



February 2023

**Re: Update About Your Recology Employee Stock Ownership Plan (ESOP)**

Dear Employee-Owner,

**Employee-Owner Participant Statement**

Enclosed is your first Recology Employee-Owner Participant Statement for the fiscal year ended September 30, 2022.

- The share value, which is shown on your statement, is generally determined as of each September 30 by an independent outside valuation firm.
- Your allocation is 3.93% of your eligible pay for the year ending September 30, 2022. The allocation percentage varies each year.
- The statement may show two types of shares: post-1986 and pre-1987. The share type is determined by when the share was put into the ESOP Trust (either before or after 1986), not when the shares were put in your own account. There are laws that treat these shares differently and that is why they are tracked separately. Pre-1987 shares purchased from participants and forfeited shares from unvested participants are now being converted to post-1986 shares, so you will only see post-1986 shares as the new shares in your account.

For information on how the Recology ESOP works, refer to [RecologyESOP.com](http://RecologyESOP.com) (user name is your employee number, password is the last four numbers of your Social Security Number).

**What It Means to be Employee-Owned**

As the largest 100% employee-owned company in the resource recovery industry, Recology has a unique workplace culture that guides how we support employees, interact with our customers, serve our communities, and care for the environment.

The Recology Employee Stock Ownership Plan (ESOP) maintains ownership in the hands of our employees, not external shareholders. The results of this model include broad diversity among owners, with more than 50% of Recology shares owned by employees who identify within an underrepresented group. Our employees understand that both individual and collective hard work and dedication can directly impact the success of the company in the long term, as ESOP shares provide employees with a supplemental retirement plan, allowing employees to share in that success.

**What It Means to be an Employee-Owner**

As an employee-owner, you have a responsibility to work hard and to work together with your fellow employee-owners to accomplish the job, solve problems, and share ideas for improvement. The Guiding Principles for Recology employee-owners are to be:

- Aware. Know yourself and others.
- Approachable. Connect with others.
- Accountable. Own your actions.
- Agile. Be a change agent.
- All Inclusive. It takes all of us.

Your hard work and dedication as an employee-owner contribute to the Company's success and may impact your retirement benefit through the value of Company stock in your ESOP account.





## ESOP FAQs

### + What is the ESOP?

#### What is the ESOP?

The Recology Employee Stock Ownership Plan (ESOP) is a supplemental retirement plan established in 1986 to provide an ownership interest to eligible employees of Recology. This plan is fully funded by Recology and employee contributions are not allowed.

#### What are the Benefits of having an ESOP?

Through the ESOP you, as an Eligible Employee, gain a stock ownership interest in Recology and the chance to share in the growth and prosperity of the Company. Each year, opportunity exists to have additional stock credited to your account so that your retirement savings will grow.

#### What does it mean to be an Employee Owner?

As an employee owner, you have a responsibility to work hard and to work together with your fellow employee owners to solve problems and share ideas for improvement. Your hard work and dedication as an employee owner contribute directly to the Company's success and may impact your retirement benefit by increasing the value of Company stock in your ESOP account.

#### Who communicates the meaning of employee ownership?

The Recology Ownership Communication Committee (ROCC) is a group of Recology employees generally one person from each Recology Company who meet on a regular basis and work to provide employee ownership education. The ROCC sponsors events and programs that relate to employee ownership and the ESOP. Check out the [RecologyOwner.net](#) website to find out who your ROCC Representative is.

### + Receiving Shares

#### How do I get shares of Recology stock?

Each year, eligible employees earn shares of Recology stock if they are paid for working at least 1,000 hours during the Plan Year (October 1 to September 30) and are employed on September 30. Vested employees who retire (at least age 62) on or before September 30 also earn shares. Annual statements based on account balance of the prior year (September 30th) are distributed in the first quarter of each calendar year. The Participant Statement shows the number of shares of Recology stock in your account and the fair market value of those shares.

#### When do I become vested?

You are vested after three years with 1,000 Hours of Service in each Recology ESOP Plan Year (October 1 to September 30). Becoming vested means if you leave the Company, you do not lose your ESOP account. If you stop working for Recology prior to becoming vested, you will forfeit your shares if you experience a Permanent Break in Service (i.e., if you do not return to work within five ESC Years). If your company was acquired by Recology, your Hours of Service begin on the day your company became a Recology Company.

