

Leading Change

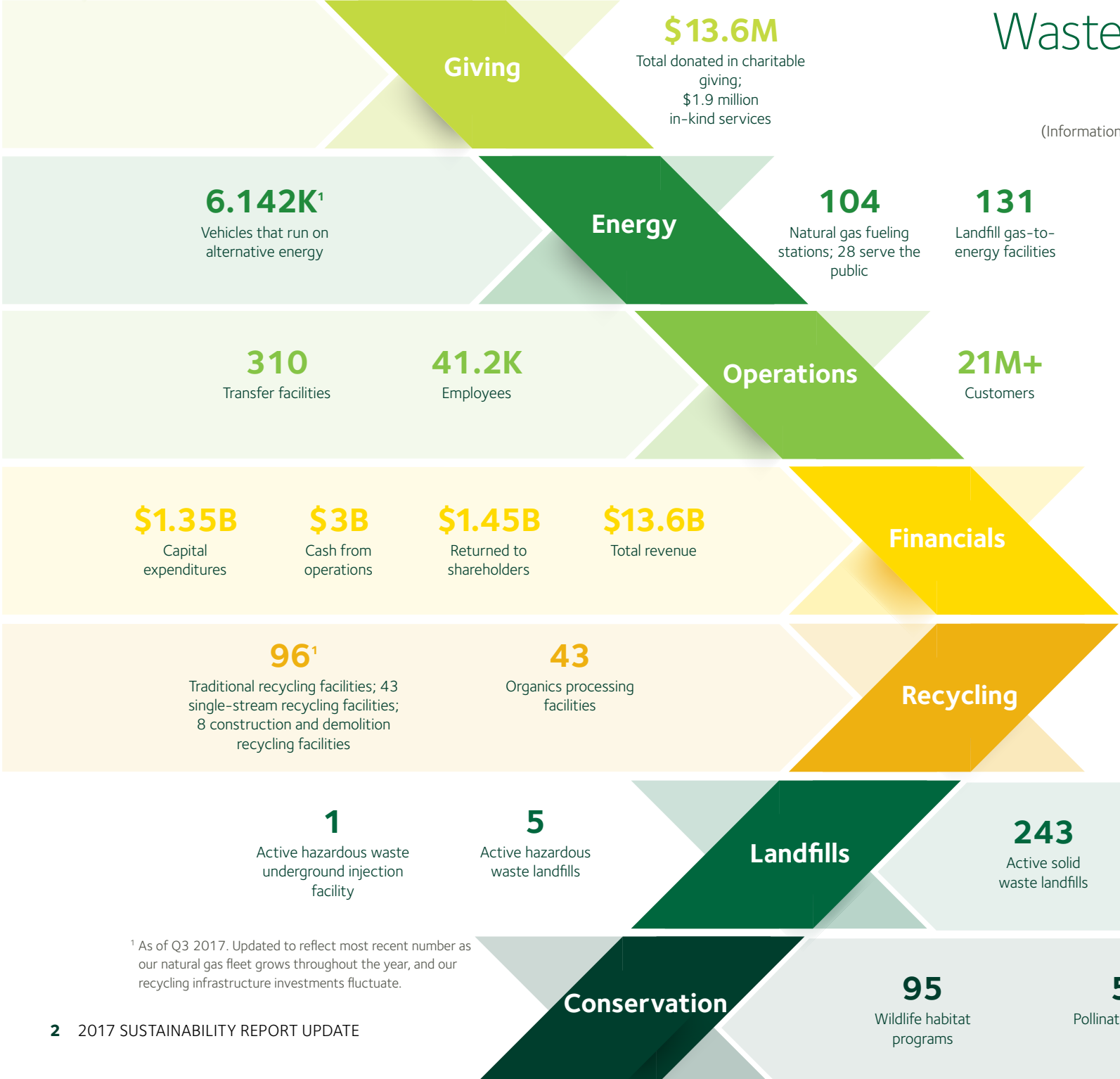
2017 Sustainability Report Update



Waste Management in Summary

(Information presented in this report is for the year ending December 31, 2016, unless noted)

