These financial statements for Waste Connections, Inc. are also included in the Form 10-K for the year ended December 31, 2021 filed on SEDAR on February 17, 2022 in its entirety.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Waste Connections, Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Waste Connections, Inc. (an Ontario, Canada corporation) and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of net income, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and financial statement schedule included under Item 15(a) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 17, 2022 expressed an unqualified opinion.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of intangible assets in business combinations

As described further in Note 8 to the financial statements, the Company acquired 30 businesses during 2021. These transactions were accounted for as business combinations in accordance with ASC 805, *Business Combinations.*

The principal consideration for our determination that the accounting for these acquisitions represents a critical audit matter, is the judgments and assumptions associated with management's determination of the fair value of assets acquired and liabilities assumed, including fair value determinations related to recycling and transfer station permits, residential and commercial customer lists, long-term contracts, and acquired landfill site costs, all of which are recorded as intangible assets. Auditing the fair value of these assets involved a high degree of subjectivity, auditor judgment and effort in evaluating management's significant assumptions, primarily due to the complexity of the valuation models used to measure the fair value of the aforementioned intangible assets, as well as the sensitivity of the underlying significant assumptions. The Company used a discounted cash flow model to estimate the fair values of the intangible assets, which included assumptions such as discount rate, revenue growth rates, operating expenses, earnings before interest, taxes, depreciation and amortization ("EBITDA") margins, capital expenditures, customer turnover rates, and contributory asset charges that form the basis of the forecasted results. These significant assumptions are forward-looking and could be affected by future economic and market conditions.

The audit procedures related to the accounting for the acquisitions included the following:

- We tested the design and operating effectiveness of key controls related to the accounting for the 2021 acquisitions, including controls relating to management's development of forecasts for discount rates, revenue growth rates, operating expenses, EBITDA margins, capital expenditures, customer turnover rates and contributory asset charges;
- We obtained certain purchase price allocation analyses from management and third-party specialists engaged by management. We assessed the qualifications and competence of management and the third-party specialists and evaluated the methodologies used to determine the fair value of the intangible assets;
- We tested the assumptions used within the discounted cash-flow models to estimate the fair value of the intangible assets which included assumptions such as discount rate, revenue growth rate, operating expenses, EBITDA margin, capital expenditures, customer turnover rate and contributory asset charges;
- We tested the Company's ability to forecast future cash flows for acquired businesses by reviewing actual results in the first year after being acquired compared to amounts forecasted when the fair values of acquired assets and liabilities were determined.
- We utilized an internal valuation specialist to assist the engagement team in evaluating: the methodologies used and whether they were acceptable for the underlying acquisitions and whether such methodologies were being applied correctly, the appropriateness of the discount rate used by performing a sensitivity analysis, and the qualifications of the valuation specialist engaged by the Company based on their credentials and experience.

Landfill Accounting

As described further in Note 3 to the financial statements, the net present value of landfill final capping, closure and post-closure liabilities are calculated by estimating the total obligation in current dollars, inflating the obligation based upon the expected future date of the expenditures and discounting the inflated total to its present value using a credit-adjusted risk-free rate.

The principal consideration for our determination that landfill accounting represents a critical audit matter is the judgments and estimates associated with management's determination of the liability due to the nature of the inputs and significant assumptions used in the process including the discount rate, inflation rate, accretion rate, survey data, acreage information, permitted, deemed and remaining airspace and probability of landfill expansions, all of which can have a significant impact on the calculation of the final capping, closure and post-closure liability. Auditing the net present value of the obligation involved a high degree of subjectivity, auditor judgment and effort in evaluating management's assumptions primarily due to the complexity of the models used to measure the landfill liability, as well as the sensitivity of the underlying significant assumptions.

Our audit procedures related to the accounting for the final capping, closure and post-closure liability included the following:

- We tested the design and operating effectiveness of key controls related to landfill accounting, including controls relating to management's development of discount rate, inflation rate, accretion rates, survey data, acreage information, permitted, deemed and remaining airspace and probability of landfill expansions;
- We assessed the qualifications and competence of management and the third-party specialists used to provide the inputs used in developing the models;
- We tested key inputs such as discount rate, inflation rate, accretion rate, survey data, acreage information, permitted, deemed and remaining airspace and probability of landfill expansions;
- We obtained and reviewed the associated permits for a sample of landfill models to further validate certain inputs used in the models;
- We compared previously deemed expansion amounts to the subsequent actual permitted amounts;
- We obtained and reviewed supporting documentation to support management's criteria for deemed expansions.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2017.

Houston, Texas
February 17, 2022

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Waste Connections, Inc.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Waste Connections, Inc. (an Ontario, Canada corporation) and subsidiaries (the "Company") as of December 31, 2021, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended December 31, 2021, and our report dated February 17, 2022 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Houston, Texas
February 17, 2022

WASTE CONNECTIONS, INC.
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS OF U.S. DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	December 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and equivalents	$ 147,441	$ 617,294
Accounts receivable, net of allowance for credit losses of $18,480 and $19,380 at December 31, 2021 and 2020, respectively	709,614	630,264
Prepaid expenses and other current assets	175,722	160,714
Total current assets	1,032,777	1,408,272
Restricted cash	72,174	97,095
Restricted investments	59,014	57,516
Property and equipment, net	5,721,949	5,284,506
Operating lease right-of-use assets	160,567	170,923
Goodwill	6,187,643	5,726,650
Intangible assets, net	1,350,597	1,155,079
Other assets, net	115,203	92,323
Total assets	$ 14,699,924	$ 13,992,364
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 392,868	$ 290,820
Book overdraft	16,721	17,079
Deferred revenue	273,720	233,596
Accrued liabilities	442,596	404,923
Current portion of operating lease liabilities	38,017	30,671
Current portion of contingent consideration	62,804	43,297
Current portion of long-term debt and notes payable	6,020	8,268
Total current liabilities	1,232,746	1,028,654
Long-term portion of debt and notes payable	5,040,500	4,708,678
Long-term portion of operating lease liabilities	129,628	147,223
Long-term portion of contingent consideration	31,504	28,439
Deferred income taxes	850,921	760,044
Other long-term liabilities	421,080	455,888
Total liabilities	7,706,379	7,128,926
Commitments and contingencies (Note 13)		
Equity:		
Common shares: 260,283,158 shares issued and 260,212,496 shares outstanding at December 31, 2021; 262,899,174 shares issued and 262,824,990 shares outstanding at December 31, 2020	3,693,027	4,030,368
Additional paid-in capital	199,482	170,555
Accumulated other comprehensive income (loss)	39,584	(651)
Treasury shares: 70,662 and 74,184 shares at December 31, 2021 and 2020, respectively	—	—
Retained earnings	3,056,845	2,659,001
Total Waste Connections’ equity	6,988,938	6,859,273
Noncontrolling interest in subsidiaries	4,607	4,165
Total equity	6,993,545	6,863,438
	$ 14,699,924	$ 13,992,364

The accompanying notes are an integral part of these consolidated financial statements.

WASTE CONNECTIONS, INC.
CONSOLIDATED STATEMENTS OF NET INCOME
(IN THOUSANDS OF U.S. DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Years Ended December 31,		
	2021	2020	2019
Revenues	$ 6,151,361	$ 5,445,990	$ 5,388,679
Operating expenses:			
Cost of operations	3,654,074	3,276,808	3,198,757
Selling, general and administrative	612,337	537,632	546,278
Depreciation	673,730	621,102	618,396
Amortization of intangibles	139,279	131,302	125,522
Impairments and other operating items	32,316	466,718	61,948
Operating income	1,039,625	412,428	837,778
Interest expense	(162,796)	(162,375)	(147,368)
Interest income	2,916	5,253	9,777
Other income (expense), net	6,285	(1,392)	5,704
Loss on early extinguishment of debt	(115,288)	—	—
Income before income tax provision	770,742	253,914	705,891
Income tax provision	(152,253)	(49,922)	(139,210)
Net income	618,489	203,992	566,681
Plus (less): Net loss (income) attributable to noncontrolling interests	(442)	685	160
Net income attributable to Waste Connections	$ 618,047	$ 204,677	$ 566,841
Earnings per common share attributable to Waste Connections' common shareholders:			
Basic	$ 2.37	$ 0.78	$ 2.15
Diluted	$ 2.36	$ 0.78	$ 2.14
Shares used in the per share calculations:			
Basic	261,166,723	263,189,699	263,792,693
Diluted	261,728,470	263,687,539	264,526,561
Cash dividends per common share	$ 0.845	$ 0.760	$ 0.665

The accompanying notes are an integral part of these consolidated financial statements.

WASTE CONNECTIONS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(IN THOUSANDS OF U.S. DOLLARS)

	Years Ended December 31,		
	2021	2020	2019
Net income	$ 618,489	$ 203,992	$ 566,681
Other comprehensive income (loss), before tax:			
Interest rate swap amounts reclassified into interest expense	20,321	9,778	(8,027)
Changes in fair value of interest rate swaps	23,287	(64,664)	(43,873)
Foreign currency translation adjustment	8,183	50,653	101,970
Other comprehensive income (loss), before tax	51,791	(4,233)	50,070
Income tax (expense) benefit related to items of other comprehensive income (loss)	(11,556)	14,545	13,753
Other comprehensive income, net of tax	40,235	10,312	63,823
Comprehensive income	658,724	214,304	630,504
Plus (less): Comprehensive loss (income) attributable to noncontrolling interests	(442)	685	160
Comprehensive income attributable to Waste Connections	$ 658,282	$ 214,989	$ 630,664

The accompanying notes are an integral part of these consolidated financial statements.

WASTE CONNECTIONS, INC.
CONSOLIDATED STATEMENTS OF EQUITY
YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021
(IN THOUSANDS OF U.S. DOLLARS, EXCEPT SHARE AMOUNTS)

	WASTE CONNECTIONS' EQUITY								
	COMMON SHARES		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TREASURY SHARES		RETAINED EARNINGS	NONCONTROLLING INTERESTS	TOTAL
	SHARES	AMOUNT			SHARES	AMOUNT			
Balances at December 31, 2018	263,141,413	$ 4,131,307	$ 133,577	$ (74,786)	129,889	$ —	$ 2,264,510	$ 5,580	$ 6,460,188
Sale of common shares held in trust	48,375	4,036	—	—	(48,375)	—	—	—	4,036
Vesting of restricted share units	416,691	—	—	—	—	—	—	—	—
Vesting of performance-based restricted share units	180,258	—	—	—	—	—	—	—	—
Restricted share units released from deferred compensation plan	16,375	—	—	—	—	—	—	—	—
Tax withholdings related to net share settlements of equity-based compensation	(210,018)	—	(17,660)	—	—	—	—	—	(17,660)
Equity-based compensation	—	—	39,000	—	—	—	—	—	39,000
Exercise of warrants	25,067	—	—	—	—	—	—	—	—
Cash dividends on common shares	—	—	—	—	—	—	(175,067)	—	(175,067)
Amounts reclassified into earnings, net of taxes	—	—	—	(5,900)	—	—	—	—	(5,900)
Changes in fair value of cash flow hedges, net of taxes	—	—	—	(32,247)	—	—	—	—	(32,247)
Foreign currency translation adjustment	—	—	—	101,970	—	—	—	—	101,970
Cumulative effect adjustment from adoption of new accounting pronouncement	—	—	—	—	—	—	(2,077)	—	(2,077)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(570)	(570)
Net income (loss)	—	—	—	—	—	—	566,841	(160)	566,681
Balances at December 31, 2019	263,618,161	4,135,343	154,917	(10,963)	81,514	—	2,654,207	4,850	6,938,354
Sale of common shares held in trust	7,330	679	—	—	(7,330)	—	—	—	679
Vesting of restricted share units	377,006	—	—	—	—	—	—	—	—
Vesting of performance-based restricted share units	281,186	—	—	—	—	—	—	—	—
Restricted share units released from deferred compensation plan	23,857	—	—	—	—	—	—	—	—
Fair value adjustment for common shares in deferred compensation plan exchanged for other investment options	—	—	(678)	—	—	—	—	—	(678)
Tax withholdings related to net share settlements of equity-based compensation	(230,698)	—	(23,446)	—	—	—	—	—	(23,446)
Equity-based compensation	—	—	39,762	—	—	—	—	—	39,762
Exercise of warrants	20,125	—	—	—	—	—	—	—	—
Repurchase of common shares	(1,271,977)	(105,654)	—	—	—	—	—	—	(105,654)
Cash dividends on common shares	—	—	—	—	—	—	(199,883)	—	(199,883)
Amounts reclassified into earnings, net of taxes	—	—	—	7,187	—	—	—	—	7,187
Changes in fair value of cash flow hedges, net of taxes	—	—	—	(47,528)	—	—	—	—	(47,528)
Foreign currency translation adjustment	—	—	—	50,653	—	—	—	—	50,653
Net income (loss)	—	—	—	—	—	—	204,677	(685)	203,992
Balances at December 31, 2020	262,824,990	$ 4,030,368	$ 170,555	$ (651)	74,184	$ —	$ 2,659,001	$ 4,165	$ 6,863,438

The accompanying notes are an integral part of these consolidated financial statements.

WASTE CONNECTIONS, INC.
CONSOLIDATED STATEMENTS OF EQUITY
YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021
(IN THOUSANDS OF U.S. DOLLARS, EXCEPT SHARE AMOUNTS)

	WASTE CONNECTIONS' EQUITY								
	COMMON SHARES		ADDITIONAL PAID-IN	ACCUMULATED OTHER COMPREHENSIVE	TREASURY SHARES		RETAINED	NONCONTROLLING	
	SHARES	AMOUNT	CAPITAL	INCOME (LOSS)	SHARES	AMOUNT	EARNINGS	INTERESTS	TOTAL
Balances at December 31, 2020	262,824,990	$ 4,030,368	$ 170,555	$ (651)	74,184	$ —	$ 2,659,001	$ 4,165	$ 6,863,438
Sale of common shares held in trust	3,522	430	—	—	(3,522)	—	—	—	430
Vesting of restricted share units	343,480	—	—	—	—	—	—	—	—
Vesting of performance-based restricted share units	154,251	—	—	—	—	—	—	—	—
Restricted share units released from deferred compensation plan	19,510	—	—	—	—	—	—	—	—
Fair value adjustment for common shares in deferred compensation plan exchanged for other investment options	—	—	(1,177)	—	—	—	—	—	(1,177)
Tax withholdings related to net share settlements of equity-based compensation	(186,978)	—	(18,606)	—	—	—	—	—	(18,606)
Equity-based compensation	—	—	48,710	—	—	—	—	—	48,710
Exercise of warrants	46,730	—	—	—	—	—	—	—	—
Issuance of shares under employee share purchase plan	10,813	1,222	—	—	—	—	—	—	1,222
Repurchase of common shares	(3,003,822)	(338,993)	—	—	—	—	—	—	(338,993)
Cash dividends on common shares	—	—	—	—	—	—	(220,203)	—	(220,203)
Amounts reclassified into earnings, net of taxes	—	—	—	14,936	—	—	—	—	14,936
Changes in fair value of cash flow hedges, net of taxes	—	—	—	17,116	—	—	—	—	17,116
Foreign currency translation adjustment	—	—	—	8,183	—	—	—	—	8,183
Net income	—	—	—	—	—	—	618,047	442	618,489
Balances at December 31, 2021	260,212,496	$ 3,693,027	$ 199,482	$ 39,584	70,662	$ —	$ 3,056,845	$ 4,607	$ 6,993,545

The accompanying notes are an integral part of these consolidated financial statements.

WASTE CONNECTIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS OF U.S. DOLLARS)

	Years Ended December 31, 2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 618,489	$ 203,992	$ 566,681
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss on disposal of assets and impairments	27,727	445,647	60,592
Depreciation	673,730	621,102	618,396
Amortization of intangibles	139,279	131,302	125,522
Loss on early extinguishment of debt	115,288	—	—
Deferred income taxes, net of acquisitions	14,563	(50,487)	54,637
Current period provision for expected credit losses	9,719	15,509	11,973
Amortization of debt issuance costs	5,055	7,509	5,001
Share-based compensation	58,221	45,751	42,671
Interest accretion	15,970	17,205	16,426
Payment of contingent consideration recorded in earnings	(520)	(10,371)	—
Adjustments to contingent consideration	2,954	18,418	1,498
Other	(1,260)	2,426	(2,240)
Changes in operating assets and liabilities, net of effects from acquisitions:			
Accounts receivable, net	(54,688)	31,332	(34,906)
Prepaid expenses and other current assets	(8,229)	(17,749)	9,135
Accounts payable	66,752	(148,362)	71,147
Deferred revenue	31,707	14,981	19,156
Accrued liabilities	3,853	88,612	(22,938)
Capping, closure and post-closure expenditures	(21,040)	(6,484)	(5,062)
Other long-term liabilities	659	(1,812)	2,858
Net cash provided by operating activities	1,698,229	1,408,521	1,540,547
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for acquisitions, net of cash acquired	(960,449)	(388,789)	(736,610)
Capital expenditures for property and equipment	(744,315)	(597,053)	(634,406)
Capital expenditures for undeveloped landfill property	—	(67,508)	(31,683)
Investments in noncontrolling interests	(25,000)	—	(25,000)
Proceeds from disposal of assets	42,768	19,084	3,566
Other	(6,486)	(11,777)	(1,873)
Net cash used in investing activities	(1,693,482)	(1,046,043)	(1,426,006)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term debt	2,112,193	1,815,625	1,575,795
Principal payments on notes payable and long-term debt	(1,893,100)	(1,542,958)	(1,470,711)
Premiums paid on early extinguishment of debt	(110,617)	—	—
Payment of contingent consideration recorded at acquisition date	(12,934)	(12,566)	(3,200)
Change in book overdraft	(367)	1,096	(2,564)
Payments for repurchase of common shares	(338,993)	(105,654)	—
Payments for cash dividends	(220,203)	(199,883)	(175,067)
Tax withholdings related to net share settlements of equity-based compensation	(18,606)	(23,446)	(17,660)
Debt issuance costs	(18,521)	(11,117)	(5,953)
Proceeds from issuance of shares under employee share purchase plan	1,222	—	—
Proceeds from sale of common shares held in trust	430	679	4,036
Distributions to noncontrolling interests	—	—	(570)
Net cash used in financing activities	(499,496)	(78,224)	(95,894)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(25)	6,914	608
Net increase (decrease) in cash, cash equivalents and restricted cash	(494,774)	291,168	19,255
Cash, cash equivalents and restricted cash at beginning of year	714,389	423,221	403,966
Cash, cash equivalents and restricted cash at end of year	$ 219,615	$ 714,389	$ 423,221

The accompanying notes are an integral part of these consolidated financial statements.

