a poor balance for rewards. Executive compensation was not in-line with peer group averages. The Company considered internal equity, but only amongst other senior executives. In connection with Mr. Fish's promotion to CEO, the Compensation Committee made a one-off discretionary restricted stock unit award, which is not considered best practice. Long-term awards exceeded 300% of base salary, which is excessive. The vesting schedule for stock options is not sufficiently long term to link pay with performance. In addition, whilst the amount of reward derived from stock options is determined by share price growth, the awards of options have no performance conditions attached. Therefore, an increase in share price over the lifespan of an option can reward executives even in circumstances of poor relative performance.

Contracts: B - The clawback policy is not considered best practice, as it only provides for recoupment of annual bonuses if the executive is found guilty of fraud or misconduct.

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