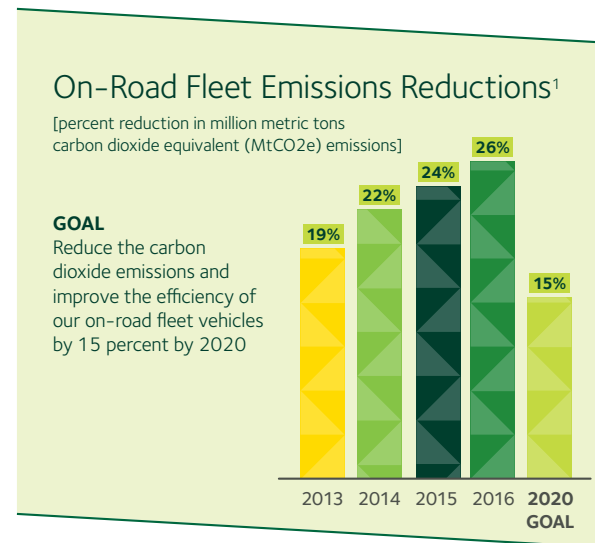
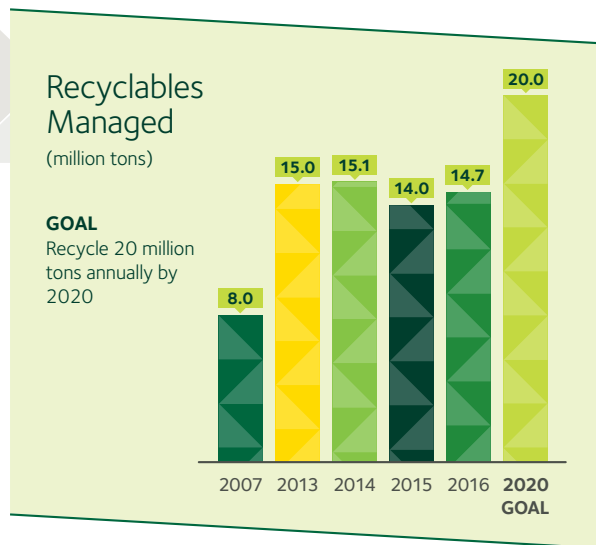
Waste Management, Inc. (NYSE: WM), based in Houston, Texas, is the leading provider of comprehensive waste management and environmental services in North America.



¹ As of Q3 2017. Updated to reflect most recent number as our natural gas fleet grows throughout the year, and our recycling infrastructure investments fluctuate.

Goals & Progress

Our goals focus on measurable benefits to the environment. For 2016, we are particularly pleased to report that our recycling productivity increased slightly despite continued challenges in the commodity markets. We decreased emissions from our fleet, exceeding our 2020 goal by 73 percent. Consistent expansion of our natural gas fleet, as well as the increasing use of non-fossil Renewable Natural Gas fuel in our trucks contribute to this reduction. For the second year in a row, our greenhouse gas-reducing services saved over three times the total GHG emissions Waste Management's operations generated all year. We also have retained our conservation focus, continuing to exceed our 2020 goal of protecting 25,000 acres as certified wildlife habitat.



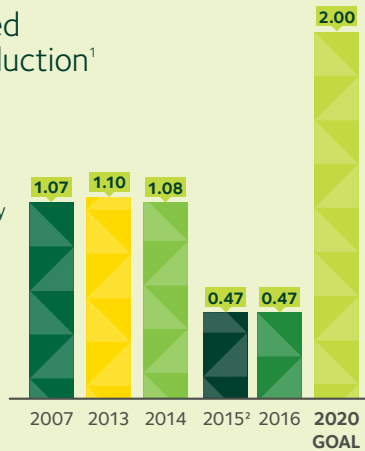
¹ Note that we have determined that in prior years, the fleet emissions tracking inadvertently included some off-road diesel and aviation emissions as well as the on-road emissions that were intended to be the universe for this metric. In addition, the data came from fuel logs, which have been reviewed against tax credit logs to enhance accuracy. Since we are adding diversity to our fuel types, especially with the use of Renewable Natural Gas, we are refining our reporting to distinguish among kinds of fuel. The prior years' numbers have been reviewed for consistent reporting and are restated here. The restatement uses U.S. EPA SmartWay methodology for its calculations.

Waste-Based Energy Production¹

(million households)

GOAL

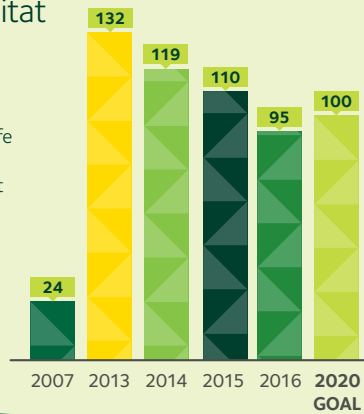
Produce enough waste-based energy to meet the annual energy needs of 2 million households



Number of Wildlife Habitat Programs³

GOAL

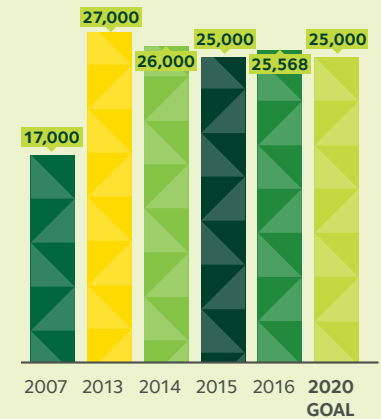
Establish 100 wildlife habitat programs at Waste Management sites by 2020