WASTE CONNECTIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS OF U.S. DOLLARS)

SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION AND NON-CASH TRANSACTIONS:

	Years Ended December 31,		
	2021	**2020**	**2019**
Cash paid for income taxes	$ 146,198	$ 104,618	$ 81,049
Cash paid for interest	$ 157,485	$ 142,310	$ 139,694
Changes in accrued capital expenditures for property and equipment	$ 22,153	$ (10,940)	$ (7,528)
In connection with its acquisitions, the Company assumed liabilities as follows:			
Fair value of assets acquired	$ 1,230,396	$ 514,234	$ 913,793
Cash paid for current year acquisitions	(960,449)	(388,789)	(736,610)
Change in open working capital settlements at year end	—	(1,505)	(5,272)
Liabilities assumed and notes payable issued to sellers of businesses acquired	$ 269,947	$ 123,940	$ 171,911

The accompanying notes are an integral part of these consolidated financial statements.

1. BUSINESS

The financial statements presented in this report represent the consolidation of Waste Connections, Inc., a corporation organized under the laws of Ontario, Canada, and its wholly-owned and majority-owned subsidiaries. When the terms the "Company" or "Waste Connections" are used in this document, those terms refer to Waste Connections, Inc. and its consolidated subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Company is an integrated solid waste services company that provides non-hazardous waste collection, transfer and disposal services, along with resource recovery primarily through recycling and renewable fuels generation, in mostly exclusive and secondary markets in the U.S. and Canada. Waste Connections also provides non-hazardous oil and natural gas exploration and production ("E&P") waste treatment, recovery and disposal services in several basins across the U.S., as well as intermodal services for the movement of cargo and solid waste containers in the Pacific Northwest.

2. NEW ACCOUNTING STANDARDS AND RECLASSIFICATIONS

Accounting Standards Adopted

<u>Income Taxes – Simplifying the Accounting for Income Taxes</u>. In December 2019, the Financial Accounting Standards Board ("FASB") issued guidance that simplifies the accounting for income taxes as part of its overall initiative to reduce complexity in applying accounting standards while maintaining or improving the usefulness of the information provided to users of financial statements. The amendments include removal of certain exceptions to the general principles of income taxes, and simplification in several other areas such as accounting for a franchise tax that is partially based on income. The standard is effective for public business entities that are U.S. Securities and Exchange Commission ("SEC") filers for annual periods beginning after December 15, 2020, and interim periods within those reporting periods. The Company adopted the new standard as of January 1, 2021. The adoption of this new standard did not have a material impact on the Company's consolidated financial statements.

<u>SEC amends MD&A and other Regulation S-K disclosure requirements</u>. In November 2020, the SEC adopted amendments to Regulation S-K to eliminate certain disclosure requirements and to revise several others to make the disclosures provided in management's discussion and analysis more useful for investors. Key changes included: (1) enhancements and clarification of the disclosure requirements for liquidity and capital resources; (2) removal of the requirement to include five years of Selected Financial Data; (3) replacement of the current requirement for two years of quarterly tabular disclosure with a principles-based requirement to provide information only when there are material retrospective changes; (4) codification of prior SEC guidance on critical accounting estimates; (5) removal of the requirement to include the tabular disclosure of contractual obligations; and (6) conforming amendments for foreign private issuers. The amended rules became effective February 10, 2021. Registrants are required to comply with the new rules beginning with the first fiscal year ending on or after August 9, 2021. The Company complied with the new rules as of December 31, 2021.

Accounting Standards Pending Adoption

<u>Reference Rate Reform – Facilitation of the Effects of Reference Rate Reform on Financial Reporting</u>. In March 2020, the FASB issued guidance to provide temporary optional expedients and exceptions to the guidance in GAAP on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates, such as the Secured Overnight Financing Rate ("SOFR"). One-week and two-month U.S. dollar LIBOR settings as well as all non-U.S. dollar LIBOR settings stopped being published on December 31, 2021, while the remaining U.S. dollar LIBOR settings will be discontinued on June 30, 2023. Under the new guidance, entities can elect not to apply certain modification accounting requirements to contracts affected by reference rate reform, if certain criteria are met. An entity that makes this election would not have to remeasure the contracts at the modification date or reassess a previous accounting determination. Under the guidance, entities can also elect various optional expedients that would allow them

to continue applying hedge accounting for hedging relationships affected by reference rate reform, if certain criteria are met.

The guidance is effective upon issuance. The guidance on contract modifications is applied prospectively from March 12, 2020. It may also be applied to modifications of existing contracts made earlier in the interim period that includes the effective date. The guidance on hedging is applied to eligible hedging relationships existing as of the beginning of the interim period that includes the effective date and to new eligible hedging relationships entered into after the beginning of that interim period. The relief is temporary and generally cannot be applied to contract modifications that occur after December 31, 2022 or hedging relationships entered into or evaluated after that date. However, certain optional expedients can be applied to hedging relationships evaluated in periods after December 31, 2022. The Company is currently assessing the potential impact of implementing this new guidance on its consolidated financial statements. The Company had a combined $1,281,000 of U.S. based LIBOR loans as of December 31, 2021. The Company estimates that if the reference rate for these loans had transitioned from LIBOR to SOFR as of December 31, 2021, the impact to annual interest expense would have been an increase of less than $1,000. This relief is expected to permit the Company to maintain cash flow hedge accounting as described in Note 3.

Reclassification

Cash flow statement information reported in the Company's prior year periods has been reclassified to conform with the 2021 presentation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Currency

The functional currency of the Company, as the parent corporate entity, and its operating subsidiaries in the United States, is the U.S. dollar. The functional currency of the Company's Canadian operations is the Canadian dollar. The reporting currency of the Company is the U.S. dollar. The Company's consolidated Canadian dollar financial position is translated to U.S. dollars by applying the foreign currency exchange rate in effect at the consolidated balance sheet date. The Company's consolidated Canadian dollar results of operations and cash flows are translated to U.S. dollars by applying the average foreign currency exchange rate in effect during the reporting period. The resulting translation adjustments are included in other comprehensive income or loss. Gains and losses from foreign currency transactions are included in earnings for the period.

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at purchase to be cash equivalents. As of December 31, 2021 and 2020, cash equivalents consisted of demand money market accounts.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and equivalents, restricted cash, restricted investments and accounts receivable. The Company maintains cash and equivalents with banks that at times exceed applicable insurance limits. The Company reduces its exposure to credit risk by maintaining such deposits with high quality financial institutions. The Company's restricted cash and restricted investments are invested primarily in money market accounts, bank time deposits, U.S. government and agency securities and Canadian bankers' acceptance notes. The Company has not experienced any losses related to its cash and equivalents, restricted cash or restricted investment accounts. The Company generally does not require collateral on its trade receivables. Credit risk on accounts receivable is minimized as a result of the large and diverse nature of the Company's customer base. The Company maintains allowances for credit losses based on the expected collectability of accounts receivable.

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

Revenue Recognition and Accounts Receivable

The Company's operations primarily consist of providing non-hazardous waste collection, transfer, disposal and recycling services, E&P services, and intermodal services. The following table disaggregates the Company's revenues by service line for the periods indicated:

	Years Ended December 31,		
	2021	**2020**	**2019**
Commercial	$ 1,813,426	$ 1,610,313	$ 1,593,217
Residential	1,673,819	1,528,217	1,380,763
Industrial and construction roll off	954,181	833,148	841,173
Total collection	4,441,426	3,971,678	3,815,153
Landfill	1,233,499	1,146,732	1,132,935
Transfer	859,113	777,754	771,316
Recycling	205,076	86,389	64,245
E&P	138,707	159,438	271,887
Intermodal and other	152,194	118,396	121,137
Intercompany	(878,654)	(814,397)	(787,994)
Total	$ 6,151,361	$ 5,445,990	$ 5,388,679

The factors that impact the timing and amount of revenue recognized for each service line may vary based on the nature of the service performed. Generally, the Company recognizes revenue at the time it performs a service. In the event that the Company bills for services in advance of performance, it recognizes deferred revenue for the amount billed and subsequently recognizes revenue at the time the service is provided.

See Note 17 for additional information regarding revenue by reportable segment.

Revenue by Service Line

Solid Waste Collection

The Company's solid waste collection business involves the collection of waste from residential, commercial and industrial customers for transport to transfer stations, or directly to landfills or recycling centers. Solid waste collection services include both recurring and temporary customer relationships. The services are performed under service agreements, municipal contracts or franchise agreements with governmental entities. Existing franchise agreements and most of the existing municipal contracts give the Company the exclusive right to provide specified waste services in the specified territory during the contract term. These exclusive arrangements are awarded, at least initially, on a competitive bid basis and subsequently on a bid or negotiated basis. The standard customer service agreements generally range from one to three years in duration, although some exclusive franchises are for significantly longer periods. Residential collection services are also provided on a subscription basis with individual households. The fees received for collection services are based primarily on the market, collection frequency and level of service, route density, type and volume or weight of the waste collected, type of equipment and containers furnished, the distance to the disposal or processing facility, the cost of disposal or processing, and prices charged by competitors for similar services.

In general, residential collection fees are billed monthly or quarterly in advance. Substantially all of the deferred revenue recorded as of September 30, 2021 was recognized as revenue during the three months ended December 31, 2021 when the service was performed. Commercial customers are typically billed on a monthly basis based on the nature of the services provided during the period. Revenue recognized under these agreements is variable in nature based on the number of residential homes or businesses serviced during the period, the frequency of collection and the volume of waste collected. In addition, certain contracts have annual price escalation clauses that are tied to changes in an underlying base index such as a consumer price index which are unknown at contract inception.

Solid waste collection revenue from sources other than customer contracts primarily relates to lease revenue associated with compactors. Revenue from these leasing arrangements was not material and represented an insignificant amount of total revenue for each of the reported periods.

Landfill and Transfer Station

Revenue at landfills is primarily generated by charging tipping fees on a per ton and/or per yard basis to third parties based on the volume disposed and the nature of the waste. In general, fees are variable in nature and revenue is recognized at the time the waste is disposed at the facility.

Revenue at transfer stations is primarily generated by charging tipping or disposal fees on a per ton and/or per yard basis. The fees charged to third parties are based primarily on the market, type and volume or weight of the waste accepted, the distance to the disposal facility and the cost of disposal. In general, fees are billed and revenue is recognized at the time the service is performed. Revenue recognized under these agreements is variable in nature based on the volume of waste accepted at the transfer facility.

Many of the Company’s landfill and transfer station customers have entered into one to ten year disposal contracts, most of which provide for annual indexed price increases.

Solid Waste Recycling

Solid waste recycling revenues result from the sale of recycled commodities, which are generated by offering residential, commercial, industrial and municipal customers recycling services for a variety of recyclable materials, including compost, cardboard, mixed paper, plastic containers, glass bottles and ferrous and aluminum metals. The Company owns and operates recycling operations and markets collected recyclable materials to third parties for processing before resale. In some instances, the Company utilizes a third party to market recycled materials. In certain instances, the Company issues recycling rebates to municipal or commercial customers, which can be based on the price it receives upon the sale of recycled commodities, a fixed contractual rate or other measures. The Company also receives rebates when it disposes of recycled commodities at third-party facilities. The fees received are based primarily on the market, type and volume or weight of the materials sold. In general, fees are billed and revenue is recognized at the time title is transferred. Revenue recognized under these agreements is variable in nature based on the volume of materials sold. In addition, the amount of revenue recognized is based on commodity prices at the time of sale, which are unknown at contract inception.

E&P Waste Treatment, Recovery and Disposal

E&P waste revenue is primarily generated through the treatment, recovery and disposal of non-hazardous exploration and production waste from vertical and horizontal drilling, hydraulic fracturing, production and clean-up activity, as well as other services. Revenue recognized under these agreements is variable in nature based on the volume of waste accepted or processed during the period.

Intermodal and Other

Intermodal revenue is primarily generated through providing intermodal services for the rail haul movement of cargo and solid waste containers in the Pacific Northwest through a network of intermodal facilities. The fees received for intermodal services are based on negotiated rates and vary depending on volume commitments by the shipper and destination. In general, fees are billed and revenue is recognized upon delivery.

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Other revenues consist primarily of the sale of methane gas and renewable energy credits generated from the Company's MSW landfills.

Revenue Recognition

Service obligations of a long-term nature, e.g., solid waste collection service contracts, are satisfied over time, and revenue is recognized based on the value provided to the customer during the period. The amount billed to the customer is based on variable elements such as the number of residential homes or businesses for which collection services are provided, the volume of waste collected, transported and disposed, and the nature of the waste accepted. The Company does not disclose the value of unsatisfied performance obligations for these contracts as its right to consideration corresponds directly to the value provided to the customer for services completed to date and all future variable consideration is allocated to wholly unsatisfied performance obligations.

Additionally, certain elements of long-term customer contracts are unknown upon entering into the contract, including the amount that will be billed in accordance with annual price escalation clauses, fuel recovery fee programs and commodity prices. The amount to be billed is often tied to changes in an underlying base index such as a consumer price index or a fuel or commodity index, and revenue is recognized once the index is established for the period.

Accounts Receivable

Accounts receivable are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of the Company's receivables, net of the allowance for credit losses, represents their estimated net realizable value.

The allowance for credit losses is based on management's assessment of the collectability of assets pooled together with similar risk characteristics. The Company monitors the collectability of its trade receivables as one overall pool due to all trade receivables having similar risk characteristics. The Company estimates its allowance for credit losses based on historical collection trends, the age of outstanding receivables, geographical location of the customer, existing economic conditions and reasonable forecasts. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past-due receivable balances are written off when the Company's internal collection efforts have been unsuccessful in collecting the amount due.

The following is a rollforward of the Company's allowance for credit losses for the periods indicated:

	Years Ended December 31,	
	2021	**2020**
Beginning balance	$ 19,380	$ 16,432
Current period provision for expected credit losses	9,719	15,509
Write-offs charged against the allowance	(15,545)	(18,318)
Recoveries collected	4,918	5,720
Impact of changes in foreign currency	8	37
Ending balance	$ 18,480	$ 19,380

Contract Acquisition Costs

The incremental direct costs of obtaining a contract, which consist of sales incentives, are recognized as Other assets in the Company's Consolidated Balance Sheet, and are amortized to Selling, general and administrative expense over the estimated life of the relevant customer relationship, which ranges from one to five years. The Company recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity would have recognized is one year or less. The Company had $18,954 and $19,669 of deferred sales incentives at December 31, 2021 and 2020, respectively. During the years ended December 31, 2021, 2020 and 2019, the Company recorded a total of $23,671, $17,138 and $19,673, respectively, of sales incentive amortization expense for deferred sales incentives and sales incentive expense for contracts with original terms of less than one year.

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

Property and Equipment

Property and equipment are stated at cost. Improvements or betterments, not considered to be maintenance and repair, which add new functionality or significantly extend the life of an asset are capitalized. Third-party expenditures related to pending development projects, such as legal and engineering expenses, are capitalized. Expenditures for maintenance and repair costs, including planned major maintenance activities, are charged to expense as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains and losses resulting from disposals of property and equipment are recognized in the period in which the property and equipment is disposed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or the lease term, whichever is shorter.

The estimated useful lives are as follows:

Buildings	10 – 20 years
Leasehold and land improvements	3 – 10 years
Machinery and equipment	3 – 12 years
Rolling stock	3 – 10 years
Containers	3 – 12 years

Landfill Accounting

The Company utilizes the life cycle method of accounting for landfill costs. This method applies the costs to be capitalized associated with acquiring, developing, closing and monitoring the landfills over the associated consumption of landfill capacity. The Company utilizes the units of consumption method to amortize landfill development costs over the estimated remaining capacity of a landfill. Under this method, the Company includes future estimated construction costs using current dollars, as well as costs incurred to date, in the amortization base. When certain criteria are met, the Company includes expansion airspace, which has not been permitted, in the calculation of the total remaining capacity of the landfill.

– Landfill development costs. Landfill development costs include the costs of acquisition, construction associated with excavation, liners, site berms, groundwater monitoring wells, gas recovery systems and leachate collection systems. The Company estimates the total costs associated with developing each landfill site to its final capacity. This includes certain projected landfill site costs that are uncertain because they are dependent on future events and thus actual costs could vary significantly from estimates. The total cost to develop a site to its final capacity includes amounts previously expended and capitalized, net of accumulated depletion, and projections of future purchase and development costs, liner construction costs, and operating construction costs. Total landfill costs include the development costs associated with expansion airspace. Expansion airspace is addressed below.

– Final capping, closure and post-closure obligations. The Company accrues for estimated final capping, closure and post-closure maintenance obligations at the landfills it owns and the landfills that it operates, but does not own, under life-of-site agreements. Accrued final capping, closure and post-closure costs represent an estimate of the current value of the future obligation associated with final capping, closure and post-closure monitoring of non-hazardous solid waste landfills currently owned or operated under life-of-site agreements by the Company. Final capping costs represent the costs related to installation of clay liners, drainage and compacted soil layers and topsoil constructed over areas of the landfill where total airspace capacity has been consumed. Closure and post-closure monitoring and maintenance costs represent the costs related to cash expenditures yet to be incurred when a landfill facility ceases to accept waste and closes. Accruals for final capping, closure and post-closure monitoring and maintenance requirements in the U.S. consider site inspection, groundwater monitoring, leachate management, methane gas control and recovery, and operating and maintenance costs to be incurred during the period after the facility closes. Certain of these environmental costs, principally capping and methane gas control costs, are also incurred during the operating life of the site in accordance with the landfill operation requirements of Subtitle D and the air emissions standards. Daily maintenance activities, which include many of these costs, are expensed as incurred during the operating life of the landfill. Daily maintenance activities include leachate disposal; surface water, groundwater, and methane gas monitoring and maintenance; other pollution control activities; mowing and fertilizing the landfill final cap; fence and road maintenance; and third-party inspection and reporting costs. Site specific final capping, closure and post-closure engineering cost estimates are prepared annually for landfills owned or landfills operated under life-of-site agreements by the Company.

The net present value of landfill final capping, closure and post-closure liabilities are calculated by estimating the total obligation in current dollars, inflating the obligation based upon the expected date of the expenditure and discounting the inflated total to its present value using a credit-adjusted risk-free rate. Any changes in expectations that result in an upward revision to the estimated undiscounted cash flows are treated as a new liability and are inflated and discounted at rates reflecting current market conditions. Any changes in expectations that result in a downward revision (or no revision) to the estimated undiscounted cash flows result in a liability that is inflated and discounted at rates reflecting the market conditions at the time the cash flows were originally estimated. This policy results in the Company's final capping, closure and post-closure liabilities being recorded in "layers." The Company's discount rate assumption for purposes of computing 2021 and 2020 "layers" for final capping, closure and post-closure obligations was 3.25% and 4.75%, respectively, which reflects the Company's long-term credit adjusted risk free rate. The Company's inflation rate assumption was 2.25% and 2.50% for the years ended December 31, 2021 and 2020, respectively.