#### How many shares of Recology stock will I receive in my account?

As of September 30 of each year, Recology stock is "allocated" or divided among the accounts of Eligible Employees in proportion to their eligible pay during the Plan Year. Your proportionate share of annual allocations changes every year because the allocations are based on annual payroll and are made up of stock that the ESOP bought back from certain participants and forfeitures that be

to employees who left the Company without being vested. The number of shares bought back as well as the number of forfeited shares varies each year.

#### + Recology Stock Share Value

### How is the stock valued?

Because Recology is entirely employee owned, Recology stock is not traded or valued on the open market. An independent appraisal company determines the value of Recology stock. The value of stock is normally determined annually, as of each September 30. This determination of fair market value of Recology stock is generally completed in December.

### How can I affect the stock value?

The simple premise of the ESOP is that Recology employees' hard work makes Recology more successful, which in turn can help grow the value of your ESOP retirement benefits. When you do your job to the best of your ability, you can help build a more successful company. Recology's success directly affects each individual because the share value determines the amount in each ESOP participant retirement accounts. As an employee owner, you have a responsibility to your fellow employee owners and yourself to work hard, to solve problems, and to share ideas for improvement.

### How do I check my account value?

Annual statements are distributed in the first quarter of each calendar year and contain account balances as of the latest stock valuation date, September 30 of the prior year. The Participant Statement shows the number of shares of Recology stock in your account and the fair market value of those shares. Your Total Account Value = Number of Shares x Per Share Value.

### Why does my account show two types of shares?

There are two types of shares in the ESOP—post-1986 and pre-1987. Employees receive allocations of both types of shares each year. The type of share is determined when the share was put in the ESOP Trust (either before or after 1986) not when the shares were put in your own account. The law treats these shares differently for benefit distribution purposes. The differences will be reflected in future postcards.

#### + Distributions While Still Employed.

#### + Naming a Beneficiary

#### + Preparing for Retirement

## PLANNING YOUR RETIREMENT

If you are planning to end your employment prior to reaching your Normal Retirement Age, you may want to consider continuing to work until September 30th in order to receive a final ESOP ;

If you have already reached or exceeded Normal Retirement Age, you may want to consider leaving on or before September 30th in order to begin receiving the following March. Note that if you end your employment after September 30th, depending upon your last day, you may have to wait up to 18 months to receive your first payment from

## MORE RESOURCES

You can contact Crowe ESOP Advantage at 1-844-824-3767 and ask to speak to a Retirement Counselor. These counselors can answer all of your retirement questions. Once you know your retirement date, make sure to inform both your supervisor and local HR representative.

The above gives you an overview of the Employee Stock Ownership Program offered by Recology and Participating Companies. Refer to Recology's Summary Plan Description for further information regarding your individual benefits. If there is any difference between the SPD and this summary, the SPD governs. Recology Inc. reserves the express authority and discretion to change, suspend, or eliminate any employee benefit plan or program at any time without prior notice to employees, retirees, or beneficiaries.

### Upcoming Events

- [October is Employee Ownership Month >](#)

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- [2020 Poster Contest Winners >](#)

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- [Ownership Culture Fairs – COMING SOON! >](#)

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- [2019 Video Contest Winners >](#)

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- [2019 Poster Contest Winners >](#)

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### Congratulate Our ROCStars

- [2022 ROCStars of the Quarter \(Jan 1–Mar 31, 2022\) >](#)

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- [2022 ROCStars of the Quarter \(Apr 1–Jun 30, 2022\) >](#)

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- [2022 ROCStars of the Quarter \(Jul 1–Sept 30, 2022\) >](#)

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- [2022 ROCStars of the Quarter \(Oct 1–Dec 31, 2021\) >](#)

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- [ROCStar Nomination Form >](#)

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- [A Fellow Employee-Owner >](#)

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- [2023 ROCStars of the Quarter \(Oct 1–Dec 31, 2022\) >](#)

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