Number of Acres Protected

GOAL

Protect 25,000 acres by 2020



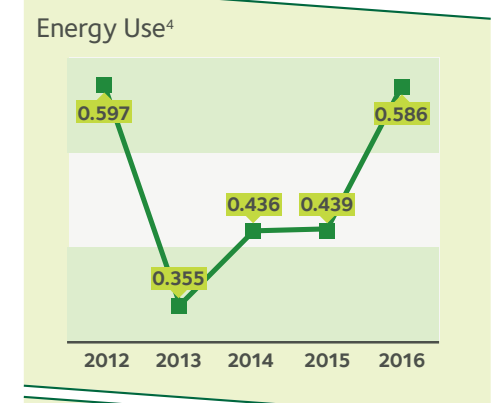
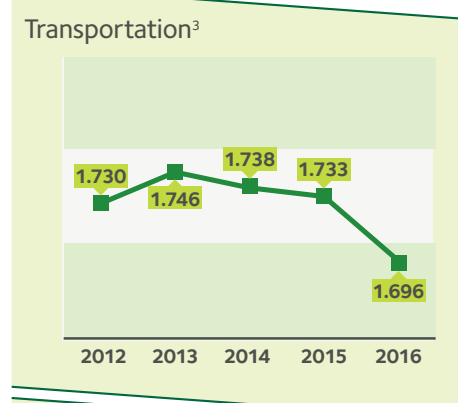
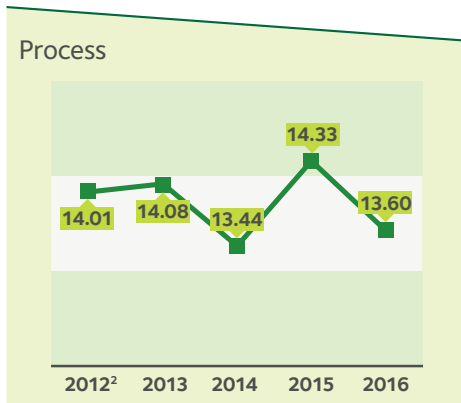
¹ Total includes landfill gas-to-energy, waste-to-energy, solar, waste-based fuel and steam.

² Reflects the impact of the divestiture of the Wheelabrator waste-to-energy business.

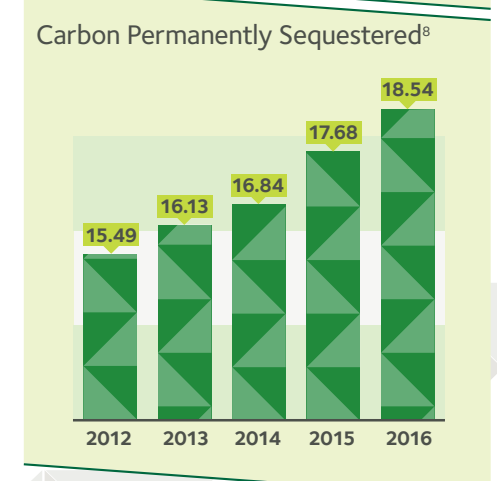
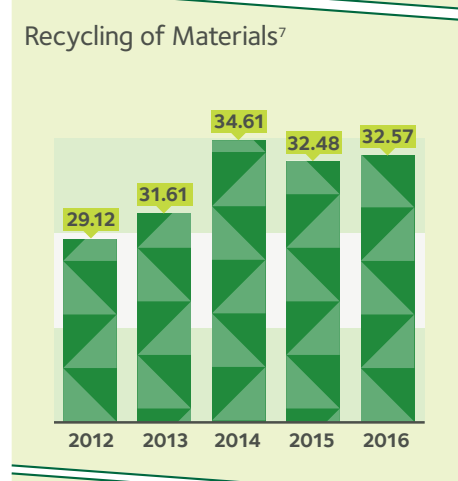
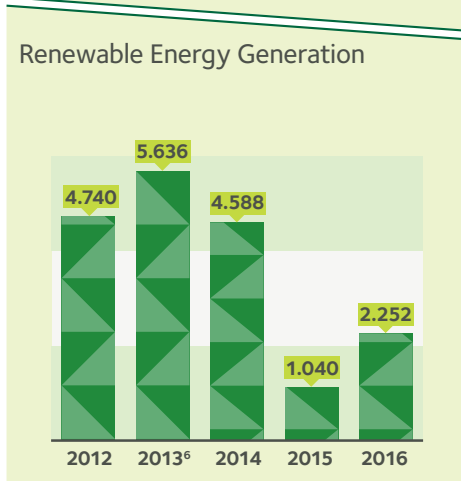
³ Numbers reflect both "Lands for Learning" projects and specific habitat sites.