In accordance with the accounting guidance on asset retirement obligations, the final capping, closure and post-closure liability is recorded on the balance sheet along with an offsetting addition to site costs which is amortized to depletion expense on a units-of-consumption basis as remaining landfill airspace is consumed. The impact of changes determined to be changes in estimates, based on an annual update, is accounted for on a prospective basis. Depletion expense resulting from final capping, closure and post-closure obligations recorded as a component of landfill site costs will generally be less during the early portion of a landfill's operating life and increase thereafter. Owned landfills and landfills operated under life-of-site agreements have estimated remaining lives, based on remaining permitted capacity, probable expansion capacity and projected annual disposal volumes, that range from approximately 1 to 282 years, with approximately 90% of the projected annual disposal volume from landfills with remaining lives of less than 70 years. The costs for final capping, closure and post-closure obligations at landfills the Company owns or operates under life-of-site agreements are generally estimated based on interpretations of current requirements and proposed or anticipated regulatory changes.

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The following is a reconciliation of the Company's final capping, closure and post-closure liability balance from December 31, 2019 to December 31, 2021:

Final capping, closure and post-closure liability at December 31, 2019	$ 291,474
Liability adjustments	2,490
Accretion expense associated with landfill obligations	14,874
Closure payments	(6,488)
Assumption of closure liabilities from acquisitions	2,136
Disposition of closure liabilities from divested operations	(3,413)
Foreign currency translation adjustment	823
Final capping, closure and post-closure liability at December 31, 2020	301,896
Liability adjustments	(1,081)
Accretion expense associated with landfill obligations	14,333
Closure payments	(21,040)
Assumption of closure liabilities from acquisitions	11,380
Disposition of closure liabilities from divested operations	(3,566)
Foreign currency translation adjustment	615
Final capping, closure and post-closure liability at December 31, 2021	$ 302,537

Liability adjustments of $1,081 and $2,490 for the years ended December 31, 2021 and 2020, respectively, represent non-cash changes to final capping, closure and post-closure liabilities and are recorded on the Consolidated Balance Sheets along with an offsetting addition to site costs, which is amortized to depletion expense as the remaining landfill airspace is consumed. The final capping, closure and post-closure liability is included in Other long-term liabilities in the Consolidated Balance Sheets. The Company performs its annual review of its cost and capacity estimates in the first quarter of each year.

– Disposal capacity. The Company's internal and third-party engineers perform surveys at least annually to estimate the remaining disposal capacity at its landfills. This is done by using surveys and other methods to calculate, based on the terms of the permit, height restrictions and other factors, how much airspace is left to fill and how much waste can be disposed of at a landfill before it has reached its final capacity. The Company's landfill depletion rates are based on the remaining disposal capacity, considering both permitted and probable expansion airspace, at the landfills it owns, and landfills it operates, but does not own, under life-of-site agreements. The Company's landfill depletion rate is based on the term of the operating agreement at its operated landfill that has capitalized expenditures. Expansion airspace consists of additional disposal capacity being pursued through means of an expansion that has not yet been permitted. Expansion airspace that meets the following criteria is included in the estimate of total landfill airspace:

1) whether the land where the expansion is being sought is contiguous to the current disposal site, and the Company either owns the expansion property or has rights to it under an option, purchase, operating or other similar agreement;
2) whether total development costs, final capping costs, and closure/post-closure costs have been determined;
3) whether internal personnel have performed a financial analysis of the proposed expansion site and have determined that it has a positive financial and operational impact;
4) whether internal personnel or external consultants are actively working to obtain the necessary approvals to obtain the landfill expansion permit; and
5) whether the Company considers it probable that the Company will achieve the expansion (for a pursued expansion to be considered probable, there must be no significant known technical, legal, community, business, or political restrictions or similar issues existing that the Company believes are more likely than not to impair the success of the expansion).

It is possible that the Company's estimates or assumptions could ultimately be significantly different from actual results. In some cases, the Company may be unsuccessful in obtaining an expansion permit or the Company may determine that an expansion permit that the Company previously thought was probable has become unlikely. To the extent that such estimates, or the assumptions used to make those estimates, prove to be significantly different than actual results, or the belief that the Company will receive an expansion permit changes adversely in a significant manner, the costs of the landfill, including the costs incurred in the pursuit of the expansion, may be subject to impairment testing, as described below, and lower profitability may be experienced due to higher amortization rates, higher capping, closure and post-closure rates, and higher expenses or asset impairments related to the removal of previously included expansion airspace.

The Company periodically evaluates its landfill sites for potential impairment indicators. The Company's judgments regarding the existence of impairment indicators are based on regulatory factors, market conditions and operational performance of its landfills. Future events could cause the Company to conclude that impairment indicators exist and that its landfill carrying costs are impaired.

Business Combination Accounting

The Company accounts for business combinations as follows:

- The Company recognizes, separately from goodwill, the identifiable assets acquired and liabilities assumed at their estimated acquisition date fair values. The Company measures and recognizes goodwill as of the acquisition date as the excess of: (a) the aggregate of the fair value of consideration transferred, the fair value of the noncontrolling interest in the acquiree (if any) and the acquisition date fair value of the Company's previously held equity interest in the acquiree (if any), over (b) the fair value of net assets acquired and liabilities assumed.

- At the acquisition date, the Company measures the fair values of all assets acquired and liabilities assumed that arise from contractual contingencies. The Company measures the fair values of all noncontractual contingencies if, as of the acquisition date, it is more likely than not that the contingency will give rise to an asset or liability.

Finite-Lived Intangible Assets

The amounts assigned to franchise agreements, contracts, customer lists, permits and other agreements are being amortized over the expected term of the related agreements (ranging from 1 to 40 years). The Company uses an accelerated or straight line basis for amortization, depending on the attributes of the related intangibles.

Goodwill and Indefinite-Lived Intangible Assets

The Company acquired indefinite-lived intangible assets in connection with certain of its acquisitions. The amounts assigned to indefinite-lived intangible assets consist of the value of certain perpetual rights to provide solid waste collection and transportation services in specified territories and to operate E&P waste treatment and disposal facilities. The Company measures and recognizes acquired indefinite-lived intangible assets at their estimated acquisition date fair values. Indefinite-lived intangible assets are not amortized. Goodwill represents the excess of: (a) the aggregate of the fair value of consideration transferred, the fair value of any noncontrolling interest in the acquiree (if any) and the acquisition date fair value of the Company's previously held equity interest in the acquiree (if any), over (b) the fair value of assets acquired and liabilities assumed. Goodwill and intangible assets, deemed to have indefinite lives, are subject to annual impairment tests as described below.

Goodwill and indefinite-lived intangible assets are tested for impairment on at least an annual basis in the fourth quarter of the year. In addition, the Company evaluates its reporting units for impairment if events or circumstances change between annual tests indicating a possible impairment. Examples of such events or circumstances include, but are not limited to, the following:

- a significant adverse change in legal factors or in the business climate;
- an adverse action or assessment by a regulator;
- a more likely than not expectation that a segment or a significant portion thereof will be sold;
- the testing for recoverability of a significant asset group within a segment; or
- current period or expected future operating cash flow losses.

As part of the Company's goodwill impairment test, the Company estimates the fair value of each of its reporting units using discounted cash flow analyses. At December 31, 2019, the Company's reporting units consisted of its five geographic solid waste operating segments and its E&P segment. As of July 1, 2020, the Company combined all operations of its E&P segment into the Southern segment, based on the Company's determination that the two operating segments met the aggregation criteria, and eliminated the E&P segment. The Company's former E&P segment had $0 of goodwill at each of December 31, 2020 and December 31, 2019. The Company compares the fair value of each reporting unit with the carrying value of the net assets assigned to each reporting unit. If the fair value of a reporting unit is greater than the carrying value of the net assets, including goodwill, assigned to the reporting unit, then no impairment results. If the fair value is less than its carrying value, an impairment charge is recorded for the amount by which the carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. In testing indefinite-lived intangible assets for impairment, the Company compares the estimated fair value of each indefinite-lived intangible asset to its carrying value. If the fair value of the indefinite-lived intangible asset is less than its carrying value, an impairment charge would be recorded to earnings in the Company's Consolidated Statements of Net Income.

During the Company's annual impairment analysis of its solid waste operations, the Company determined the fair value of each of its five geographic operating segments at December 31, 2021, 2020 and 2019 and each indefinite-lived intangible asset within those segments using discounted cash flow analyses, which require significant assumptions and estimates about the future operations of each reporting unit and the future discrete cash flows related to each indefinite-lived intangible asset. Significant judgments inherent in these analyses include the determination of appropriate discount rates, the amount and timing of expected future cash flows, growth rates and income tax rates. The cash flows employed in the Company's 2021 discounted cash flow analyses were based on ten-year financial forecasts, which in turn were based on the 2022 annual budget developed internally by management. These forecasts reflect operating profit margins that were consistent with 2021 results and perpetual revenue growth rates of 4.5%. The Company's discount rate assumptions are based on an assessment of the market participant rate which approximated 6.1%. In assessing the reasonableness of the Company's determined fair values of its reporting units, the Company evaluates its results against its current market capitalization. The Company did not record an impairment charge to any of its five geographic operating segments as a result of its annual goodwill impairment tests for the years ended December 31, 2021, 2020 or 2019. During the fourth quarter of 2021, the Company recorded an impairment charge of $2,277, which is included in Impairments and other operating items in the Consolidated Statements of Net Income, on certain indefinite-lived intangible assets at two of its E&P sites in its Southern segment. The Company did not record an impairment charge to any of its five geographic operating segments as a result of its indefinite-lived intangible assets impairment tests for the years ended December 31, 2020 or 2019.

Impairments of Property and Equipment and Finite-Lived Intangible Assets

Property, equipment and finite-lived intangible assets are carried on the Company's consolidated financial statements based on their cost less accumulated depreciation or amortization. Finite-lived intangible assets consist of long-term franchise agreements, contracts, customer lists, permits and other agreements. The recoverability of these assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Typical indicators that an asset may be impaired include, but are not limited to, the following:

- a significant adverse change in legal factors or in the business climate;
- an adverse action or assessment by a regulator;
- a more likely than not expectation that a segment or a significant portion thereof will be sold;
- the testing for recoverability of a significant asset group within a segment; or
- current period or expected future operating cash flow losses.

If any of these or other indicators occur, a test of recoverability is performed by comparing the carrying value of the asset or asset group to its undiscounted expected future cash flows. If the carrying value is in excess of the undiscounted expected future cash flows, impairment is measured by comparing the fair value of the asset to its carrying value. Fair value is determined by an internally developed discounted projected cash flow analysis of the asset. Cash flow projections are sometimes based on a group of assets, rather than a single asset. If cash flows cannot be separately and independently identified for a single asset, the Company will determine whether an impairment has occurred for the group of assets for which the projected cash flows can be identified. If the fair value of an asset is determined to be less than the carrying amount of the asset or asset group, an impairment in the amount of the difference is recorded in the period that the impairment indicator occurs. Several impairment indicators are beyond the Company's control, and whether or not they will occur cannot be predicted with any certainty. Estimating future cash flows requires significant judgment and projections may vary from cash flows eventually realized. There are other considerations for impairments of landfills, as described below.

During the year ended December 31, 2021, the Company recorded a $16,379 impairment charge, which is included in Impairments and other operating items in the Consolidated Statements of Net Income, for property and equipment and definite-lived intangible assets at three of its E&P waste sites in its Southern segment.

The demand for the Company's E&P waste services depends on the continued demand for, and production of, oil and natural gas. Crude oil and natural gas prices historically have been volatile. Macroeconomic and geopolitical conditions, including a significant decline in oil prices occurring in 2020 driven by both surplus production and supply, as well as the decrease in demand caused by factors including the COVID-19 pandemic, resulted in decreased levels of oil and natural gas exploration and production activity and a corresponding decrease in demand for the Company's E&P waste services in 2020. During the year ended December 31, 2020, total E&P waste revenue declined $112,114, compared to the prior year period, on rig count declines of 56% in certain basins. The most impacted basins include the Williston Basin in North Dakota, the Eagle Ford Basin in Texas and the Powder River Basin in Wyoming, all of which have relatively high costs associated with drilling, making them less attractive than other basins, including the Permian Basin in Texas and New Mexico. Additionally, across the industry there was uncertainty regarding future demand for oil and related services, as noted by several energy companies during 2020, many of whom are customers of the Company's E&P waste operations. These companies wrote down the values of their oil and gas assets in anticipation of the potential for the decarbonization of their energy product mix given an increased global focus on reducing greenhouse gases and addressing climate change. Such uncertainty regarding global demand had a significant impact on the investment and operating plans of the Company's E&P waste customers in the basins where the Company operates.

The decrease in E&P activity, together with market expectations of a likely slow recovery in oil prices, reduced the expected future period cash flows of the Company's E&P waste operations. Based on these events, the Company concluded that a triggering event occurred which required the Company to perform an impairment test of the property and equipment and intangible assets of its E&P waste operations as of June 30, 2020 using July 2020 industry projections for drilling activity by basin as the basis for expectations about future activity. Based upon the results of the impairment test, the Company concluded that the carrying value exceeded the projected undiscounted cash flows of four E&P waste landfills. The next step was to calculate the fair value of these four landfills using an income approach employing a discounted cash flow ("DCF") model over the lesser of 40 years or the remaining life of each landfill. Additional key assumptions used in the DCF model included a discount rate of 12% applied to the cash flows, annual revenue projections based on E&P waste resulting from projected levels of oil and natural gas E&P activity during the forecast period at each location, gross margins based on estimated operating expense requirements during the forecast period, estimated capital expenditures over the forecast period and income taxes based on the estimated federal and state income tax rates applicable during the cash flow periods, all of which were classified as Level 3 in the fair value hierarchy. For each of the four landfills, the carrying value exceeded the calculated discounted fair value, resulting in the recording of an impairment charge of $417,384 to Impairments and other operating items in the Consolidated Statements of Net Income during the year ended December 31, 2020. The four landfills had $0 of intangible assets at June 30, 2020; therefore, no impairment charge was attributable to intangible assets. The impairment charge reduced the carrying value of property and equipment by $417,384. If the estimated annual cash flows in the DCF model for each asset or asset group tested was changed by 10%, the resulting impairment charge would change by approximately $3,000.

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

The aforementioned impairment charges were partially offset by a $4,145 adjustment, also recorded during the year ended December 31, 2020, to reduce the fair value of an amount payable in 2022 under a liability-classified contingent consideration arrangement calculated on future earnings and cash flows associated with the acquisition of an E&P business in 2014.

During the year ended December 31, 2019, the Company recorded an $8,000 impairment charge, which is included in Impairments and other operating items in the Consolidated Statements of Net Income, for property and equipment associated with a landfill development project in its E&P segment that the Company is no longer pursuing.

There are certain indicators listed above that require significant judgment and understanding of the waste industry when applied to landfill development or expansion projects. A regulator or court may deny or overturn a landfill development or landfill expansion permit application before the development or expansion permit is ultimately granted. Management may periodically divert waste from one landfill to another to conserve remaining permitted landfill airspace. Therefore, certain events could occur in the ordinary course of business and not necessarily be considered indicators of impairment due to the unique nature of the waste industry.

Restricted Cash and Restricted Investments

Restricted cash and restricted investments consist of the following:

	December 31, 2021		December 31, 2020	
	Restricted Cash	Restricted Investments	Restricted Cash	Restricted Investments
Settlement of insurance claims	$ 52,906	$ —	$ 78,335	$ —
Landfill closure and post-closure obligations	12,609	56,289	12,533	54,833
Other financial assurance requirements	6,659	2,725	6,227	2,683
	$ 72,174	$ 59,014	$ 97,095	$ 57,516

See Note 12 for further information on restricted cash and restricted investments.

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and equivalents, trade receivables, restricted cash and investments, trade payables, debt instruments, contingent consideration obligations and interest rate swaps. As of December 31, 2021 and 2020, the carrying values of cash and equivalents, trade receivables, restricted cash and investments, trade payables and contingent consideration are considered to be representative of their respective fair values. The carrying values of the Company's debt instruments, excluding certain notes as listed in the table below, approximate their fair values as of December 31, 2021 and 2020, based on current borrowing rates, current remaining average life to maturity and borrower credit quality for similar types of borrowing arrangements, and are classified as Level 2 within the fair value hierarchy. The carrying values and fair values of the Company's debt instruments where the carrying values do not approximate their fair values as of December 31, 2021 and 2020, are as follows:

	Carrying Value at		Fair Value [(a)] at	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
4.64% Senior Notes due 2021	$ —	$ 100,000	$ —	$ 100,850
2.39% Senior Notes due 2021	$ —	$ 150,000	$ —	$ 150,695
3.09% Senior Notes due 2022 [(b)]	$ —	$ 125,000	$ —	$ 128,482
2.75% Senior Notes due 2023 [(b)]	$ —	$ 200,000	$ —	$ 206,204
3.24% Senior Notes due 2024 [(b)]	$ —	$ 150,000	$ —	$ 158,140
3.41% Senior Notes due 2025 [(b)]	$ —	$ 375,000	$ —	$ 403,025
3.03% Senior Notes due 2026 [(b)]	$ —	$ 400,000	$ —	$ 424,874
3.49% Senior Notes due 2027 [(b)]	$ —	$ 250,000	$ —	$ 271,198
4.25% Senior Notes due 2028	$ 500,000	$ 500,000	$ 561,350	$ 597,050
3.50% Senior Notes due 2029	$ 500,000	$ 500,000	$ 539,500	$ 570,450
2.60% Senior Notes due 2030	$ 600,000	$ 600,000	$ 610,440	$ 644,520
2.20% Senior Notes due 2032	$ 650,000	$ —	$ 637,065	$ —
3.05% Senior Notes due 2050	$ 500,000	$ 500,000	$ 496,350	$ 540,050
2.95% Senior Notes due 2052	$ 850,000	$ —	$ 828,580	$ —

(a) Senior Notes are classified as Level 2 within the fair value hierarchy. Fair value inputs include third-party calculations of the market interest rate of notes with similar ratings in similar industries over the remaining note terms.

(b) All of the outstanding Senior Notes issued pursuant to the 2008 and 2016 master note purchase agreements were redeemed by the Company on September 20, 2021.

For details on the fair value of the Company's interest rate swaps, restricted cash and investments and contingent consideration, see Note 12.

Derivative Financial Instruments

The Company recognizes all derivatives on the balance sheet at fair value. All of the Company's derivatives have been designated as cash flow hedges; therefore, the gain or loss on the derivatives will be recognized in accumulated other comprehensive income (loss) ("AOCIL") and reclassified into earnings in the same period during which the hedged transaction affects earnings and is presented in the same income statement line item as the earnings effect of the hedged item. The Company classifies cash inflows and outflows from derivatives within operating activities on the statement of cash flows.

One of the Company's objectives for utilizing derivative instruments is to reduce its exposure to fluctuations in cash flows due to changes in the variable interest rates of certain borrowings under the Credit Agreement (defined below). The Company's strategy to achieve that objective involves entering into interest rate swaps. The interest rate swaps outstanding at December 31, 2021 were specifically designated to the Credit Agreement and accounted for as cash flow hedges.

