Triodos Investment Management

WASTE MANAGEMENT INC

MEETING DATE	Mon, 14 May 2018 16:00 TYPE AGM	ISSUE DATE	Mon, 30 Apr 2018
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 Director Bradbury H. Anderson** Non-Executive Chairman	**For**
1b	**Elect Director 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 Director James C. Fish, Jr.** Chief Executiv	**For**
1d	**Elect Director Andres R. Gluski** Independent Non-Executive Director.	**For**
1e	**Elect Director Patrick W. Gross** Non-Executive Director. Not considered independent due to tenure. There is insufficient independent representation on the Board. There are also concerns over the director's potential aggregate time commitments. He is chair of the Audit committee which is not fully independent which Triodos does not support.	**Oppose**
1f	**Elect Director Victoria M. Holt** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.	**Oppose**
1g	**Elect Director Kathleen M. Mazzarella** Independent Non-Executive Director.	**For**
1h	**Elect Director John C. Pope** Non-Executive Director. Not considered independent due to tenure. There is insufficient independent representation on the Board. There are also concerns over the director's potential aggregate time commitments. Triodos opposes this resolution.	**Oppose**
1i	**Elect Director 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. Non-audit fees represented 0% of audit fees during the year under review and 0.68% 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.	**Oppose**

3 Advisory Vote on Executive Compensation **Abstain**

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.

For fiscal 2017, annual cash awards were not considered to be excessive. The CEO's actual bonus for fiscal 2017 was 2,062,111 USD, representing 191.48% of his base salary (200% maximum is considered as acceptable practice). Executive compensation is aligned with peer group and with companies of a similar market capitalisation. Ms. Rankin received a 50,000 USD cash bonus in January 2017 in recognition of her additional responsibilities while serving as Acting Chief Financial Officer, some of which vest in less than three years. These kind of discretionary awards are not considered best practice.

The compensation rating is: BCB.

Triodos abstains this resolution.

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

Proposed by: International Brotherhood of Teamsters General Fund

The Proponent requests that the Board adopt a policy that in the event of a change in control (as defined under any applicable employment agreement, equity incentive plan or other plan), there shall be no acceleration of vesting of any equity award granted to any senior executive officer, provided, however, 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.

Proponent's Supporting Argument: The Proponent argues that the Company allows senior executives to receive an accelerated award of unearned equity under certain conditions after a change of control of the Company. Also; the Proponent argues that to accelerate the vesting of unearned equity on the theory that an executive was denied the opportunity to earn those shares seems inconsistent with a "pay for performance" philosophy worthy of the name. The propnents request for the board of directors to follow othe major corporations such as Apple, Chevron, Dell, Exxon Mobil, IBM, Intel and Microsoft who have have limitations on accelerated vesting of unearned equity.

Board's Opposing Argument: The Board recommends shareholders oppose and argues that the proposed policy could jeopardise the objective of the Company's compensation programme to attract; retain; reward and incentivise exceptional; talented employees. The Board believes that the Company's practice of accelerating the vesting of equity awards in the event of a change in control serves to align the interests of the Company's executive officers with those of the Company's stockholders and will incentivise executive officers to remain objective; avoid conflicts of interest and stay focused on executing a strategic change that could maximise stockholder value. Also; the Board argues that the proposal would result in undue restriction on the Compensation Committee's structuring of executive compensation.

PIRC Analysis: The acceleration of unvested stock pursuant to a change in control where there is no reference to performance is not supported. It is considered that a large potential payment automatically triggered by a change-in-control could influence executives' judgement on its value for shareholders; and potentially thus influence the Board to accept an offer.

Triodos supports this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - Advisory Vote on Executive Compensation

Disclosure: B- Annual cash incentives were dependent on the following performance measures: Income from Operations Margin; Income from Operations, excluding Depreciation and Amortization; and Operating Expense, less depreciation, depletion and amortization, as a percentage of Net Revenue, both less fuel, or Cost Measure. Long-Term Equity Incentives is granted in the form of Performance share units and stock options. Total shareholder return and cash flow are the performance metrics used to award the performance shares. The Company uses adjusted metrics, which is against best practice as it does not permit an assessment on the challenging nature of performance metrics. Peer groups are disclosed. However, the Company failed to provide the fees it paid to the Compensation Consultants. The disclosure of these fees is encouraged in the interests of greater transparency.

Balance: C- For fiscal 2017, annual cash awards were not considered to be excessive. The CEO's actual bonus for fiscal 2017 was 2,062,111 USD, representing 191.48% of his base salary (200% maximum is considered as acceptable practice). Executive compensation is aligned with peer group and with companies of a similar market capitalisation. Ms. Rankin received a 50,000 USD cash bonus in January 2017 in recognition of her additional responsibilities while serving as Acting Chief Financial Officer, some of which vest in less than three years. These kind of discretionary awards are not considered best practice.

Contract: B- Waste Management has a strong compensation claw back policy in place that allows for the recoupment of payment if in the event that misconduct by an executive contributes to a restatement of the financial results. The company also incorporate a double-trigger, that vests outstanding long-term incentive awards in the event of a change in control. Good reason is adequately defined.

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