Sustainability Key Performance Indicators¹

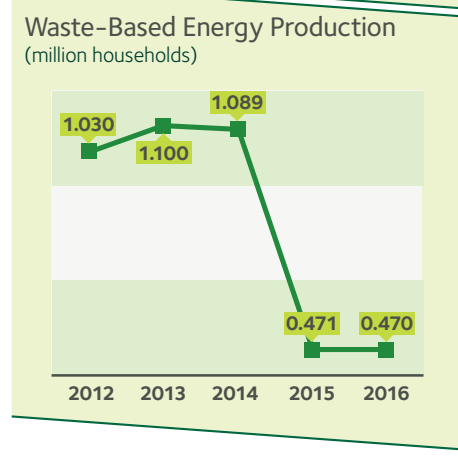
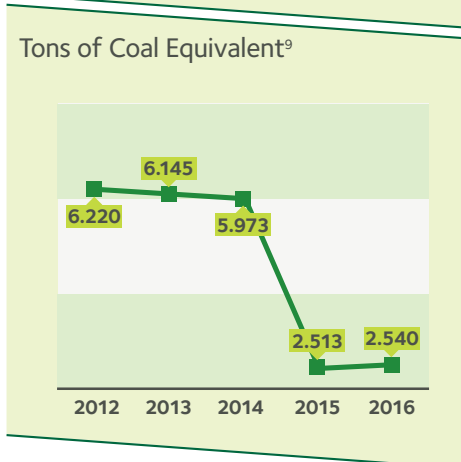
GHG Footprint
(million metric tons CO2 equivalent)



Potential Avoided GHG Emissions⁵
(million metric tons CO2 equivalent)



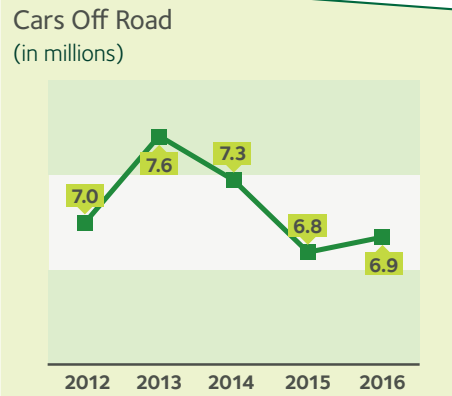
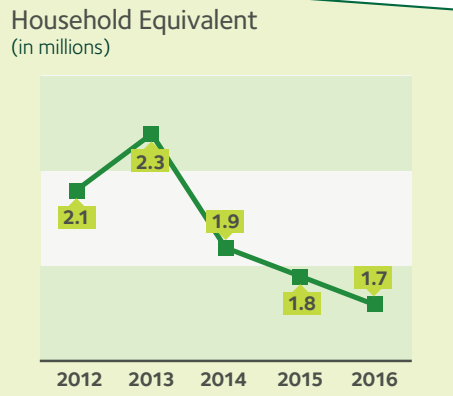
Waste-Based Energy Benefits
(million households)



Sustainability Key Performance Indicators¹, cont.



Resource Savings Achieved Through Recycling



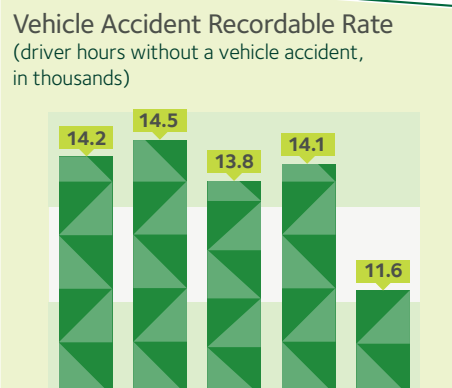
Percent of Waste Management Modern Landfill Liners Failing to Prevent Off-Site Contaminated Groundwater^{10, 11}