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

At December 31, 2021, the Company's derivative instruments included six interest rate swap agreements as follows:

Date Entered	Notional Amount	Fixed Interest Rate Paid*	Variable Interest Rate Received	Effective Date	Expiration Date
August 2017	$ 100,000	1.900 %	1-month LIBOR	July 2019	July 2022
August 2017	$ 200,000	2.200 %	1-month LIBOR	October 2020	October 2025
August 2017	$ 150,000	1.950 %	1-month LIBOR	February 2020	February 2023
June 2018	$ 200,000	2.925 %	1-month LIBOR	October 2020	October 2025
June 2018	$ 200,000	2.925 %	1-month LIBOR	October 2020	October 2025
December 2018	$ 200,000	2.850 %	1-month LIBOR	July 2022	July 2027

* Plus applicable margin.

On September 28, 2020, the Company terminated four of its interest rate swaps with notional amounts of $150,000, $150,000, $50,000 and $50,000, each of which would have expired in January 2021. As a result of terminating these interest rate swaps, the Company made total cash payments of $853 to the counterparties of the swap agreements.

The fair values of derivative instruments designated as cash flow hedges as of December 31, 2021, were as follows:

Derivatives Designated as Cash Flow Hedges	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate swaps	Prepaid expenses and other current assets	$ —	Accrued liabilities[(a)]	$ (18,675)
			Other long-term liabilities	(32,406)
Total derivatives designated as cash flow hedges		$ —		$ (51,081)

(a) Represents the estimated amount of the existing unrealized losses on interest rate swaps as of December 31, 2021 (based on the interest rate yield curve at that date), included in AOCIL expected to be reclassified into pre-tax earnings within the next 12 months. The actual amounts reclassified into earnings are dependent on future movements in interest rates.

The fair values of derivative instruments designated as cash flow hedges as of December 31, 2020, were as follows:

Derivatives Designated as Cash Flow Hedges	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate swaps	Prepaid expenses and other current assets	$ —	Accrued liabilities	$ (20,023)
			Other long-term liabilities	(74,666)
Total derivatives designated as cash flow hedges		$ —		$ (94,689)

The following table summarizes the impact of the Company's cash flow hedges on the results of operations, comprehensive income (loss) and AOCIL for the years ended December 31, 2021, 2020 and 2019:

Derivatives Designated as Cash Flow Hedges	Amount of Gain or (Loss) Recognized as AOCIL on Derivatives, Net of Tax [(a)]			Statement of Net Income Classification	Amount of (Gain) or Loss Reclassified from AOCIL into Earnings, Net of Tax [(b)]		
	Years Ended December 31,				Years Ended December 31,		
	2021	2020	2019		2021	2020	2019
Interest rate swaps	$ 17,116	$ (47,528)	$ (32,247)	Interest expense	$ 14,936	$ 7,187	$ (5,900)

(a) In accordance with the derivatives and hedging guidance, the changes in fair values of interest rate swaps have been recorded in equity as a component of AOCIL. As the critical terms of the interest rate swaps match the underlying debt being hedged, all unrealized changes in fair value are recorded in AOCIL.

(b) Amounts reclassified from AOCIL into earnings related to realized gains and losses on interest rate swaps are recognized when interest payments or receipts occur related to the swap contracts, which correspond to when interest payments are made on the Company's hedged debt.

See Note 15 for further discussion on the impact of the Company's hedge accounting to its consolidated comprehensive income (loss) and AOCIL.

Income Taxes

Deferred tax assets and liabilities are determined based on differences between the financial reporting and income tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The Company records valuation allowances to reduce net deferred tax assets to the amount considered more likely than not to be realized.

The Company is required to evaluate whether the tax positions taken on its income tax returns will more likely than not be sustained upon examination by the appropriate taxing authority. If the Company determines that such tax positions will not be sustained, it records a liability for the related unrecognized tax benefits. The Company classifies its liability for unrecognized tax benefits as a current liability to the extent it anticipates making a payment within one year.

Share-Based Compensation

Under the 2020 Employee Share Purchase Plan (the "ESPP"), participants will be granted an option to purchase Company common shares on the first business day of each offering period, with such option to be automatically exercised on the last business day of such offering period to purchase a whole number of the Company's common shares determined by dividing the accumulated payroll deductions in the participant's notional account on such exercise date by the applicable exercise price. The exercise price is equal to 95% of the closing price of the Company's common shares on the last day of the relevant offering period; provided, however, that such exercise price will not be less than 85% of the volume weighted average price of the Company's common shares as reflected on the Toronto Stock Exchange (the "TSX") over the final five trading days of the offering period.

The fair value of restricted share unit ("RSU") awards is determined based on the number of RSUs granted and the closing price of the common shares in the capital of the Company adjusted for future dividends. The fair value of deferred share unit ("DSU") awards is determined based on the number of DSUs granted and the closing price of the common shares in the capital of the Company.

Compensation expense associated with outstanding performance-based restricted share unit ("PSU") awards is measured using the fair value of the Company's common shares adjusted for future dividends and is based on the estimated achievement of the established performance criteria at the end of each reporting period until the performance period ends, recognized ratably over the performance period. Compensation expense is only recognized for those awards that the Company expects to vest, which it estimates based upon an assessment of the probability that the performance criteria will be achieved.

All share-based compensation cost is measured at the grant date, based on the estimated fair value of the award adjusted for future dividends, and is recognized on a straight-line basis as expense over the employee's requisite service period. The Company recognizes gross share compensation expense with actual forfeitures as they occur.

Warrants are valued using the Black-Scholes pricing model with a contractual life of five years, a risk free interest rate based on the 5-year U.S. treasury yield curve and expected volatility. The Company uses the historical volatility of its common shares over a period equivalent to the contractual life of the warrants to estimate the expected volatility. The fair market value of warrants issued to consultants for acquisitions are recorded immediately as share-based compensation expense.

Share-based compensation expense recognized during the years ended December 31, 2021, 2020 and 2019, was $58,221 ($43,495 net of taxes), $45,751 ($34,197 net of taxes) and $42,671 ($31,926 net of taxes), respectively. This share-based compensation expense includes RSUs, PSUs, DSUs, share option and warrant expense. The share-based compensation expense totals include amounts associated with the Progressive Waste share-based compensation plans, continued by the Company following the Progressive Waste acquisition, which allow for the issuance of shares or cash settlement to employees upon vesting. The Company records share-based compensation expense in Selling, general and administrative expenses in the Consolidated Statements of Net Income. The total unrecognized compensation cost at December 31, 2021, related to unvested RSU awards was $57,822 and this future expense will be recognized over the remaining vesting period of the RSU awards, which extends to 2026. The weighted average remaining vesting period of the RSU awards is 1.4 years. The total unrecognized compensation cost at December 31, 2021, related to unvested PSU awards was $20,621 and this future expense will be recognized over the remaining vesting period of the PSU awards, which extends to 2024. The weighted average remaining vesting period of PSU awards is 1.1 years.

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

Other Restricted Share Units

As of December 31, 2021, 2020 and 2019, the Company had a liability of $9,008, $7,237 and $7,178, respectively, representing the December 31, 2021, 2020 and 2019 fair values, respectively, of outstanding Progressive Waste restricted share units which are expected to be cash settled. For the years ended December 31, 2021, 2020 and 2019, the fair value was calculated using the number of shares granted and the closing price of the common shares in the capital of the Company. All remaining unvested Progressive Waste restricted share units vested during the year ended December 31, 2019.

Other Share Based Options

The fair value of the Progressive Waste share based options outstanding was calculated using a Black-Scholes pricing model with the following weighted average assumptions for the years ended December 31, 2021, 2020 and 2019:

	Years Ended December 31,		
	2021	**2020**	**2019**
Expected remaining life	1.00 year	0.50 to 1.00 year	1.50 years
Share volatility	15.04%	17.72% to 33.54%	16.14%
Discount rate	0.41%	0.06% to 0.12%	1.61%
Annual dividend rate	0.68%	0.80%	0.82%

All remaining unvested Progressive Waste share based options vested during the year ended December 31, 2017. As of December 31, 2021, 2020 and 2019, the Company had a liability of $4,088, $3,556 and $8,559, respectively, representing the December 31, 2021, 2020 and 2019 fair value, respectively, of outstanding Progressive Waste share based options which are expected to be cash settled.

Per Share Information

Basic net income per share attributable to holders of the Company's common shares is computed using the weighted average number of common shares outstanding and vested and unissued restricted share units deferred for issuance into the deferred compensation plan. Diluted net income per share attributable to holders of the Company's common shares is computed using the weighted average number of common and potential common shares outstanding. Potential common shares are excluded from the computation if their effect is anti-dilutive.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2021, 2020 and 2019, was $7,155, $4,870 and $5,410, respectively, which is included in Selling, general and administrative expense in the Consolidated Statements of Net Income.

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

Insurance Liabilities

As a result of its insurance policies, the Company is effectively self-insured for automobile liability, general liability, employer's liability, environmental liability, cyber liability, employment practices liability, and directors' and officers' liability as well as for employee group health insurance, property and workers' compensation. The Company's insurance accruals are based on claims filed and estimates of claims incurred but not reported and are developed by the Company's management with assistance from its third-party actuary and its third-party claims administrator. The insurance accruals are influenced by the Company's past claims experience factors and by published industry development factors. At December 31, 2021 and 2020, the Company's total accrual for self-insured liabilities was $147,757 and $140,182, respectively, which is included in Accrued liabilities in the Consolidated Balance Sheets. For the years ended December 31, 2021, 2020 and 2019, the Company recognized $179,250, $164,099 and $155,748, respectively, of self-insurance expense which is included in Cost of operations and Selling, general and administrative expense in the Consolidated Statements of Net Income.

4. USE OF ESTIMATES AND ASSUMPTIONS

In preparing the Company's consolidated financial statements, several estimates and assumptions are made that affect the accounting for and recognition of assets, liabilities, revenues and expenses. These estimates and assumptions must be made because certain of the information that is used in the preparation of the Company's consolidated financial statements is dependent on future events, cannot be calculated with a high degree of precision from data available or is simply not capable of being readily calculated based on generally accepted methodologies. In some cases, these estimates are particularly difficult to determine and the Company must exercise significant judgment. The most difficult, subjective and complex estimates and the assumptions that deal with the greatest amount of uncertainty are related to the Company's accounting for landfills, self-insurance accruals, income taxes, allocation of acquisition purchase price, contingent consideration accruals and asset impairments, which are discussed in Note 3. An additional area that involves estimation is when the Company estimates the amount of potential exposure it may have with respect to litigation, claims and assessments in accordance with the accounting guidance on contingencies. Actual results for all estimates could differ materially from the estimates and assumptions that the Company uses in the preparation of its consolidated financial statements.

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	December 31,	
	2021	**2020**
Income taxes receivable	$ 61,305	$ 50,062
Inventory	44,257	36,729
Prepaid insurance	22,471	17,552
Prepaid licenses and permits	10,683	9,847
Other	37,006	46,524
	$ 175,722	$ 160,714

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	December 31, 2021	December 31, 2020
Landfill site costs	$ 4,447,530	$ 4,205,968
Rolling stock	2,483,294	2,227,951
Land, buildings and improvements	1,339,542	1,147,358
Containers	983,602	845,386
Machinery and equipment	940,723	820,533
Construction in progress	82,187	41,668
	10,276,878	9,288,864
Less accumulated depreciation and depletion	(4,554,929)	(4,004,358)
	$ 5,721,949	$ 5,284,506

Machinery and equipment included $10,342 and $3,754, at December 31, 2021 and 2020, respectively, of equipment assets accounted for as finance leases. The Company's landfill depletion expense, recorded in Depreciation in the Consolidated Statements of Net Income, for the years ended December 31, 2021, 2020 and 2019, was $212,898, $200,374 and $225,687, respectively.

7. LEASES

The Company rents certain equipment and facilities under short-term agreements, non-cancelable operating lease agreements and finance leases. The Company determines if an arrangement is or contains a lease at contract inception. The Company recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date.

Key estimates and judgments include how the Company determines (1) the discount rate it uses to discount the unpaid lease payments to present value, (2) lease term and (3) lease payments.

The lease guidance requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. Generally, the Company cannot determine the interest rate implicit in the lease because it does not have access to the lessor's estimated residual value or the amount of the lessor's deferred initial direct costs. Therefore, the Company generally uses its incremental borrowing rate as the discount rate for the lease. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms.

The lease term for the Company's leases includes the noncancelable period of the lease, plus any additional periods covered by either a Company option to extend (or not to terminate) the lease that the Company is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor.

Lease payments included in the measurement of the lease liability comprise fixed payments or variable lease payments. The variable lease payments take into account annual changes in the consumer price index and common area maintenance charges, if known.

ROU assets for operating and finance leases are periodically reviewed for impairment losses. The Company uses the long-lived asset impairment guidance in ASC Subtopic 360-10, Property, Plant, and Equipment – Overall, to determine whether an ROU asset is impaired, and if so, the amount of the impairment loss to recognize. The Company did not recognize an impairment charge for any of its ROU assets during the years ended December 31, 2021, 2020 and 2019.

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

The Company monitors for events or changes in circumstances that require a reassessment of one of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset. The Company did not recognize any significant remeasurements during the years ended December 31, 2021, 2020 and 2019.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company has elected to apply the short-term lease recognition and measurement exemption allowed for in the lease accounting standard. The Company recognizes the lease payments associated with its short-term leases as an expense on a straight-line basis over the lease term.

The Company initially entered into finance leases in December 2020 and the assets under these leases went into service on December 31, 2020.

Lease cost for operating and finance leases for the years ended December 31, 2021, 2020 and 2019 were as follows:

	Years Ended December 31,		
	2021	2020	2019
Operating lease cost	$ 40,381	$ 39,411	$ 38,710
Finance lease cost:			
Amortization of leased assets	3,424	—	—
Interest on leased liabilities	152	—	—
Total lease cost	$ 43,957	$ 39,411	$ 38,710

Supplemental cash flow information and non-cash activity related to the Company's leases are as follows:

	Years Ended December 31,		
	2021	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 40,249	$ 39,212	$ 38,226
Operating cash flows from finance leases	$ 152	$ —	$ —
Financing cash flows from finance leases	$ 3,133	$ —	$ —
Non-cash activity:			
Right-of-use assets obtained in exchange for lease liabilities - operating leases	$ 17,933	$ 15,117	$ 17,774
Right-of-use assets obtained in exchange for lease liabilities - finance leases	$ 10,012	$ 3,754	$ —

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

Weighted-average remaining lease term and discount rate for the Company's leases are as follows:

	Years Ended December 31,		
	2021	2020	2019
Weighted average remaining lease term - operating leases	8.0 years	8.6 years	8.7 years
Weighted average remaining lease term - finance leases	4.9 years	5.4 years	Not applicable
Weighted average discount rate - operating leases	3.37 %	3.86 %	3.99 %
Weighted average discount rate - finance leases	1.89 %	1.89 %	Not applicable

As of December 31, 2021, future minimum lease payments, reconciled to the respective lease liabilities, are as follows:

	Operating Leases	Finance Leases
2022	$ 38,956	$ 2,162
2023	34,060	2,162
2024	26,066	2,162
2025	19,310	2,162
2026	14,455	2,161
Thereafter	62,747	234
Minimum lease payments	195,594	11,043
Less: imputed interest	(27,949)	(524)
Present value of minimum lease payments	167,645	10,519
Less: current portion of lease liabilities	(38,017)	(2,061)
Long-term portion of lease liabilities	$ 129,628	$ 8,458

8. ACQUISITIONS

The Company recognizes, separately from goodwill, the identifiable assets acquired and liabilities assumed at their estimated acquisition date fair values. The Company measures and recognizes goodwill as of the acquisition date as the excess of: (a) the aggregate of the fair value of consideration transferred, the fair value of the noncontrolling interest in the acquiree (if any) and the acquisition date fair value of the Company's previously held equity interest in the acquiree (if any), over (b) the fair value of net assets acquired and liabilities assumed. If information about facts and circumstances existing as of the acquisition date is incomplete by the end of the reporting period in which a business combination occurs, the Company will report provisional amounts for the items for which the accounting is incomplete. The measurement period ends once the Company receives the information it was seeking; however, this period will not exceed one year from the acquisition date. Any material adjustments recognized during the measurement period will be reflected prospectively in the period the adjustment is identified in the consolidated financial statements. The Company recognizes acquisition-related transaction costs as expense.

The Company acquired 30 individually immaterial non-hazardous solid waste collection, transfer, recycling and disposal businesses during the year ended December 31, 2021. The purchase consideration recorded during this period for nine of the acquired businesses included contingent consideration based upon the receipt of contract assignments and the achievement of certain targets, including future asset and revenue growth. The fair value of the total contingent consideration recorded during the year ended December 31, 2021 of $31,616 was determined using probability assessments of the expected future cash flows over a one to two year period in which the obligations are expected to be settled, and applying an average discount rate of 1.5%. As of December 31, 2021, the obligations recognized at the purchase date have not materially changed. Any changes in the fair value of the contingent consideration subsequent to the acquisition date will be charged or credited to expense until the contingency is settled. The total transaction-related expenses incurred during the year ended December 31, 2021 for these acquisitions was $11,318. These expenses are included in Selling, general and administrative expenses in the Company's Consolidated Statements of Net Income.

The Company acquired 21 individually immaterial non-hazardous solid waste collection, transfer, recycling and disposal businesses during the year ended December 31, 2020. The total transaction-related expenses incurred during the year ended December 31, 2020 for these acquisitions were $9,803. These expenses are included in Selling, general and administrative expenses in the Company's Consolidated Statements of Net Income.

The Company acquired 21 individually immaterial non-hazardous solid waste collection, transfer, recycling and disposal businesses during the year ended December 31, 2019. The purchase consideration recorded during this period for five of the acquired businesses included contingent consideration based upon the achievement of certain targets, including future asset and revenue growth. The fair value of the total contingent consideration recorded during the year ended December 31, 2019 of $14,038 was determined using probability assessments of the expected future cash flows over a one to four year period in which the obligations are expected to be settled, and applying an average discount rate of 2.3%. During the year ended December 31, 2020, the fair value of an obligation based upon future asset growth increased $3,327. Any subsequent changes in the fair value of the contingent consideration recorded for these acquisitions will be charged or credited to expense until the contingency is settled. The total transaction-related expenses incurred during the year ended December 31, 2019 for these acquisitions was $12,335. These expenses are included in Selling, general and administrative expenses in the Company's Consolidated Statements of Net Income.

The results of operations of the acquired businesses have been included in the Company's consolidated financial statements from their respective acquisition dates. The Company expects these acquired businesses to contribute towards the achievement of the Company's strategy to expand through acquisitions. Goodwill acquired is attributable to the synergies and ancillary growth opportunities expected to arise after the Company's acquisition of these businesses.

