

STATE AND LOCAL CONFLICT OF INTEREST POLICY

Purpose

The purpose of this policy is to establish safeguards that would allow MIP V Waste MidCo, LLC, GreenWaste Recovery, LLC, Zanker Road Resource Management, LLC and their respective subsidiaries (collectively, the “Company”).and its employees to avoid actual or potential conflicts of interest involving the cities and other governmental entities doing business with the Company.

Overview

California law has two separate statutory provisions on conflicts of interest (Government Code Section 1090 *et seq.* and Government Code Section 87100 *et seq.*), in addition to a common law prohibition on conflicts of interest. In addition, the state has a “revolving door” statute, and some local jurisdictions have their own similar rules.

Government Code § 1090

Section 1090 forbids a state, county, district or city officer or employee from having any financial interest in the making of a government contract. Violations of Section 1090 may include the voiding of a conflicted contract, as well as potential financial penalties and personal liability for any official found to have a financial interest in a contract.

A financial interest under Section 1090 is broadly defined and includes any situation in which an official may receive a financial benefit, even if indirectly. This includes situations where a benefit might be to the official’s employer, even if the official himself or herself does not receive any financial benefit directly.

Section 1090 is intended to prevent a practice commonly referred to as “self-dealing.”

The most common instances where this could impact the Company or its employees include:

- An Company **employee** is an elected or appointed official in a local government where the Company provides services, plans to amend an existing contract, or plans to bid on a contract;
- The **spouse** of a Company employee is an employee, or an elected or appointed official in a government where the Company provides services, plans to amend an existing contract, or plans to bid on a contract; or
- The Company begins **negotiating** an employment agreement with any person who is an employee, or elected or appointed official (or a spouse of that person) in a local government where the Company provides services, plans to amend an existing contract, or plans to bid on a contract.

Government Code § 87100

Section 87100, contained in the Political Reform Act, prohibits a public official from making, participating in, or using his or her official position “to influence a governmental decision in which he knows or has reason to know he has a financial interest.”

Section 87100 encompasses not only contracting, but virtually any other type of government decision that could impact a person’s financial interests. There are administrative, civil, and criminal penalties for violations of Section 87100, including potential fines, civil liability, and criminal penalties for public officials who engage in conflicted governmental decisions.

A financial interest includes, for example: (1) investments in or positions with business entities, (2) interests in real property, (3) sources of income (i.e., salary, wage, rent, sales proceeds, loan, etc.), (4) sources of gifts, and (5) the personal finances of the official and the official’s immediate family.

The most common instances where this could impact the Company or its employees include:

- A Company *employee* is an elected or appointed official in a city where the Company will lease or purchase real property or seek a land use approval (zoning change, construction approval, etc.) in that jurisdiction; or
- The *spouse* of a Company employee is an employee, or an elected or appointed official in a city where the Company will lease or purchase real property or seek a land use approval; or
- The Company begins *negotiating* to employ a person who is an employee, or elected or appointed official (or a spouse of that person) in a city where the Company will lease or purchase real property or seek a land use approval in that jurisdiction.

Revolving Door Restrictions

The Political Reform Act also contains a “post-employment” restriction (Gov. Code § 87406.3) that applies to local jurisdictions, and bans an employee or officer from influencing decision-making where the employee or officer is negotiating (or has negotiated) employment with an entity that could be affected by the decision.

In addition, note that some local jurisdictions (such as the City of Los Angeles) have their own similar “revolving door” restrictions. These restrictions may limit the Company’s ability to hire local officials, even after they have left public service or elected office.

The most common instances where this could impact the Company or its employees include:

- The Company begins *negotiating* to employ a person who is an employee, or elected or appointed official in a City (or a spouse of that person) where the Company will seek a contract, amendment or a land use approval; or
- The Company seeks to *hire* an individual who was recently an employee, or elected or appointed official in a City (or a spouse of that person) where the Company will seek a contract, amendment or a land use approval.

Policy

Potential employees

In every instance where the Company interviews a person for potential employment:

- Determine whether the person (or a spouse of that person) is or was recently a government employee or official; and
- If yes, the Company's Legal Department¹ will determine whether the Company or the potential employee has an actual or potential conflict of interest.

Current employees

- Employees are expected to exercise sound judgment in the avoidance of activities or relationships that are deemed by the Company to create an actual conflict of interest.
- Employees are requested to immediately disclose to the Legal Department whether:
 - The employee decides to run for public office and/or is appointed to a local office (such as a Planning Commission); or
 - The employee's spouse or partner decides to run for public office and/or is appointed to a local office or becomes employed by a local jurisdiction; and
 - If yes to any of the foregoing, the Company's Legal Department will determine whether the Company or its employee has an actual or potential conflict of interest.
- On a date to be determined by the Legal Department, employees are requested to participate in an annual survey conducted by the Legal Department disclosing whether:
 - The employee is serving as an elected or appointed position; or
 - The employee's spouse or partner is serving as an elected or appointed position or is employed by a local jurisdiction; and
 - If yes to any of the foregoing, the Company's Legal Department will determine whether the Company or its employee has an actual or potential conflict of interest.

¹ Legal Department shall be defined as the CEO, together with any nominees thereof, acting upon written advice of external counsel until such time as a General Counsel is appointed and following such appointment, the General Counsel.