0%

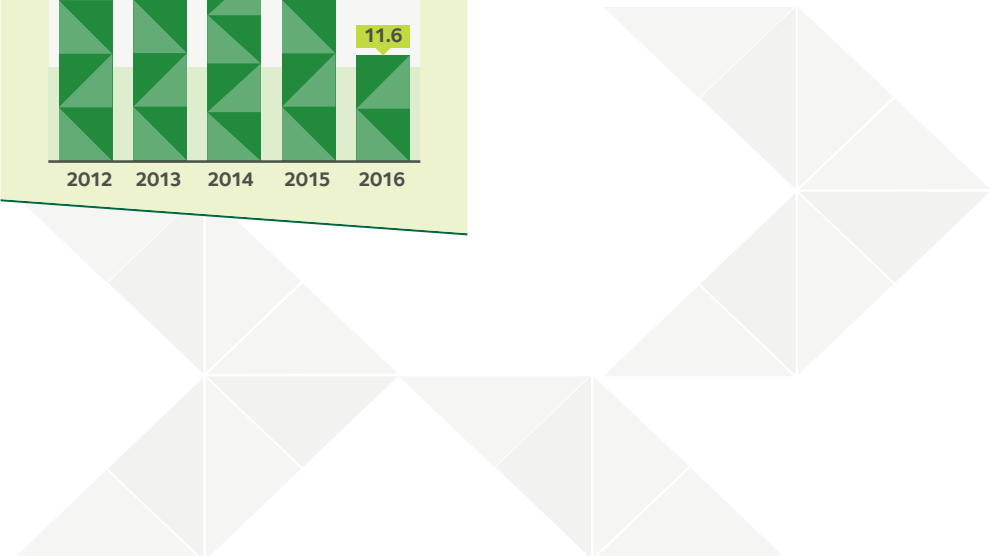
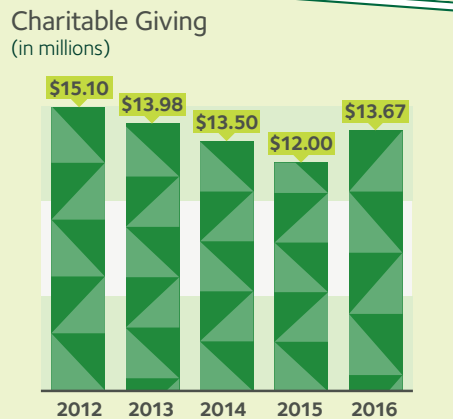
2011 – 2016



Safety Performance



Philanthropy



2016 Recycling Performance

Why We Recycled



To Save **117.5 Million** Mature Trees



To Meet the Annual Municipal Waste Disposal Needs of **48.1 Million** People



To Avoid **31.4 Million** Metric Tons of GHG Emissions



Enough Timber Resources to Produce **1.99 Trillion** Sheets of Copypaper



To Save **37.5 Million** Cubic Yards of Landfill Airspace



To Fulfill the Annual Power Needs of **1.88 Million** Homes



To Supply Enough Fresh Water for **27.8 Million** People for a Month



By Conserving **19.6 Billion** kWh of Electricity



To Save Through Recycling the Virgin Materials Needed to Replace **10.68 Million** Tons of Paper, Metal, Plastic and Glass

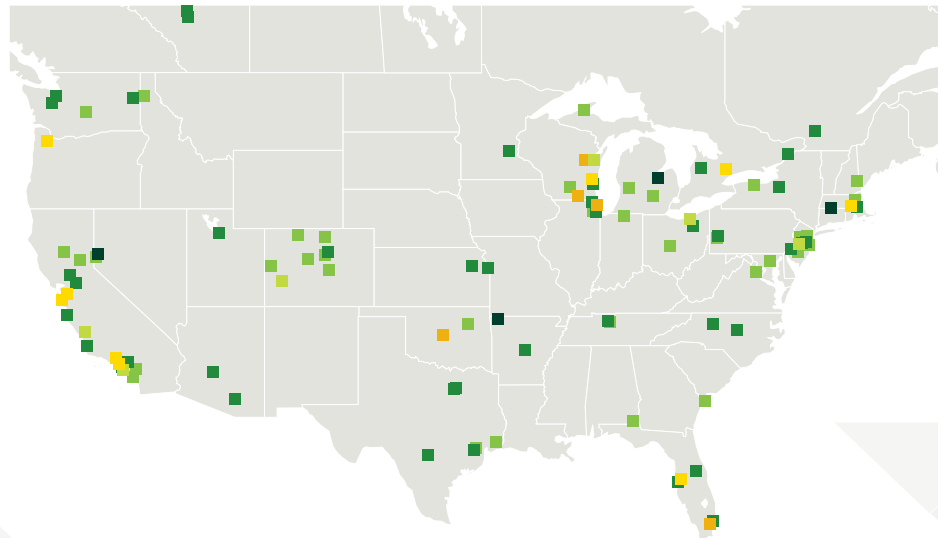


To Save **62.5 Billion** Gallons of Water

Where We Recycled

Material Recovery Facilities (MRFs)