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

The following table summarizes the consideration transferred to acquire these businesses and the amounts of identifiable assets acquired and liabilities assumed at the acquisition dates for the acquisitions consummated in the years ended December 31, 2021, 2020 and 2019:

	2021 Acquisitions	2020 Acquisitions	2019 Acquisitions
Fair value of consideration transferred:			
Cash	$ 960,449	$ 388,789	$ 736,610
Debt assumed	108,345	91,349	95,809
Change in open working capital settlements at year end	—	1,505	5,272
	1,068,794	481,643	837,691
Recognized amounts of identifiable assets acquired and liabilities assumed associated with businesses acquired:			
Accounts receivable	33,236	13,759	25,220
Prepaid expenses and other current assets	4,866	4,509	4,970
Operating lease right-of-use assets	5,972	5,247	3,616
Property and equipment	394,687	173,394	294,037
Long-term franchise agreements and contracts	134,827	59,149	78,312
Indefinite-lived intangibles	9,557	13,465	—
Customer lists	75,612	48,512	52,422
Permits and other intangibles	116,967	10,507	48,141
Other assets	77	389	7
Accounts payable and accrued liabilities	(37,827)	(14,174)	(19,209)
Current portion of operating lease liabilities	(1,370)	(509)	(658)
Deferred revenue	(8,389)	(1,821)	(17,245)
Contingent consideration	(31,616)	(4,688)	(14,038)
Long-term portion of operating lease liabilities	(4,602)	(4,738)	(2,958)
Other long-term liabilities	(13,976)	(2,136)	(8,707)
Deferred income taxes	(63,822)	(4,525)	(13,287)
Total identifiable net assets	614,199	296,340	430,623
Goodwill	$ 454,595	$ 185,303	$ 407,068

Goodwill acquired in 2021 totaling $187,287 is expected to be deductible for tax purposes. Goodwill acquired in 2020 totaling $169,147 is expected to be deductible for tax purposes. Goodwill acquired in 2019 totaling $266,310 is expected to be deductible for tax purposes.

The fair value of acquired working capital related to 19 individually immaterial acquisitions completed during the year ended December 31, 2021, is provisional pending receipt of information from the acquirees to support the fair value of the assets acquired and liabilities assumed. Any adjustments recorded relating to finalizing the working capital for these 19 acquisitions are not expected to be material to the Company’s financial position.

The gross amount of trade receivables due under contracts acquired during the year ended December 31, 2021, was $36,645, of which $3,409 was expected to be uncollectible. The gross amount of trade receivables due under contracts acquired during the year ended December 31, 2020, was $13,854, of which $95 was expected to be uncollectible. The gross amount of trade receivables due under contracts acquired during the year ended December 31, 2019, was $27,297, of which $2,077 was expected to be uncollectible. The Company did not acquire any other class of receivable as a result of the acquisition of these businesses.

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

9. INTANGIBLE ASSETS, NET

Intangible assets, exclusive of goodwill, consisted of the following at December 31, 2021:

	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment Loss	Net Carrying Amount
Finite-lived intangible assets:				
Long-term franchise agreements and contracts	$ 724,128	$ (278,827)	$ —	$ 445,301
Customer lists	711,047	(450,109)	—	260,938
Permits and other	538,481	(94,807)	—	443,674
	1,973,656	(823,743)	—	1,149,913
Indefinite-lived intangible assets:				
Solid waste collection and transportation permits	181,613	—	—	181,613
E&P facility permits	59,855	—	(40,784)	19,071
	241,468	—	(40,784)	200,684
Intangible assets, exclusive of goodwill	$ 2,215,124	$ (823,743)	$ (40,784)	$ 1,350,597

The weighted-average amortization period of long-term franchise agreements and contracts acquired during the year ended December 31, 2021 was 20.1 years. The weighted-average amortization period of customer lists acquired during the year ended December 31, 2021 was 11.6 years. The weighted-average amortization period of finite-lived permits and other acquired during the year ended December 31, 2021 was 40.0 years.

Intangible assets, exclusive of goodwill, consisted of the following at December 31, 2020:

	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment Loss	Net Carrying Amount
Finite-lived intangible assets:				
Long-term franchise agreements and contracts	$ 600,674	$ (234,972)	$ —	$ 365,702
Customer lists	636,035	(382,020)	—	254,015
Permits and other	378,952	(79,277)	—	299,675
	1,615,661	(696,269)	—	919,392
Indefinite-lived intangible assets:				
Solid waste collection and transportation permits	172,056	—	—	172,056
Material recycling facility permits	42,283	—	—	42,283
E&P facility permits	59,855	—	(38,507)	21,348
	274,194	—	(38,507)	235,687
Intangible assets, exclusive of goodwill	$ 1,889,855	$ (696,269)	$ (38,507)	$ 1,155,079

Estimated future amortization expense for the next five years relating to finite-lived intangible assets is as follows:

For the year ending December 31, 2022	$ 137,771
For the year ending December 31, 2023	$ 119,458
For the year ending December 31, 2024	$ 103,820
For the year ending December 31, 2025	$ 89,002
For the year ending December 31, 2026	$ 75,122

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

10. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	December 31, 2021	December 31, 2020
Insurance claims and premiums	$ 149,864	$ 147,188
Payroll and payroll-related	141,877	141,371
Interest payable	28,729	29,580
Final capping, closure and post-closure liability	19,925	19,925
Unrealized cash flow hedge losses	18,675	20,023
Property taxes	8,833	6,381
Cell processing reserve	3,364	3,344
Transaction-related expenses	3,130	3,304
Share-based compensation plan liability	2,423	868
Environmental remediation reserve	2,300	2,300
Other	63,476	30,639
	$ 442,596	$ 404,923

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

11. LONG-TERM DEBT

The following table presents the Company's long-term debt as of December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Revolver under Credit Agreement, bearing interest ranging from 1.10% to 3.25% [a]	$ 803,944	$ 203,927
Term loan under Credit Agreement, bearing interest at 1.10% [a]	650,000	650,000
4.64% Senior Notes due 2021	—	100,000
2.39% Senior Notes due 2021	—	150,000
3.09% Senior Notes due 2022	—	125,000
2.75% Senior Notes due 2023	—	200,000
3.24% Senior Notes due 2024	—	150,000
3.41% Senior Notes due 2025	—	375,000
3.03% Senior Notes due 2026	—	400,000
3.49% Senior Notes due 2027	—	250,000
4.25% Senior Notes due 2028	500,000	500,000
3.50% Senior Notes due 2029	500,000	500,000
2.60% Senior Notes due 2030	600,000	600,000
2.20% Senior Notes due 2032	650,000	—
3.05% Senior Notes due 2050	500,000	500,000
2.95% Senior Notes due 2052	850,000	—
Notes payable to sellers and other third parties, bearing interest ranging from 2.42% to 10.35%, principal and interest payments due periodically with due dates ranging from 2028 to 2036 [a]	37,508	43,131
Finance leases, bearing interest at 1.89% with a lease expiration date of 2027 [a]	10,519	3,754
	5,101,971	4,750,812
Less – current portion	(6,020)	(8,268)
Less – unamortized debt discount and issuance costs	(55,451)	(33,866)
	$ 5,040,500	$ 4,708,678

(a) Interest rates represent the interest rates incurred at December 31, 2021.

Credit Agreement

The Company has a revolving credit and term loan agreement (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement") with Bank of America, N.A., acting through its Canada Branch, as the global agent, the swing line lender and a letter of credit issuer, Bank of America, N.A., as the U.S. agent and a letter of credit issuer, the other lenders named therein (the "Lenders") and any other financial institutions from time to time party thereto. There are no subsidiary guarantors under the Credit Agreement. The Credit Agreement has a scheduled maturity date of July 30, 2026, which may be extended further upon agreement by Lenders holding at least 50% of the commitments and credit extensions outstanding, with respect to their respective commitments and credit extensions outstanding. Any Lender that does not agree to an extension of the maturity date shall not be so extended with respect to their commitments and credit extensions.

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

Details of the Credit Agreement are as follows:

	December 31,	
	2021	2020
Revolver under Credit Agreement		
Available	$ 933,775	$ 1,238,937
Letters of credit outstanding	$ 112,281	$ 119,636
Total amount drawn, as follows:	$ 803,944	$ 203,927
Amount drawn - U.S. LIBOR rate loan	$ 631,000	$ 200,000
Interest rate applicable - U.S. LIBOR rate loan	1.10 %	1.35 %
Interest rate margin - U.S. LIBOR rate loan	1.00 %	1.20 %
Amount drawn - U.S. base rate loan	$ 158,000	$ —
Interest rate applicable - U.S. base rate loan	3.25 %	— %
Interest rate margin - U.S. base rate loan	0.00 %	— %
Amount drawn - U.S. swingline loan	$ 11,000	$ —
Interest rate applicable - U.S. swingline loan	3.25 %	— %
Interest rate margin - U.S. swingline loan	0.00 %	— %
Amount drawn – Canadian bankers' acceptance	$ 3,944	$ 3,927
Interest rate applicable – Canadian bankers' acceptance	1.45 %	1.66 %
Interest rate acceptance fee – Canadian bankers' acceptance	1.00 %	1.20 %
Commitment – rate applicable	0.09 %	0.15 %
Term loan under Credit Agreement		
Amount drawn – U.S. based LIBOR loan	$ 650,000	$ 650,000
Interest rate applicable – U.S. based LIBOR loan	1.10 %	1.35 %
Interest rate margin – U.S. based LIBOR loan	1.00 %	1.20 %

In addition to the $112,281 of letters of credit at December 31, 2021 issued and outstanding under the Credit Agreement, the Company has issued and outstanding letters of credit totaling $13,527 under facilities other than the Credit Agreement.

Pursuant to the terms and conditions of the Credit Agreement, the Lenders provide a $2,500,000 credit facility to the Company, consisting of (i) revolving advances up to an aggregate principal amount of $1,850,000 at any one time outstanding, and (ii) a term loan in an aggregate principal amount of $650,000. As part of the aggregate commitments under the revolving advances, the Credit Agreement provides for letters of credit to be issued at the request of the Company in an aggregate amount not to exceed $320,000 and for swing line loans to be issued at the request of the Company in an aggregate amount not to exceed the lessor of $100,000 and the aggregate commitments under the revolving advances. Both the letter of credit sublimit and the swing line sublimit are part of, and not in addition to, the aggregate commitments under the revolving advances. Subject to certain specified conditions and additional deliveries, the Company has the option to request increases in the aggregate commitments for revolving advances and one or more additional term loans, provided that (i) the aggregate principal amount of such requests does not exceed $500,000 and (ii) the aggregate principal amount of commitments and term loans under the credit facility does not exceed $3,000,000. As of December 31, 2021, there are no commitments by lenders for any such increases in aggregate principal amount of revolving advances or additional term loans described in the preceding sentence. The Company has $3,711 of debt issuance costs related to the Credit Agreement recorded in Other assets, net in the Consolidated Balance Sheets at December 31, 2021, which are being amortized through the maturity date, or July 30, 2026.

Advances are available under the Credit Agreement in U.S. dollars and Canadian dollars. Interest accrues on the term loan at a LIBOR rate or a base rate, at the Company's option, plus an applicable margin. Interest accrues on revolving advances, at the Company's option, (i) at a LIBOR rate or a base rate for U.S. dollar borrowings, plus an applicable margin, and (ii) at the Canadian prime rate for Canadian dollar borrowings, plus an applicable margin. Canadian dollar borrowings are also available by way of bankers' acceptances or BA equivalent notes, subject to the payment of a drawing fee. Certain fees for letters of credit in US dollars and Canadian dollars are also based on the applicable margin. The applicable margin used in connection with interest rates and fees is based on the debt rating of the Company's public non-credit-enhanced, senior unsecured long-term debt (the "Debt Rating"). The applicable margin for LIBOR rate loans, drawing fees for bankers' acceptances, BA equivalent notes and certain letter of credit fees ranges from 0.750% to 1.250%, and the applicable margin for U.S. base rate loans, Canadian prime rate loans and swing line loans ranges from 0.00% to 0.250%. The Company will also pay a fee based on the Debt Rating on the actual daily unused amount of the aggregate revolving commitments, ranging from 0.065% to 0.150%. The Credit Agreement contains hardwired mechanics for the replacement of LIBOR, including (1) mechanics to transition to a rate based upon the secured overnight financing rate ("SOFR") published by the Federal Reserve Bank of New York or a successor administrator on its website (or a successor source) upon the earlier of (x) LIBOR's cessation or loss of representativeness, (y) June 30, 2023 and (z) the effectiveness of an early opt-in election by the Company and the agents subject to certain terms and (2) mechanics to transition to an alternate benchmark rate giving due consideration to any evolving or then-prevailing market conventions for U.S. dollar-denominated syndicated credit facilities at such time upon the occurrence of certain subsequent transition events, the unavailability of SOFR-based alternatives or the effectiveness of an early opt-in election by the Company and the agents subject to certain terms.

The borrowings under the Credit Agreement are unsecured and there are no subsidiary guarantors under the Credit Agreement. Proceeds from borrowings under the Credit Agreement may be used (i) to finance acquisitions, dividends or other equity distributions permitted under the Credit Agreement and (ii) for capital expenditures, working capital, payment of certain transaction fees and expenses, letters of credit and any other lawful corporate purposes. The Credit Agreement contains customary representations, warranties, covenants and events of default, including, among others, a change of control event of default and limitations on the incurrence of indebtedness and liens, new lines of business, mergers, transactions with affiliates and burdensome agreements. During the continuance of an event of default, the Lenders may take a number of actions, including, among others, declaring the entire amount then outstanding under the Credit Agreement to be due and payable. The Credit Agreement includes a financial covenant limiting, as of the last day of each fiscal quarter, the ratio of (a) Consolidated Total Funded Debt (as defined in the Credit Agreement) as of such date to (b) Consolidated EBITDA (as defined in the Credit Agreement), measured for the preceding 12 months, to not more than 3.75 to 1.00 (or 4.25 to 1.00 during material acquisition periods, subject to certain limitations). As of December 31, 2021 and 2020, the Company was in compliance with all applicable covenants in the Credit Agreement as in effect as of the applicable date.

Private Placement Notes

Pursuant to the terms and conditions of a Master Note Purchase Agreement dated as of June 1, 2016 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "2016 NPA") between the Company and certain accredited institutional investors, the Company issued senior unsecured notes (the "2016 Private Placement Notes") consisting of (i) $150,000 of senior notes due June 1, 2021 (the "June 2021 Private Placement Notes"), (ii) $200,000 of senior notes due June 1, 2023, (iii) $150,000 of senior notes due April 20, 2024, (iv) $400,000 of senior notes due June 1, 2026 and (v) $250,000 of senior notes due April 20, 2027.

Pursuant to the terms and conditions of a Master Note Purchase Agreement, dated as of July 15, 2008 (as amended, restated, amended and restated, assumed, supplemented or otherwise modified from time to time, the "2008 NPA") between the Company and certain accredited institutional investors, the Company issued senior unsecured notes (the "2008 Private Placement Notes" and together with the 2016 Private Placement Notes, the "Private Placement Notes") consisting of (i) $100,000 of senior notes due April 1, 2021 (the "April 2021 Private Placement Notes" and together with the June 2021 Private Placement Notes, the "2021 Private Placement Notes"), (ii) $125,000 of senior notes due August 20, 2022 and (iii) $375,000 of senior notes due August 20, 2025.

The Company repaid at maturity the 2021 Private Placement Notes and repaid the other Private Placement Notes in connection with the Offering (defined below) in September 2021.

Senior Notes

On November 16, 2018, the Company completed an underwritten public offering of $500,000 aggregate principal amount of its 4.25% Senior Notes due December 1, 2028 (the “2028 Senior Notes”). The 2028 Senior Notes were issued under the Indenture, dated as of November 16, 2018 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Indenture”), by and between the Company and U.S. Bank National Association, as trustee (the “Trustee”), as supplemented through the First Supplemental Indenture, dated as of November 16, 2018. The Company is amortizing the $5,792 of debt issuance costs through the maturity date of the 2028 Senior Notes. The Company may redeem some or all of the 2028 Senior Notes at its option prior to September 1, 2028 (three months before the maturity date) at any time and from time to time at a redemption price equal to the greater of 100% of the principal amount of the 2028 Senior Notes redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the 2028 Senior Notes redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Commencing on September 1, 2028 (three months before the maturity date), the Company may redeem some or all of the 2028 Senior Notes, at any time and from time to time, at a redemption price equal to the principal amount of the 2028 Senior Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

On April 16, 2019, the Company completed an underwritten public offering of $500,000 aggregate principal amount of its 3.50% Senior Notes due May 1, 2029 (the “2029 Senior Notes”). The 2029 Senior Notes were issued under the Indenture, as supplemented through the Second Supplemental Indenture, dated as of April 16, 2019. The Company is amortizing the $5,954 of debt issuance costs through the maturity date of the 2029 Senior Notes. The Company may redeem some or all of the 2029 Senior Notes at its option prior to February 1, 2029 (three months before the maturity date) at any time and from time to time at a redemption price equal to the greater of 100% of the principal amount of the 2029 Senior Notes redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the 2029 Senior Notes redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Commencing on February 1, 2029 (three months before the maturity date), the Company may redeem some or all of the 2029 Senior Notes, at any time and from time to time, at a redemption price equal to the principal amount of the 2029 Senior Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

On January 23, 2020, the Company completed an underwritten public offering of $600,000 aggregate principal amount of 2.60% Senior Notes due February 1, 2030 (the “2030 Senior Notes”). The 2030 Senior Notes were issued under the Indenture, as supplemented through the Third Supplemental Indenture, dated as of January 23, 2020. The Company is amortizing $5,435 of debt issuance costs through the maturity date of the 2030 Senior Notes. The Company may redeem some or all of the 2030 Senior Notes at its option prior to November 1, 2029 (three months before the maturity date) at any time and from time to time at a redemption price equal to the greater of 100% of the principal amount of the 2030 Senior Notes redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the 2030 Senior Notes redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Commencing on November 1, 2029 (three months before the maturity date), the Company may redeem some or all of the 2030 Senior Notes, at any time and from time to time, at a redemption price equal to the principal amount of the 2030 Senior Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

On March 13, 2020, the Company completed an underwritten public offering of $500,000 aggregate principal amount of 3.05% Senior Notes due April 1, 2050 (the “2050 Senior Notes”). The 2050 Senior Notes were issued under the Indenture, as supplemented through the Fourth Supplemental Indenture, dated as of March 13, 2020. The Company is amortizing a $7,375 debt discount and $5,682 of debt issuance costs through the maturity date of the 2050 Senior Notes. The Company may redeem some or all of the 2050 Senior Notes at its option prior to October 1, 2049 (six months before the maturity date) at any time and from time to time at a redemption price equal to the greater of 100% of the principal amount of the 2050 Senior Notes redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the 2050 Senior Notes redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Commencing on October 1, 2049 (six months before the maturity date), the Company may redeem some or all of the 2050 Senior Notes, at any time and from time to time, at a redemption price equal to the principal amount of the 2050 Senior Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

On September 20, 2021, the Company completed an underwritten public offering (the "Offering") of $650,000 aggregate principal amount of 2.20% Senior Notes due January 15, 2032 (the "2032 Senior Notes") and $850,000 aggregate principal amount of 2.95% Senior Notes due January 15, 2052 (the "2052 Senior Notes" and, together with the 2028 Senior Notes, the 2029 Senior Notes, the 2030 Senior Notes, the 2032 Senior Notes and the 2050 Senior Notes, the "Senior Notes"). The 2032 Senior Notes and the 2052 Senior Notes were issued under the Indenture, as supplemented through the Fifth Supplemental Indenture, dated as of September 20, 2021. The Company is amortizing a $1,066 debt discount and $5,979 of debt issuance costs through the maturity date of the 2032 Senior Notes and a $12,742 debt discount and $9,732 of debt issuance costs through the maturity date of the 2052 Senior Notes. The Company may, prior to October 15, 2031 (three months before the maturity date), redeem some or all of the 2032 Senior Notes, at any time and from time to time, at a redemption price equal to the greater of 100% of the principal amount of the 2032 Senior Notes redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the 2032 Senior Notes redeemed. Commencing on October 15, 2031 (three months before the maturity date), the Company may redeem some or all of the 2032 Senior Notes, at any time and from time to time, at a redemption price equal to the principal amount of the 2032 Senior Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date. The Company may, prior to July 15, 2051 (six months before the maturity date), redeem some or all of the 2052 Senior Notes, at any time and from time to time, at a redemption price equal to the greater of 100% of the principal amount of the 2052 Senior Notes redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the 2052 Senior Notes redeemed. Commencing on July 15, 2051 (six months before the maturity date), the Company may redeem some or all of the 2052 Senior Notes, at any time and from time to time, at a redemption price equal to the principal amount of the 2052 Senior Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

In connection with the Offering, the Company exercised its right to repay the $1,500,000 of Private Placement Notes then outstanding governed by the 2008 NPA and the 2016 NPA. The Company repaid the Private Placement Notes then outstanding, including the $110,617 make-whole premium, with the net proceeds from the Offering and borrowings under the revolving credit facility provided under its Credit Agreement. The Company recorded $115,288 to Loss on early extinguishment of debt during the year ended December 31, 2021 due to the repayment of the Private Placement Notes and associated make-whole premium and related fees.