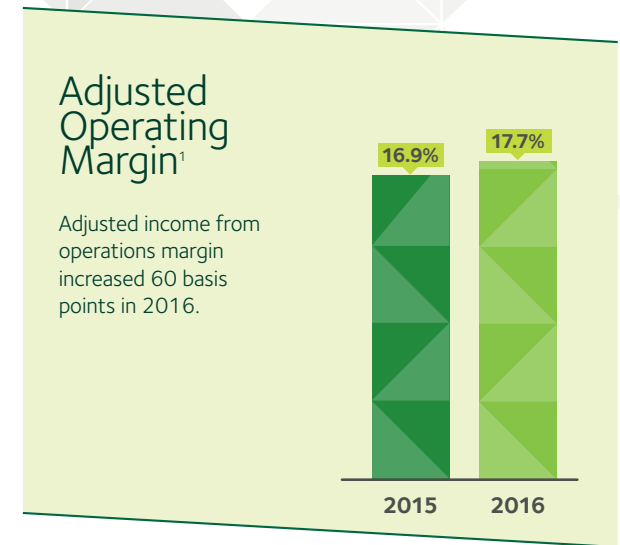
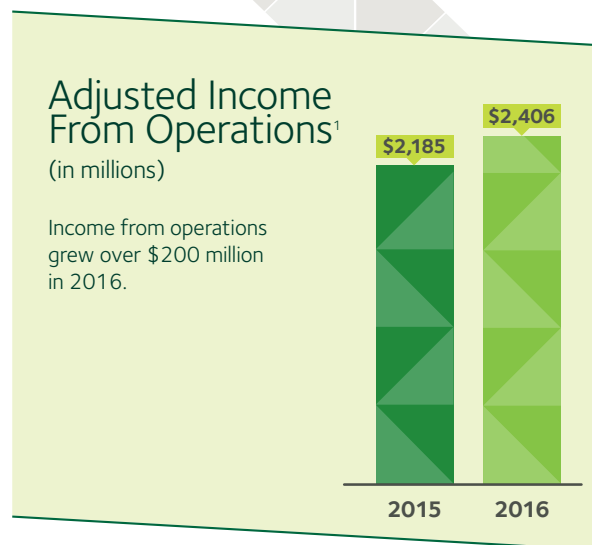
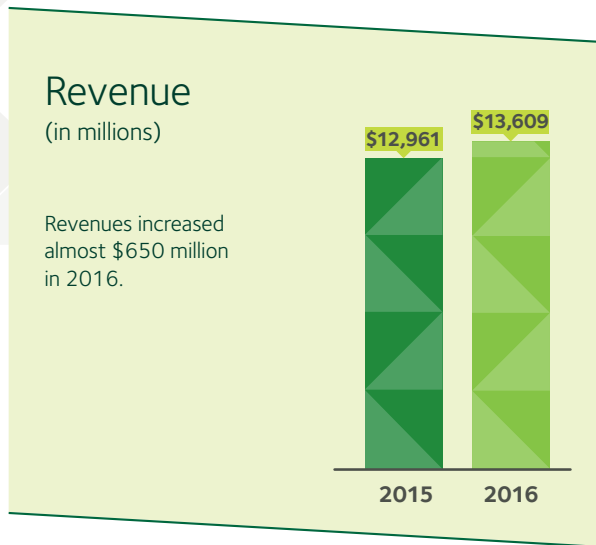
- 43 Single Stream
- 4 Dual Stream
- 37 Paper Only or Other Commercial Materials
- 8 Construction and Demolition Debris
- 6 High Grade
- 6 Other



Economic Impact


 We had great success in 2016, driving earnings and cash flow growth to record levels that exceeded our own expectations. As we have demonstrated over the last few years, strong pricing, the execution of our service delivery optimization programs, and growing the right kind of volume drive margin expansion. We did this as a team, working together to execute upon our top strategic priorities. 

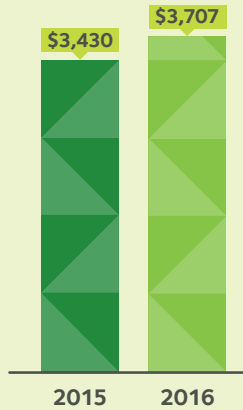
Jim Fish, President and CEO



Adjusted Operating EBITDA¹

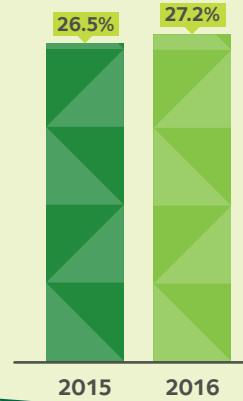
(in millions)

Operating EBITDA improved in 2016.



Adjusted Operating EBITDA Margin

Adjusted operating EBITDA¹ margin increased 70 basis points in 2016.



Free Cash Flow¹

(in millions)

Free cash flow increased by 18% YOY.