The Company pays interest on the Senior Notes semi-annually in arrears. The Senior Notes are the Company's senior unsecured obligations, ranking equally in right of payment with its existing and future unsubordinated debt and senior to any of its future subordinated debt. The Senior Notes are not guaranteed by any of the Company's subsidiaries.

Under certain circumstances, the Company may become obligated to pay additional amounts (the "Additional Amounts") with respect to the Senior Notes to ensure that the net amounts received by each holder of the Senior Notes will not be less than the amount such holder would have received if withholding taxes or deductions were not incurred on a payment under or with respect to the Senior Notes. If such payment of Additional Amounts is a result of a change in the laws or regulations, including a change in any official position, the introduction of an official position or a holding by a court of competent jurisdiction, of any jurisdiction from or through which payment is made by or on behalf of the Senior Notes having power to tax, and the Company cannot avoid such payments of Additional Amounts through reasonable measures, then the Company may redeem the applicable series of the Senior Notes then outstanding at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date).

If the Company experiences certain kinds of changes of control, each holder of the Senior Notes may require the Company to repurchase all or a portion of the Senior Notes for cash at a price equal to 101% of the aggregate principal amount of such Senior Notes, plus any accrued but unpaid interest to, but excluding, the date of repurchase.

The covenants in the Indenture include limitations on liens, sale-leaseback transactions and mergers and sales of all or substantially all of the Company's assets. The Indenture also includes customary events of default with respect to the

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Senior Notes. As of December 31, 2021 and 2020, the Company was in compliance with all applicable covenants in the Indenture as in effect on the applicable date.

Upon an event of default, the principal of and accrued and unpaid interest on all the Senior Notes may be declared to be due and payable by the Trustee or the holders of not less than 25% in principal amount of the outstanding Senior Notes of the applicable series. Upon such a declaration, such principal and accrued interest on all of the applicable series of the Senior Notes will be due and payable immediately. In the case of an event of default resulting from certain events of bankruptcy, insolvency or reorganization, the principal (or such specified amount) of and accrued and unpaid interest, if any, on all outstanding series of the Senior Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holder of the applicable series of the Senior Notes. Under certain circumstances, the holders of a majority in principal amount of the outstanding Senior Notes of any series may rescind any such acceleration with respect to the Senior Notes of that series and its consequences.

As of December 31, 2021, aggregate contractual future principal payments by calendar year on long-term debt are due as follows:

2022	$ 6,020
2023	6,090
2024	6,239
2025	6,391
2026	1,460,243
Thereafter	3,616,988
	$ 5,101,971

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis in periods subsequent to their initial measurement. These tiers include: Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, model-based valuation techniques for which all significant assumptions are observable in the market, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and Level 3, defined as unobservable inputs that are not corroborated by market data.

The Company's financial assets and liabilities recorded at fair value on a recurring basis include derivative instruments and restricted cash and investments. At December 31, 2021 and 2020, the Company's derivative instruments included pay-fixed, receive-variable interest rate swaps. The Company's interest rate swaps are recorded at their estimated fair values based on quotes received from financial institutions that trade these contracts. The Company verifies the reasonableness of these quotes using similar quotes from another financial institution as of each date for which financial statements are prepared. For the Company's interest rate swaps, the Company also considers the Company's creditworthiness in its determination of the fair value measurement of these instruments in a net liability position and the counterparties' creditworthiness in its determination of the fair value measurement of these instruments in a net asset position. The Company's restricted cash is valued at quoted market prices in active markets for identical assets, which the Company receives from the financial institutions that hold such investments on its behalf. The Company's restricted cash measured at fair value is invested primarily in money market accounts, bank time deposits and U.S. government and agency securities. The Company's restricted investments are valued at quoted market prices in active markets for similar assets, which the Company receives from the financial institutions that hold such investments on its behalf. The Company's restricted investments measured at fair value are invested primarily in money market accounts, bank time deposits, U.S. government and agency securities and Canadian bankers' acceptance notes.

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

The Company's assets and liabilities measured at fair value on a recurring basis at December 31, 2021 and 2020, were as follows:

	Fair Value Measurement at December 31, 2021 Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest rate swap derivative instruments – net liability position	$ (51,081)	$ —	$ (51,081)	$ —
Restricted cash	$ 72,174	$ 72,174	$ —	$ —
Restricted investments	$ 58,797	$ —	$ 58,797	$ —
Contingent consideration	$ (94,308)	$ —	$ —	$ (94,308)

	Fair Value Measurement at December 31, 2020 Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest rate swap derivative instruments – net liability position	$ (94,689)	$ —	$ (94,689)	$ —
Restricted cash	$ 97,095	$ 97,095	$ —	$ —
Restricted investments	$ 58,181	$ —	$ 58,181	$ —
Contingent consideration	$ (71,736)	$ —	$ —	$ (71,736)

See Note 3 – "Impairments of Property and Equipment and Finite-Lived Intangible Assets" regarding non-recurring fair value measurements.

The following table summarizes the changes in the fair value for Level 3 liabilities related to contingent consideration for the years ended December 31, 2021 and 2020:

	Years Ended December 31,	
	2021	2020
Beginning balance	$ 71,736	$ 69,484
Contingent consideration recorded at acquisition date	31,616	4,688
Payment of contingent consideration recorded at acquisition date	(12,934)	(12,566)
Payment of contingent consideration recorded in earnings	(520)	(10,371)
Adjustments to contingent consideration	2,954	18,418
Interest accretion expense	1,470	2,006
Foreign currency translation adjustment	(14)	77
Ending balance	$ 94,308	$ 71,736

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

13. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

Financial Surety Bonds

The Company uses financial surety bonds for a variety of corporate guarantees. The two largest uses of financial surety bonds are for municipal contract performance guarantees and asset closure and retirement requirements under certain environmental regulations. Environmental regulations require demonstrated financial assurance to meet final capping, closure and post-closure requirements for landfills. In addition to surety bonds, these requirements may also be met through alternative financial assurance instruments, including insurance, letters of credit and restricted cash and investment deposits.

At December 31, 2021 and 2020, the Company had provided customers and various regulatory authorities with surety bonds in the aggregate amounts of approximately $744,037 and $727,361, respectively, to secure its asset closure and retirement requirements and $556,570 and $482,262, respectively, to secure performance under collection contracts and landfill operating agreements.

The Company owns a 9.9% interest in a company that, among other activities, issues financial surety bonds to secure landfill final capping, closure and post-closure obligations for companies operating in the solid waste industry. The Company accounts for this investment under the cost method of accounting. There have been no identified events or changes in circumstances that may have a significant adverse effect on the carrying value of the investment. This investee company and the parent company of the investee have written financial surety bonds for the Company, of which $410,378 and $413,970 were outstanding as of December 31, 2021 and 2020, respectively. The Company's reimbursement obligations under these bonds are secured by a pledge of its stock in the investee company.

Unconditional Purchase Obligations

At December 31, 2021, the Company's unconditional purchase obligations consist of multiple fixed-price fuel purchase contracts under which it has 60.0 million gallons remaining to be purchased for a total of $151,733. These fuel purchase contracts expire on or before December 31, 2024. During the years ended December 31, 2021, 2020 and 2019, the Company paid $100,220, $93,813 and $73,269, respectively, under the respective fuel purchase contracts then outstanding.

As of December 31, 2021, future minimum purchase commitments, by calendar year, are as follows:

2022	$	98,655
2023		51,289
2024		1,789
	$	151,733

CONTINGENCIES

Environmental Risks

The Company expenses costs incurred to investigate and remediate environmental issues unless they extend the economic useful lives of the related assets. The Company records liabilities when it is probable that an obligation has been incurred and the amounts can be reasonably estimated. The remediation reserves cover anticipated costs, including remediation of environmental damage that waste facilities may have caused to neighboring landowners or residents as a result of contamination of soil, groundwater or surface water, including damage resulting from conditions existing prior to the Company's acquisition of such facilities. The Company's estimates are based primarily on investigations and remediation plans established by independent consultants, regulatory agencies and potentially responsible third parties. The Company does not discount remediation obligations. At December 31, 2021 and 2020, the current portion of remediation reserves was $2,300 and $2,300, respectively, which is included in Accrued liabilities in the Consolidated Balance Sheets. At December 31, 2021 and 2020, the long-term portion of remediation reserves was $20,483 and $19,121, respectively, which is included in Other long-term liabilities in the Consolidated Balance Sheets. Any substantial increase in the liabilities for remediation of environmental damage incurred by the Company could have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Legal Proceedings

In the normal course of its business and as a result of the extensive governmental regulation of the solid waste and E&P waste industries, the Company is subject to various judicial and administrative proceedings involving Canadian regulatory authorities as well as U.S. federal, state and local agencies. In these proceedings, an agency may subpoena the Company for records, or seek to impose fines on the Company or revoke or deny renewal of an authorization held by the Company, including an operating permit. From time to time, the Company may also be subject to actions brought by special interest or other groups, adjacent landowners or residents in connection with the permitting and licensing of landfills, transfer stations, and E&P waste treatment, recovery and disposal operations, or alleging environmental damage or violations of the permits and licenses pursuant to which the Company operates. The Company uses $1,000 as a threshold (up from the previously required threshold of $300) for disclosing environmental matters involving potential monetary sanctions.

In addition, the Company is a party to various claims and suits pending for alleged damages to persons and property, alleged violations of certain laws and alleged liabilities arising out of matters occurring during the normal operation of the Company's business. Except as noted in the matters described below, as of December 31, 2021, there is no current proceeding or litigation involving the Company or its property that the Company believes could have a material adverse effect on its business, financial condition, results of operations or cash flows.

Lower Duwamish Waterway Superfund Site Allocation Process

In November 2012, the Company's subsidiary, Northwest Container Services, Inc. ("NWCS"), was named by the U.S. Environmental Protection Agency, Region 10 (the "EPA") as a potentially responsible party ("PRP"), along with more than 100 others, under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or the "Superfund" law) with respect to the Lower Duwamish Waterway Superfund Site (the "LDW Site"). Listed on the National Priorities List in 2001, the LDW Site is a five-mile stretch of the Duwamish River flowing into Elliott Bay in Seattle, Washington. A group of PRPs known as the Lower Duwamish Working Group ("LDWG") and consisting of the City of Seattle, King County, the Port of Seattle, and Boeing Company conducted a Remedial Investigation/Feasibility Study for the LDW Site. On December 2, 2014, the EPA issued its Record of Decision (the "ROD") describing the selected clean-up remedy, and therein estimated that clean-up costs (in present value dollars as of November 2014) would total approximately $342,000. However, it is possible that additional costs could be incurred based upon various factors. The EPA estimates that it will take seven years to implement the clean-up. The ROD also requires ten years of monitoring following the clean-up, and provides that if clean-up goals have not been met by the end of this period, then additional clean-up activities, at additional cost, may be required at that time. Implementation of the clean-up will not begin until after the ongoing Early Action Area ("EAA") clean-ups have been completed. Typically, costs for monitoring may be in addition to those expended for the clean-up. While three of the EAA clean-ups have been completed to date, some work remains to be done on three other EAAs. Implementation of the clean-up also must await additional baseline sampling throughout the LDW Site and the preparation of a remedial design for performing the clean-up. On April 27, 2016, the LDWG entered into a third amendment of its Administrative Order on Consent with the EPA (the "AOC 3") in which it agreed to perform the additional baseline sediment sampling and certain technical studies needed to prepare the actual remedial design. The LDWG and the EPA entered into a fourth amendment to the AOC in July 2018 primarily addressing development of a proposed remedy for the upper reach of the LDW Site, river mile 3 to river mile 5. At the April 24, 2019 stakeholders meeting, the LDWG projected that the remedial design for the upper reach could be completed by August 2024. In late September 2020, the EPA informed attorneys for several PRPs that the work may be completed by late 2023 or early 2024.

On August 16, 2016, the EPA sent individual letters to each of the PRPs for the LDW Site, including NWCS, stating that it expected to initiate negotiations with all PRPs in early 2018 relating to a Remedial Design/Remedial Action ("RD/RA") Consent Decree. An RD/RA Consent Decree provides for the cleanup of the entire site and is often referred to as a "global settlement." In August 2014, NWCS entered into an Alternative Dispute Resolution Memorandum of Agreement with several dozen other PRPs and a neutral allocator to conduct a confidential and non-binding allocation of certain past response costs allegedly incurred at the LDW Site as well as the anticipated future response costs associated with the clean-up. In March 2017, the PRPs provided the EPA with notice that the allocation was not scheduled to conclude until mid-2019. Later extensions pushed the allocation conclusion date first to early 2020 and then to July 2020. The EPA was informed of those changes. The allocator issued his preliminary allocation report on June 28, 2021. The allocator is currently considering comments on the preliminary report, which the parties submitted in November 2021. The allocator may issue the final allocation report sometime in the next two months. In July 2021, the EPA was informed of the issuance of the preliminary allocation report in a telephone conference with allocation participants. In a telephone conference with allocation participants on December 14, 2021, the EPA stated its expectation that settlement negotiations would begin in the second half of 2022. NWCS is defending itself vigorously in this confidential allocation process. At this point, the Company is not able to determine the likelihood of the allocation process being completed as intended by the participating PRPs, its specific allocation, or the likelihood of the parties then negotiating a global settlement with the EPA. Thus, NWCS cannot reasonably determine the likelihood of any outcome in this matter, including its potential liability.

On February 11, 2016, NWCS received a letter (the "Letter") from the United States Department of Commerce, National Oceanic and Atmospheric Administration ("NOAA"), describing certain investigatory activities conducted by the Elliott Bay Trustee Council (the "Council"). The Council consists of all of the natural resources trustees for the LDW Site as well as two nearby Superfund sites, the Harbor Island site and the Lockheed West site. The members of the Council include the United States, on behalf of the U.S. National Oceanic and Atmospheric Administration and the U.S. Department of the Interior, the Washington State Department of Ecology, and the Suquamish and Muckleshoot Indian Tribes (together, the "Trustees"). The Letter appears to allege that NWCS may be a potentially liable party that allegedly contributed to the release of hazardous substances that have injured natural resources at the LDW Site. Damages to natural resources are in addition to clean-up costs. The Letter, versions of which NWCS believes were sent to all or a group of the PRPs for the LDW Site, also notified its recipients of their opportunity to participate in the Trustees' development of an Assessment Plan and the performance of a Natural Resources Damages Assessment ("NRDA") in accordance with the Assessment Plan for both the LDW Site and the east and west waterways of the Harbor Island site. NWCS timely responded with correspondence to the NOAA Office of General Counsel, in which it declined the invitation at that time. NWCS does not know how other PRPs responded to the Letter, and has not received any further communication from NOAA or the Trustees. The Trustees have not responded to NWCS' letter. The Trustees released their Assessment Plan in March 2019. The Assessment Plan does not set forth a timeline for implementation. At this point, the Company is not able to determine the likelihood or amount of an assessment of natural resource damages against NWCS in connection with this matter.

<u>Los Angeles County, California Landfill Expansion Litigation</u>

A. Chiquita Canyon, LLC Lawsuit Against Los Angeles County

In October 2004, the Company's subsidiary, Chiquita Canyon, LLC ("CCL"), then under prior ownership, filed an application (the "Application") with the County of Los Angeles (the "County") Department of Regional Planning ("DRP") for a conditional use permit (the "CUP") to authorize the continued operation and expansion of the Chiquita Canyon Landfill (the "Landfill"). The Landfill has operated since 1972, and as a regional landfill, accepted approximately two and a half million tons of materials for disposal and beneficial use in 2021. The Application requested expansion of the existing waste footprint on CCL's contiguous property, an increase in maximum elevation, creation of a new entrance and new support facilities, construction of a facility for the County or another third-party operator to host household hazardous waste collection events, designation of an area for mixed organics/composting, and other modifications.

After many years of reviews and delays, upon the recommendation of County staff, the County's Regional Planning Commission (the "Commission") approved the Application on April 19, 2017, but imposed operating conditions, fees and exactions that substantially reduce the historical landfill operations and represent a large increase in aggregate taxes and fees. CCL objected to many of the requirements imposed by the Commission. Current estimates for new costs imposed on CCL under the CUP are in excess of $300,000.

CCL appealed the Commission's decision to the County Board of Supervisors, but the appeal was not successful. At a subsequent hearing, on July 25, 2017, the Board of Supervisors approved the CUP. On October 20, 2017, CCL filed in the Superior Court of California, County of Los Angeles a verified petition for writ of mandate and complaint against the County and the County Board of Supervisors captioned Chiquita Canyon, LLC v. County of Los Angeles, No. BS171262 (Los Angeles Co. Super Ct.) (the "Complaint"). The Complaint challenges the terms of the CUP in 13 counts generally alleging that the County violated multiple California and federal statutes and California and federal constitutional protections. CCL seeks the following relief: (a) an injunction and writ of mandate against certain of the CUP's operational restrictions, taxes and fees, (b) a declaration that the challenged conditions are unconstitutional and in violation of state and federal statutes, (c) reimbursement for any such illegal fees paid under protest, (d) damages, (e) an award of just compensation for a taking, (f) attorney fees, and (g) all other appropriate legal and equitable relief.

Extensive motions practice and an interlocutory appeal occurred in 2018 and 2019 over the permissible scope of CCL's challenge to the CUP, specifically 13 operational conditions in the CUP. The Superior Court ruled in CCL's favor on November 13, 2019, finding that the County was estopped from contending that CCL has waived its rights to challenge the legality of the 13 operational conditions. The County sought interlocutory review of the Superior Court's decision in the Court of Appeal, which denied the County's petition on February 7, 2020.

Following full briefing and oral argument on June 22, 2020 on six of CCL's causes of action, the Superior Court issued its decision on July 2, 2020, granting CCL's petition for writ of mandate in part and denying it in part. CCL prevailed with respect to 12 of the challenged conditions, many of which imposed new fees and exactions on the Landfill. Before entry of final judgment, the Superior Court will hear CCL's remaining causes of action. A trial on CCL's remaining causes of action is scheduled for August 1, 2022. Once the Superior Court has entered final judgment, CCL and the County will be permitted to appeal any adverse ruling to the California Court of Appeal. After entry of final judgment and resolution of any appeals, the Superior Court will issue a writ directing the County Board of Supervisors to set aside its decision on the permit with respect to 12 of the challenged conditions. The Board will be allowed to make additional findings to support four of those conditions and reconsider its permit decision in light of the Superior Court's writ. CCL will continue to vigorously prosecute the lawsuit. However, at this point, the Company is not able to determine the likelihood of any outcome in this matter.

B. December 11, 2017 Notice of Violation Regarding Certain CUP Conditions.

The County, through its DRP, issued a Notice of Violation, dated December 11, 2017 (the "NOV"), alleging that CCL violated certain conditions of the CUP, including Condition 79(B)(6) of the CUP by failing to pay an $11,600 Bridge & Thoroughfare Fee ("B&T Fee") that was purportedly due on July 25, 2017. The alleged B&T fee was ostensibly to fund the construction of transportation infrastructure in the area of the Landfill. At the time the NOV was issued, CCL had already contested the legality of the B&T fee in the October 20, 2017 Complaint filed against the County in Los Angeles County Superior Court, described above under paragraph A (the "CUP lawsuit").

On January 12, 2018, CCL filed an appeal of the alleged violations in the NOV. Subsequently, CCL filed additional legal arguments and exhibits contesting the NOV. On March 6, 2018, a DRP employee designated as hearing officer sustained the NOV, including the $11,600 B&T fee, and imposed an administrative penalty in the amount of $83 and a noncompliance fee of $0.75. A written decision memorializing the hearing officer's findings and order was issued on July

10, 2018. On April 13, 2018, CCL filed in the Superior Court of California, County of Los Angeles a Petition for Writ of Administrative Mandamus against the County seeking to overturn the decision sustaining the NOV, contending that the NOV and decision are not supported by the facts or law. On July 17, 2018, the Court granted CCL leave to pay the $11,600 B&T fee and to amend its Complaint in the CUP lawsuit to reflect the payment under protest, allowing the challenge to the B&T fee under the Mitigation Fee Act to proceed in the CUP lawsuit. CCL paid the B&T fee under protest on August 10, 2018, and also paid on that date the administrative penalty of $83 and a noncompliance fee of $0.75. The Court indicated that the NOV case would be coordinated with the CUP lawsuit. The NOV case has been continued multiple times as the CUP lawsuit was adjudicated; it is now set for trial on June 16, 2022. The Superior Court's July 2, 2020 decision in the CUP lawsuit upheld the B&T fee against a Mitigation Fee Act challenge, and addressed two other conditions that were also the subject of the NOV, which may impact the scope of the B&T fee/NOV case. CCL will continue to vigorously prosecute the lawsuit. However, at this point, the Company is not able to determine the likelihood of any outcome in this matter.

Collective Bargaining Agreements

Twenty-two of the Company's collective bargaining agreements have expired or are set to expire in 2022. The Company does not expect any significant disruption in its overall business in 2022 as a result of labor negotiations, employee strikes or organizational efforts.

14. SHAREHOLDERS' EQUITY

Employee Share Purchase Plan

On May 15, 2020, the Company's shareholders approved the ESPP. Under the ESPP, qualified employees may elect to have payroll deductions withheld from their eligible compensation on each payroll date in amounts equal to or greater than one percent (1%) but not in excess of ten percent (10%) of eligible compensation in order to purchase the Company's common shares under certain terms and subject to certain restrictions set forth in the ESPP. The exercise price is equal to 95% of the closing price of the Company's common shares on the last day of the relevant offering period; provided, however, that such exercise price will not be less than 85% of the volume weighted average price of the Company's common shares as reflected on the TSX over the final five trading days of such offering period. The maximum number of shares that may be issued under the ESPP is 1,000,000. Under the ESPP, employees purchased 10,813 of the Company's common shares for $1,222 during the year ended December 31, 2021.

Cash Dividend

The Board of Directors of the Company authorized the initiation of a quarterly cash dividend in October 2010 and has increased it on an annual basis. In October 2021, the Company announced that its Board of Directors increased its regular quarterly cash dividend by $0.025, from $0.205 to $0.23 per Company common share. Cash dividends of $220,203, $199,883 and $175,067 were paid during the years ended December 31, 2021, 2020 and 2019, respectively.

Normal Course Issuer Bid

On July 27, 2021, the Board of Directors of the Company approved, subject to receipt of regulatory approvals, the annual renewal of the Company's normal course issuer bid (the "NCIB") to purchase up to 13,025,895 of the Company's common shares during the period of August 10, 2021 to August 9, 2022 or until such earlier time as the NCIB is completed or terminated at the option of the Company. The renewal followed the conclusion of the Company's NCIB that expired August 9, 2021. The Company received TSX approval for its annual renewal of the NCIB on August 6, 2021. Under the NCIB, the Company may make share repurchases only in the open market, including on the NYSE, the TSX, and/or alternative Canadian trading systems, at the prevailing market price at the time of the transaction.

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In accordance with TSX rules, any daily repurchases made through the TSX and alternative Canadian trading systems is limited to a maximum of 75,704 common shares, which represents 25% of the average daily trading volume on the TSX of 302,816 common shares for the period from February 1, 2021 to July 31, 2021. The TSX rules also allow the Company to purchase, once a week, a block of common shares not owned by any insiders, which may exceed such daily limit. The maximum number of shares that can be purchased per day on the NYSE will be 25% of the average daily trading volume for the four calendar weeks preceding the date of purchase, subject to certain exceptions for block purchases.

The timing and amounts of any repurchases pursuant to the NCIB will depend on many factors, including the Company’s capital structure, the market price of the common shares and overall market conditions. All common shares purchased under the NCIB will be immediately cancelled following their repurchase.

For the year ended December 31, 2021, the Company repurchased 3,003,822 common shares pursuant to the NCIB in effect during that period at an aggregate cost of $338,993. For the year ended December 31, 2020, the Company repurchased 1,271,977 common shares pursuant to the NCIB in effect during that period at an aggregate cost of $105,654. For the year ended December 31, 2019, the Company did not repurchase any common shares pursuant to the NCIB in effect during that period. As of December 31, 2021, the remaining maximum number of shares available for repurchase under the NCIB was 12,768,063.

Common Shares

The Company is authorized to issue an unlimited number of common shares, that have no par value, and uses reserved but unissued common shares to satisfy its obligations under its equity-based compensation plans. As of December 31, 2021, the Company has reserved the following common shares for issuance:

For outstanding RSUs, PSUs and warrants	1,933,004
For future grants under the 2016 Incentive Award Plan	4,066,471
For future grants under the Employee Share Purchase Plan	989,187
	6,988,662

Common Shares Held in Trust

Common shares held in trust at December 31, 2021 consist of 70,662 shares of the Company held in a trust that were acquired by Progressive Waste prior to June 1, 2016 for the benefit of its U.S. and Canadian employees participating in certain share-based compensation plans. A total of 735,171 common shares were held in the trust on June 1, 2016 when it was acquired by the Company in the Progressive Waste acquisition. Common shares held in trust are classified as treasury shares in the Company’s Consolidated Balance Sheets. The Company will sell shares out of the trust and remit cash or shares to employees and non-employee directors as restricted share units vest and deferred share units settle, under the Progressive Waste share-based compensation plans that were continued by the Company. During the years ended December 31, 2021, 2020 and 2019, the Company sold 3,522, 7,330 and 48,375 common shares held in the trust, respectively, to settle vested restricted share units and deferred share units.

Special Shares

The Company is authorized to issue an unlimited number of special shares. Holders of special shares are entitled to one vote in matters of the Company for each special share held. The special shares carry no right to receive dividends or to receive the remaining property or assets of the Company upon dissolution or wind-up. At December 31, 2021, 2020 and 2019, no special shares were issued.

Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares, issuable in series. Each series of preferred shares issued shall have rights, privileges, restrictions and conditions as determined by the Board of Directors prior to their issuance. Preferred shareholders are not entitled to vote, but take preference over the common shareholders rights in the remaining property and assets of the Company in the event of dissolution or wind-up. At December 31, 2021, 2020 and 2019, no preferred shares were issued.

Restricted Share Units, Performance-Based Restricted Share Units, Share Options and Share Purchase Warrants

In connection with the Progressive Waste acquisition, each Waste Connections US, Inc. restricted stock unit award, deferred restricted stock unit award and warrant outstanding immediately prior to the Progressive Waste acquisition was automatically converted into a restricted share unit award, deferred restricted share unit award or warrant, as applicable, relating to an equal number of common shares of the Company, on the same terms and conditions as were applicable immediately prior to the Progressive Waste acquisition under such equity award. Such conversion of equity awards was approved by the Company's shareholders at its shareholder meeting as part of the shareholders' approval of the Progressive Waste acquisition. At its meeting on June 1, 2016, the Company's Board of Directors approved the assumption by the Company of the Waste Connections US, Inc. 2014 Incentive Plan Award (the "2014 Plan"), the Waste Connections US, Inc. Third Amended and Restated 2004 Equity Incentive Plan (the "2004 Plan"), and the Waste Connections US, Inc. Consultant Incentive Plan (the "Consultant Plan," and, together with the 2014 Plan and the 2004 Plan, the "Assumed Plans") for the purposes of administering the Assumed Plans and the awards issued thereunder. No additional awards will be made under any of the Assumed Plans. Upon the vesting, expiration, exercise in accordance with their terms or other settlement of all of the awards made pursuant to an Assumed Plan, such Assumed Plan shall automatically terminate.

Participation in the 2004 Plan was limited to employees, officers, directors and consultants. Restricted share units ("RSUs") granted under the 2004 Plan generally vest in installments pursuant to a vesting schedule set forth in each agreement. The Board of Directors authorized the granting of awards under the 2004 Plan, and determined the employees and consultants to whom such awards were to be granted, the number of shares subject to each award, and the exercise price, term, vesting schedule and other terms and conditions of each award. RSU awards granted under the plan did not require any cash payment from the participant to whom an award was made. No grants have been made under the 2004 Plan since May 16, 2014 pursuant to the approval by the stockholders of the 2014 Plan on such date.

The 2014 Plan also authorized the granting of RSUs, as well as performance awards payable in the form of the Company's common shares or cash, including equity awards and incentive cash bonuses that may have been intended to qualify as "performance-based compensation" under Section 162(m) of the Internal Revenue Code of 1986, as amended ("Section 162(m)"). Participation in the 2014 Plan was limited to employees and consultants of the Company and its subsidiaries and non-employee directors. The 2014 Plan is administered by the Company's Board of Directors with respect to awards to non-employee directors and by its Compensation Committee with respect to other participants, each of which may delegate its duties and responsibilities to committees of the Company's directors and/or officers, subject to certain limitations (collectively, the "administrator").

RSUs granted under the 2014 Plan generally vest in installments pursuant to a vesting schedule set forth in each award agreement. RSU awards under the 2014 plan do not require any cash payment from the participant to whom an award was made. The vesting of performance awards, including performance-based restricted share units ("PSUs"), was dependent on one or more performance criteria determined by the administrator on a specific date or dates or over any period or periods determined by the administrator.

On June 1, 2016, the Company's Board of Directors adopted the 2016 Incentive Award Plan (the "2016 Plan"), which was approved by Progressive Waste's shareholders on May 26, 2016. On each of July 24, 2017 and 2018, the Board of Directors approved certain housekeeping amendments to the 2016 Plan. The 2016 Plan, as amended, is administered by the Company's Compensation Committee and provides that the aggregate number of common shares which may be issued from treasury pursuant to awards made under the 2016 Plan is 7,500,000 common shares. Awards under the 2016 Plan may be made to employees, consultants and non-employee directors and may be made in the form of options, warrants, restricted shares, restricted share units, performance awards (which may be paid in cash, common shares, or a combination thereof), dividend equivalent awards (representing a right of the holder thereof to receive the equivalent value (which may be paid in cash or common shares) of dividends paid on common shares), and share payments (a payment in the form of common shares or an option or other right to purchase common shares as part of a bonus, defined compensation or other arrangement). Non-employee directors are also eligible to receive deferred share units, which represent the right to receive a cash payment or its equivalent in common shares (or a combination of cash and common shares), or which may at the time of grant be expressly limited to settlement only in cash and not in common shares.

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

Restricted Share Units

A summary of the Company's RSU activity is presented below:

	Years Ended December 31,		
	2021	2020	2019
Weighted average grant-date fair value of restricted share units granted	$ 100.27	$ 101.79	$ 81.24
Total fair value of restricted share units vested	$ 26,711	$ 23,742	$ 21,136

A summary of activity related to RSUs during the year ended December 31, 2021, is presented below:

	Unvested Shares	Weighted-Average Grant Date Fair Value Per Share
Outstanding at December 31, 2020	772,625	$ 84.61
Granted	498,078	$ 100.27
Forfeited	(65,528)	$ 94.63
Vested and issued	(343,480)	$ 77.76
Outstanding at December 31, 2021	861,695	$ 95.63

Recipients of the Company's RSUs who participate in the Company's Nonqualified Deferred Compensation Plan may have elected in years prior to 2015 to defer some or all of their RSUs as they vest until a specified date or dates they choose. At the end of the deferral periods, unless a qualified participant makes certain other elections, the Company issues to recipients who deferred their RSUs common shares of the Company underlying the deferred RSUs. At December 31, 2021, 2020 and 2019, the Company had 100,861, 177,760 and 247,999 vested deferred RSUs outstanding, respectively.

Performance-Based Restricted Share Units

A summary of the Company's PSU activity is presented below:

	Years Ended December 31,		
	2021	2020	2019
Weighted average grant-date fair value of PSUs granted	$ 96.99	$ 87.19	$ 80.85
Total fair value of PSUs vested	$ 10,954	$ 15,628	$ 7,683

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

A summary of activity related to PSUs during the year ended December 31, 2021, is presented below:

	Unvested Shares	Weighted-Average Grant Date Fair Value Per Share
Outstanding at December 31, 2020	434,558	$ 82.60
Granted	116,784	$ 96.99
Forfeited	(5,048)	$ 68.58
Vested and issued	(154,251)	$ 71.01
Outstanding at December 31, 2021	392,043	$ 91.63

During the year ended December 31, 2021, the Company's Compensation Committee granted PSUs with three-year performance-based metrics that the Company must meet before those awards may be earned, and the performance period for those grants ends on December 31, 2023. During the year ended December 31, 2020, the Company's Compensation Committee granted PSUs with three-year performance-based metrics that the Company must meet before those awards may be earned, and the performance period for those grants ends on December 31, 2022. During the same period, the Company's Compensation Committee also granted PSUs with a one-year performance-based metric that the Company was required to meet before those awards were earned, with the awards then subject to time-based vesting for the remaining three years of their four-year vesting period. During the year ended December 31, 2019, the Company's Compensation Committee granted PSUs with three-year performance-based metrics that the Company was required to meet before those awards were earned, and the performance period for those grants ended on December 31, 2021. During the same period, the Company's Compensation Committee also granted PSUs with a one-year performance-based metric that the Company was required to meet before those awards were earned, with the awards then subject to time-based vesting for the remaining three years of their four-year vesting period. The Compensation Committee determines the achievement of performance results and corresponding vesting of PSUs for each performance period.

Share Purchase Warrants

The Company has outstanding share purchase warrants issued under the 2016 Plan. Warrants to purchase the Company's common shares were issued to certain consultants to the Company. Warrants issued were fully vested and exercisable at the date of grant. Warrants outstanding at December 31, 2021, expire between 2022 and 2026.

A summary of warrant activity during the year ended December 31, 2021, is presented below:

	Warrants	Weighted-Average Exercise Price
Outstanding at December 31, 2020	489,748	$ 86.41
Granted	218,166	$ 110.91
Forfeited	(82,779)	$ 81.35
Exercised	(46,730)	$ 72.88
Outstanding at December 31, 2021	578,405	$ 104.82

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

The following table summarizes information about warrants outstanding as of December 31, 2021 and 2020:

Grant Date	Warrants Issued	Exercise Price	Fair Value of Warrants Issued	Outstanding at December 31, 2021	Outstanding at December 31, 2020
Throughout 2016	15,666	$42.22 to $51.55	$ 189	—	7,158
Throughout 2017	35,382	$53.65 to $69.96	$ 595	1,521	33,551
Throughout 2018	163,995	$70.91 to $80.90	$ 2,591	112,756	133,141
Throughout 2019	151,008	$74.25 to $95.61	$ 2,634	101,977	151,008
Throughout 2020	164,890	$72.65 to $104.89	$ 3,140	146,386	164,890
Throughout 2021	218,166	$99.33 to $135.97	$ 5,584	215,765	—
				578,405	489,748

Deferred Share Units

A summary of the Company's deferred share units ("DSUs") activity is presented below:

	Years Ended December 31, 2021	2020	2019
Weighted average grant-date fair value of DSUs granted	$ 99.80	$ 103.81	$ 83.80
Total fair value of DSUs awarded	$ 285	$ 272	$ 319

The DSUs consist of a combination of DSU grants outstanding under the Progressive Waste share-based compensation plans that were continued by the Company following the Progressive Waste acquisition and DSUs granted by the Company since the Progressive Waste acquisition.