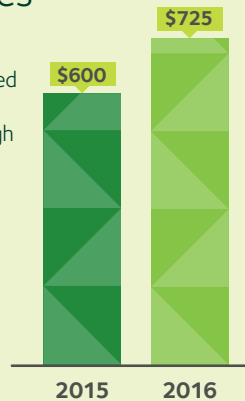
Adjusted EPS¹

In 2016, diluted earnings per share increased to \$2.91, from \$2.61 in 2015.



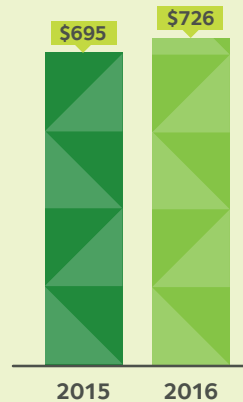
Share Repurchases

In 2016, we returned \$1.45 billion to shareholders through dividends and share repurchases.



Dividends

Cash dividends declared and paid were \$726 million, or \$1.64 per common share in 2016.



Total Debt

(in millions)



Corporate Awards

World's Most Ethical Companies

10 Consecutive Years
The Ethisphere Institute

CDP Climate A List

2016 and 2017

S&P 500 Climate Disclosure Leadership Index

GHG Reporting Since 2004
CDP (formerly Carbon Disclosure Project)

The following are representative of the many awards Waste Management has received in the past three years:



Corporate Sustainability

- » Change the World, Fortune Magazine 2015
- » FTSE4Good Index Series 2011-2017
- » Euronext Vigeo World 120 Index 2012-2015
- » 100 Best Corporate Citizens, Corporate Social Responsibility Magazine 2015
- » Dow Jones Sustainability Index, North American Indices, 13 of the past 15 years



Environmental

- » 50 Hottest Companies in Bioenergy, Biofuels Digest 2014-2015
- » Champions of the Environment Award, New York City College of Technology 2015
- » Sport for the Environment Winner, Beyond Sport 2014



Business Recognition

- » Supplier of the Year Services Award, BASF 2015
- » Recycler of the Year Business Category, MassRecycle 2015
- » Supplier Leadership Award, Sustainable Purchasing Leadership Council 2016



Community

- » Corporate Conservation Leadership Award, Wildlife Habitat Council 2017
- » Community Partner of the Year, Wildlife Habitat Council 2015
- » *Corporate Lands for Learning* of the Year, Wildlife Habitat Council 2015
- » Best Community Partner, Neighborhood Alliance of Central Oklahoma 2015
- » Gold Award for Educational Program Excellence, SWANA 2015



Workplace Recognition

- » "Best for Vets" Employer, Military Times 2010-2017
- » Corporate Equality Index Score 90+, Human Rights Campaign 2011-2016
- » Top Military Friendly® Employer, G.I. Jobs/military.com 2010-2017
- » 50 Best Companies to Sell For, Selling Power Magazine 2015-2017
- » Employer of Excellence Award, Texas Workforce Commission 2015
- » Top 50 Employers, Equal Opportunity Publications 2016

Footnotes

Key Performance Indicators

- ¹ Since 2013, we have used the modified 100-year global warming potentials (GWPs) promulgated by the U.S. EPA. Pertinent to our carbon footprint, U.S. EPA revised the GWP for methane from 21 to 25 and the GWP for nitrous oxide from 310 to 298.
- ² We have corrected our 2012 process number to include power generation and refrigerants used at sites included in previous years' calculations but exempted by the EPA's GHG reporting rule. We are including these units for consistency over time, amending last year's reporting number.
- ³ We have changed our methodology for calculating fleet efficiency to conform to U.S. EPA's most recent (2013) SmartWay Truck Tool. In order to evaluate relative emissions and progress toward our 2020 transport emissions reduction goal, we have recalculated our 2007 baseline for collection vehicles and our 2011–2013 emissions using the 2013 tool. In addition, we have changed our database for making these SmartWay calculations from our prior reliance on fuel logs to the use of records compiled for tax credit and fee purposes. The tax documentation reflects fuel purchased in a year, including some insignificant amounts of fuel stored rather than used in a given year. We believe the corporate tax records are more complete than the facility-specific fuel logs. The transition to these records accounts for part of the increase in emissions from 2012 to 2013. Note that our transportation emissions reported here include those from both our collection fleet and our non-collection "yellow iron" (i.e., off-road equipment such as forklifts and excavators) used on site. A small amount of fuel in this category is used for nontransportation purposes (e.g., running emergency generators or barbecue grills on site), but we do not subtract these from our transportation totals.
- ⁴ We are in transition in the way we track electricity data. In 2013, we hired a third party to assist in developing and reporting electricity data, making use of the enterprise accounting system's coding of accounts paid. We believe that this accounting system is more accurate than our previous estimation, which used a representative sample of Waste Management operations to project entity-wide emissions. We believe our previous estimations, in fact, erred on the high side. The dramatic reduction in energy use in 2013 is thus likely due in large part to overestimation in prior years rather than a true reduction from previous emissions.
- ⁵ We are reporting these data to inform our customers and the public about the potential GHG reduction benefits associated with carbon storage in landfills, our renewable energy production and the value of the recyclable materials we collect and process. We are not presuming to characterize how emerging regulatory programs will allocate credit for these avoided emissions, so we do not claim these GHG reduction benefits as our own nor attempt to deduct these reductions from our carbon footprint.
- ⁶ Increases in productivity in 2013 were primarily the result of running our waste-to-energy plants at higher capacity and including energy generated from wind projects in our calculations.
- ⁷ The GHG savings figures for 2012 were based upon estimates made using the National Recycling Coalition (NRC) Environmental Benefits Calculator. Consistent with our efforts to align our reporting more closely with current U.S. EPA methods where possible, we have converted our estimates of the benefits of recycling to those developed using U.S. EPA's Waste Reduction Model (WARM), which reports benefits in MTCO_{2e} (the measure consistent with the other units reported in this chart). Our 2012 emissions remain those calculated using the NRC model, but they have been converted to MTCO_{2e} for purposes of comparison. (Note that our 2012 report erroneously stated the recycling savings were already expressed as MTCO_{2e}.) Also note that U.S. EPA has yet to include updated GWP numbers in its WARM software. In our calculations, we assume that, by recycling, we divert materials from the average landfill nationally, not solely from our modern landfills with landfill gas-to-energy capacity. If instead our recycling were to divert materials only

from our own modern landfills, the emissions reductions achieved by recycling would only be 31,613,385 in 2013. Note also that the increase in emissions reductions realized by recycling does not correspond arithmetically to the increase in total tons recycled. That is because paper recycling achieves very high emissions reductions, and the relative proportion of paper in the recycling stream is declining as consumers shift from paper-based information to electronics (e.g., from newspapers to e-readers).

- ⁸ For a discussion of the protocols that govern this calculation of carbon storage or sequestration, see pg 109 of the Appendix in our 2016 report document.
- ⁹ Tons of coal equivalent is calculated based on the equivalent number of households that could be powered by Waste Management energy production. Note that standard industry assumptions about household energy use differ for the waste-to-energy and landfill gas-to-energy sectors: Standard waste-to-energy reporting is 1,000 households per installed megawatt, while the household conversion for landfill gas-to-energy is based upon U.S. Energy Information Administration data that is updated yearly. We have not included the energy value of our wind projects in this entry because there is no sector conversion template comparable to that for waste to energy and landfill gas-to-energy.
- ¹⁰ Modern landfills are post-1993 and are permitted under 40 CFR Part 258 Subtitle D. Off-site contamination is regulatory corrective action required to address off-site impacts to groundwater.
- ¹¹ WM modern landfill liners continue to perform as designed, not allowing leakage through the liner that required corrective action to clean up groundwater under neighboring priorities. We have also received questions asking whether the metric refers to potential landfill leaking or a more general facility reference, and have clarified.

Economic Impact

- ¹ Adjusted Income from Operations, Adjusted Operating Margin, Adjusted Operating EBITDA, Adjusted Operating EBITDA Margin, and Adjusted Earnings Per Diluted Share (Adjusted EPS) are not defined by generally accepted accounting principles (GAAP). We believe that these non-GAAP measures provide useful information to investors by excluding items that the company does not believe reflect its fundamental business performance and/or are not representative or indicative of our results of operations. The company defines Operating EBITDA as income from operations before depreciation and amortization. Adjusted Operating Margin and Adjusted Operating EBITDA Margin are each calculated as a percentage of as-reported revenues.

Free Cash Flow is also a non-GAAP measure. The company discusses Free Cash Flow because we believe that it is indicative of the company's ability to pay its quarterly dividends, repurchase common stock, fund acquisitions and other investments and, in the absence of refinancings, to repay its debt obligations; however, the use of Free Cash Flow as a liquidity measure has material limitations because it excludes expenditures such as declared dividend payments and debt service requirements. The company defines Free Cash Flow as net cash provided by operating activities, less capital expenditures, plus proceeds from divestitures of businesses and other assets (net of cash divested).

Non-GAAP measures should not be considered a substitute for financial measures presented in accordance with GAAP. Operating EBITDA and Free Cash Flow may not be comparable to similarly titled measures reported by other companies. For quantitative reconciliations of non-GAAP measures to the most comparable measure calculated in accordance with GAAP, please see the financial tables accompanying WM's press release dated February 16, 2017, announcing full year 2016 earnings and comparisons to 2015: <http://investors.wm.com/phoenix.zhtml?c=119743&p=irol-recentnewsArticle&ID=2246622>