A summary of activity related to DSUs during the year ended December 31, 2021, is presented below:

	Vested Shares	Weighted-Average Grant Date Fair Value Per Share
Outstanding at December 31, 2020	21,586	$ 59.32
Granted	2,856	$ 99.80
Outstanding at December 31, 2021	24,442	$ 64.05

Other Restricted Share Units

RSU grants outstanding under the Progressive Waste share-based compensation plans were continued by the Company following the Progressive Waste acquisition and allow for the issuance of shares or cash settlement to employees upon vesting. A summary of activity related to Progressive Waste RSUs during the year ended December 31, 2021, is presented below:

Outstanding at December 31, 2020	66,554
Cash settled	(3,522)
Outstanding at December 31, 2021	63,032

No RSUs under the Progressive Waste share-based compensation plans were granted subsequent to June 1, 2016. All remaining RSUs were vested as of December 31, 2019.

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

Share Based Options

Share based options outstanding under the Progressive Waste share-based compensation plans were continued by the Company following the Progressive Waste acquisition and allow for the issuance of shares or cash settlement to employees upon vesting. A summary of activity related to Progressive Waste share based options during the year ended December 31, 2021, is presented below:

Outstanding at December 31, 2020	51,200
Cash settled	(5,331)
Outstanding at December 31, 2021	45,869

No share based options under the Progressive Waste share-based compensation plans were granted subsequent to June 1, 2016. All outstanding share based options were vested as of December 31, 2017.

15. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) includes changes in the fair value of interest rate swaps that qualify for hedge accounting. The components of other comprehensive income (loss) and related tax effects for the years ended December 31, 2021, 2020 and 2019, are as follows:

	Year Ended December 31, 2021		
	Gross	**Tax Effect**	**Net of Tax**
Interest rate swap amounts reclassified into interest expense	$ 20,321	$ (5,385)	$ 14,936
Changes in fair value of interest rate swaps	23,287	(6,171)	17,116
Foreign currency translation adjustment	8,183	—	8,183
	$ 51,791	$ (11,556)	$ 40,235

	Year Ended December 31, 2020		
	Gross	**Tax Effect**	**Net of Tax**
Interest rate swap amounts reclassified into interest expense	$ 9,778	$ (2,591)	$ 7,187
Changes in fair value of interest rate swaps	(64,664)	17,136	(47,528)
Foreign currency translation adjustment	50,653	—	50,653
	$ (4,233)	$ 14,545	$ 10,312

	Year Ended December 31, 2019		
	Gross	**Tax Effect**	**Net of Tax**
Interest rate swap amounts reclassified into interest expense	$ (8,027)	$ 2,127	$ (5,900)
Changes in fair value of interest rate swaps	(43,873)	11,626	(32,247)
Foreign currency translation adjustment	101,970	—	101,970
	$ 50,070	$ 13,753	$ 63,823

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

A roll forward of the amounts included in AOCIL, net of taxes, is as follows:

	Interest Rate Swaps	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2019	$ (29,255)	$ 18,292	$ (10,963)
Amounts reclassified into earnings	7,187	—	7,187
Changes in fair value	(47,528)	—	(47,528)
Foreign currency translation adjustment	—	50,653	50,653
Balance at December 31, 2020	(69,596)	68,945	(651)
Amounts reclassified into earnings	14,936	—	14,936
Changes in fair value	17,116	—	17,116
Foreign currency translation adjustment	—	8,183	8,183
Balance at December 31, 2021	$ (37,544)	$ 77,128	$ 39,584

16. INCOME TAXES

The Company's operations are conducted through its various subsidiaries in countries throughout the world. The Company has provided for income taxes based upon the tax laws and rates in the countries in which operations are conducted and income is earned.

Income before provision for income taxes consists of the following:

	Years Ended December 31,		
	2021	2020	2019
U.S.	$ 574,737	$ 22,349	$ 477,203
Non – U.S.	196,005	231,565	228,688
Income before income taxes	$ 770,742	$ 253,914	$ 705,891

The provision for income taxes consists of the following:

	Years Ended December 31,		
	2021	2020	2019
Current:			
U.S. Federal	$ 71,180	$ 65,143	$ 45,475
State	34,439	28,325	27,528
Non – U.S.	32,071	6,941	11,570
	137,690	100,409	84,573
Deferred:			
U.S. Federal	51,534	(36,659)	58,291
State	5,093	(8,762)	6,331
Non – U.S.	(42,064)	(5,066)	(9,985)
	14,563	(50,487)	54,637
Provision for income taxes	$ 152,253	$ 49,922	$ 139,210

The Company is organized under the laws of Ontario, Canada; however, since the proportion of U.S. revenues, assets, operating income and associated tax provisions is significantly greater than any other single taxing jurisdiction within the worldwide group, the reconciliation of the differences between the Company's income tax provision as presented in the accompanying Consolidated Statements of Net Income and income tax provision computed at the federal statutory rate is presented on the basis of the U.S. federal statutory income tax rate of 21%, as opposed to the Canadian statutory rate of approximately 27% to provide a more meaningful insight into those differences. The items shown in the following table are a percentage of pre-tax income:

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

	Years Ended December 31,		
	2021	2020	2019
U.S. federal statutory rate	21.0 %	21.0 %	21.0 %
State taxes, net of federal benefit	4.7	4.5	4.4
Deferred income tax liability adjustments	0.3	1.6	0.6
Effect of international operations	(6.3)	(7.0)	(6.3)
Other	0.1	(0.4)	—
	19.8 %	19.7 %	19.7 %

The comparability of the Company's income tax provision for the reported periods has been affected by variations in its income before income taxes.

The effects of international operations are primarily due to a portion of the Company's income from internal financing that is taxed at effective rates substantially lower than the U.S. federal statutory rate. For the year ended December 31, 2020, the Company's income tax provision included a $27,358 expense associated with certain 2019 inter-entity payments no longer being deductible for tax purposes due to the finalization of tax regulations on April 7, 2020 under Internal Revenue Code Section 267A and a $4,148 expense related to an increase in the Company's deferred income tax liabilities resulting from the impairment of certain assets within its E&P waste operations which impacted the geographical apportionment of its state income taxes. Additionally, for the year ended December 31, 2019, a reduction in deferred income tax assets primarily related to compensation of executive officers no longer deemed deductible for tax purposes resulted in an increase to tax expense of $3,805.

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

The significant components of deferred income tax assets and liabilities, reduced by valuation allowances as applicable, are presented below.

	December 31,	
	2021	2020
Deferred income tax assets:		
Accrued expenses	$ 31,840	$ 26,600
Compensation	22,545	18,150
Contingent liabilities	21,268	17,652
Tax credits and loss carryforwards	24,415	24,044
Interest rate and fuel hedges	13,536	25,093
Finance costs	24,264	—
Other	—	872
Gross deferred income tax assets	137,868	112,411
Less: Valuation allowance	—	—
Total deferred income tax assets	137,868	112,411
Deferred income tax liabilities:		
Goodwill and other intangibles	(397,855)	(332,097)
Property and equipment	(484,519)	(440,019)
Landfill closure/post-closure	(18,597)	(13,846)
Prepaid expenses	(11,534)	(14,990)
Investment in subsidiaries	(69,286)	(69,391)
Finance costs	—	(2,112)
Other	(6,998)	—
Total deferred income tax liabilities	(988,789)	(872,455)
Net deferred income tax liability	$ (850,921)	$ (760,044)

The Company has $47,966 of Canadian tax loss carryforwards with a 20-year carryforward period which will begin to expire in 2036, as well as various U.S. state tax losses with carryforward periods up to 20 years.

As of December 31, 2021, the Company had undistributed earnings of approximately $2,860,889 for which income taxes have not been provided on permanently reinvested earnings of approximately $1,685,889. Additionally, the Company has not recorded deferred taxes on the amount of financial reporting basis in excess of tax basis of approximately $340,308 attributable to the Company's non-U.S. subsidiaries which are permanently reinvested. It is not practical to estimate the additional tax that may become payable upon the eventual repatriation of these amounts; however, the tax impacts could result in a material increase to the Company's effective tax rate.

The Company and its subsidiaries are subject to U.S. federal and Canadian income tax, which are its principal operating jurisdictions. The Company has concluded all U.S. federal income tax matters for years through 2017. Additionally, the normal reassessment period for the Company has expired for all Canadian federal income tax matters for years through 2016.

The Company did not have any unrecognized tax benefits recorded at December 31, 2021, 2020 or 2019. The Company does not anticipate the total amount of unrecognized tax benefits will significantly change by December 31, 2022. The Company recognizes interest and/or penalties related to income tax matters in income tax expense.

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

17. SEGMENT REPORTING

The Company's revenues are generated from the collection, transfer, recycling and disposal of non-hazardous solid waste and the treatment, recovery and disposal of non-hazardous E&P waste. No single contract or customer accounted for more than 10% of the Company's total revenues at the consolidated or reportable segment level during the periods presented.

The Company manages its operations through the following five geographic solid waste operating segments: Eastern, Southern, Western, Central and Canada. The Company's five geographic solid waste operating segments comprise its reportable segments. Each operating segment is responsible for managing several vertically integrated operations, which are comprised of districts.

The Company's Chief Operating Decision Maker evaluates operating segment profitability and determines resource allocations based on several factors, of which the primary financial measure is segment EBITDA. The Company defines segment EBITDA as earnings before interest, taxes, depreciation, amortization, impairments and other operating items, other income (expense) and loss on early extinguishment of debt. Segment EBITDA is not a measure of operating income, operating performance or liquidity under GAAP and may not be comparable to similarly titled measures reported by other companies. The Company's management uses segment EBITDA in the evaluation of segment operating performance as it is a profit measure that is generally within the control of the operating segments. A reconciliation of segment EBITDA to Income before income tax provision is included at the end of this Note 17.

Summarized financial information concerning the Company's reportable segments for the years ended December 31, 2021, 2020 and 2019, is shown in the following tables:

Year Ended December 31, 2021	Revenue	Intercompany Revenue[b]	Reported Revenue	Segment EBITDA[c]	Depreciation and Amortization	Capital Expenditures	Total Assets[e]
Eastern	$ 1,807,563	$ (286,275)	$ 1,521,288	$ 404,493	$ 239,130	$ 174,350	$ 3,652,311
Southern	1,633,402	(186,656)	1,446,746	394,982	188,977	156,527	3,513,355
Western	1,434,844	(154,656)	1,280,188	405,778	129,988	152,149	2,260,222
Central	1,188,501	(142,085)	1,046,416	359,434	134,078	144,458	2,332,564
Canada	965,705	(108,982)	856,723	339,859	111,458	68,183	2,513,608
Corporate[a], [d]	—	—	—	(19,596)	9,378	48,648	427,864
	$ 7,030,015	$ (878,654)	$ 6,151,361	$ 1,884,950	$ 813,009	$ 744,315	$ 14,699,924

Year Ended December 31, 2020	Revenue	Intercompany Revenue[b]	Reported Revenue	Segment EBITDA[c]	Depreciation and Amortization	Capital Expenditures	Total Assets[e]
Eastern	$ 1,601,980	$ (266,115)	$ 1,335,865	$ 343,446	$ 222,934	$ 181,787	$ 3,134,462
Southern	1,552,687	(183,107)	1,369,580	369,445	189,726	131,831	3,402,081
Western	1,291,882	(142,120)	1,149,762	364,790	115,151	132,344	1,861,079
Central	1,008,081	(127,758)	880,323	313,033	113,004	102,966	2,160,246
Canada	805,757	(95,297)	710,460	256,119	103,334	109,886	2,544,379
Corporate[a], [d]	—	—	—	(15,283)	8,255	5,747	890,117
	$ 6,260,387	$ (814,397)	$ 5,445,990	$ 1,631,550	$ 752,404	$ 664,561	$ 13,992,364

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

Year Ended December 31, 2019	Revenue	Intercompany Revenue[b]	Reported Revenue	Segment EBITDA[c]	Depreciation and Amortization	Capital Expenditures	Total Assets[e]
Eastern	$ 1,524,648	$ (255,684)	$ 1,268,964	$ 330,578	$ 204,221	$ 154,218	$ 3,099,283
Southern	1,623,614	(174,614)	1,449,000	441,425	208,967	178,127	3,952,449
Western	1,234,669	(135,820)	1,098,849	338,563	102,067	147,893	1,718,015
Central	958,139	(119,555)	838,584	292,111	106,391	116,831	1,885,468
Canada	835,603	(102,321)	733,282	256,405	113,944	61,119	2,490,291
Corporate[a], [d]	—	—	—	(15,438)	8,328	7,901	592,189
	$ 6,176,673	$ (787,994)	$ 5,388,679	$ 1,643,644	$ 743,918	$ 666,089	$ 13,737,695

(a) The majority of Corporate expenses are allocated to the five operating segments. Direct acquisition expenses, expenses associated with common shares held in the deferred compensation plan exchanged for other investment options and share-based compensation expenses associated with Progressive Waste share-based grants outstanding at June 1, 2016 that were continued by the Company are not allocated to the five operating segments and comprise the net EBITDA of the Company's Corporate segment for the periods presented.

(b) Intercompany revenues reflect each segment's total intercompany sales, including intercompany sales within a segment and between segments. Transactions within and between segments are generally made on a basis intended to reflect the market value of the service.

(c) For those items included in the determination of segment EBITDA, the accounting policies of the segments are the same as those described in Note 3.

(d) Corporate assets include cash, debt issuance costs, equity investments, operating lease right-of-use assets and corporate facility leasehold improvements and equipment.

(e) Goodwill is included within total assets for each of the Company's five operating segments.

The following table shows changes in goodwill during the years ended December 31, 2020 and 2021, by reportable segment:

	Eastern	Southern	Western	Central	Canada	Total
Balance as of December 31, 2019	$ 1,331,180	$ 1,528,225	$ 400,037	$ 729,470	$ 1,521,939	$ 5,510,851
Goodwill acquired	43,397	3,990	42,825	94,883	208	185,303
Goodwill divested	—	—	—	(149)	—	(149)
Impact of changes in foreign currency	—	—	—	—	30,645	30,645
Balance as of December 31, 2020	1,374,577	1,532,215	442,862	824,204	1,552,792	5,726,650
Goodwill acquired	233,146	56,576	96,870	68,005	—	454,597
Goodwill acquisition adjustments	—	—	—	—	(2)	(2)
Goodwill divested	—	(324)	—	—	—	(324)
Impact of changes in foreign currency	—	—	—	—	6,722	6,722
Balance as of December 31, 2021	$ 1,607,723	$ 1,588,467	$ 539,732	$ 892,209	$ 1,559,512	$ 6,187,643

Property and equipment, net relating to operations in the United States and Canada are as follows:

	December 31, 2021	December 31, 2020
United States	$ 5,075,184	$ 4,589,144
Canada	646,765	695,362
Total	$ 5,721,949	$ 5,284,506

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

A reconciliation of the Company's primary measure of segment profitability (segment EBITDA) to Income before income tax provision in the Consolidated Statements of Net Income is as follows:

	Years ended December 31,		
	2021	2020	2019
Eastern segment EBITDA	$ 404,493	$ 343,446	$ 330,578
Southern segment EBITDA	394,982	369,445	441,425
Western segment EBITDA	405,778	364,790	338,563
Central segment EBITDA	359,434	313,033	292,111
Canada segment EBITDA	339,859	256,119	256,405
Subtotal reportable segments	1,904,546	1,646,833	1,659,082
Unallocated corporate overhead	(19,596)	(15,283)	(15,438)
Depreciation	(673,730)	(621,102)	(618,396)
Amortization of intangibles	(139,279)	(131,302)	(125,522)
Impairments and other operating items	(32,316)	(466,718)	(61,948)
Interest expense	(162,796)	(162,375)	(147,368)
Interest income	2,916	5,253	9,777
Other income (expense), net	6,285	(1,392)	5,704
Loss on early extinguishment of debt	(115,288)	—	—
Income before income tax provision	$ 770,742	$ 253,914	$ 705,891

18. NET INCOME PER SHARE INFORMATION

The following table sets forth the calculation of the numerator and denominator used in the computation of basic and diluted net income per common share attributable to the Company's shareholders for the years ended December 31, 2021, 2020 and 2019:

	Years Ended December 31,		
	2021	2020	2019
Numerator:			
Net income attributable to Waste Connections for basic and diluted earnings per share	$ 618,047	$ 204,677	$ 566,841
Denominator:			
Basic shares outstanding	261,166,723	263,189,699	263,792,693
Dilutive effect of equity-based awards	561,747	497,840	733,868
Diluted shares outstanding	261,728,470	263,687,539	264,526,561

19. EMPLOYEE BENEFIT PLANS

Retirement Savings Plans: Waste Connections and certain of its subsidiaries have voluntary retirement savings plans in Canada (the "RSPs"). RSPs are available to all eligible Canadian employees of Waste Connections and its subsidiaries. For eligible non-union Canadian employees, Waste Connections and its subsidiaries make a matching contribution to a deferred profit sharing plan ("DPSP") of up to 5% of the employee's eligible compensation, subject to certain limitations imposed by the Income Tax Act (Canada).

Certain of Waste Connections' subsidiaries also have voluntary savings and investment plans in the U.S. (the "401(k) Plans"). The 401(k) Plans are available to all eligible U.S. employees of Waste Connections and its subsidiaries. Waste Connections and its subsidiaries make matching contributions under the 401(k) Plans of 100% of every dollar of a participating employee's pre-tax contributions until the employee's contributions equal 5% of the employee's eligible compensation, subject to certain limitations imposed by the U.S. Internal Revenue Code. The Company's matching contributions under the 401(k) Plans were suspended from June 1, 2020 to December 31, 2020. The Company reinstated its matching contributions effective January 1, 2021.

(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON AMOUNTS)

Total employer expenses, including employer matching contributions, for the DPSP and 401(k) Plans were $31,834, $16,350 and $26,111, respectively, during the years ended December 31, 2021, 2020 and 2019. These amounts include matching contributions Waste Connections made under the Deferred Compensation Plan, described below.

Multiemployer Pension Plans: The Company also participates in 15 "multiemployer" pension plans. The Company does not administer these multiemployer plans. In general, these plans are managed by the trustees, with the unions appointing certain trustees, and other contributing employers of the plan appointing certain others. The Company is generally not represented on the board of trustees. The Company makes periodic contributions to these plans pursuant to its collective bargaining agreements. The Company's participation in multiemployer pension plans is summarized as follows:

Plan Name	EIN/Pension Plan Number/ Registration Number	Pension Protection Act Zone Status [(a)]		FIP/RP Status (b),(c)	Company Contributions [(d)]			Expiration Date of Collective Bargaining Agreement
		2021	2020		2021	2020	2019	
Western Conference of Teamsters Pension Trust	91-6145047 - 001	Green	Green	Not applicable	$ 4,963	$ 4,841	$ 4,550	12/31/2021 to 6/30/2025
Local 731, I.B. of T., Pension Fund	36-6513567 - 001	Green for the plan year beginning 10/1/2021	Green for the plan year beginning 10/1/2019	Not applicable	4,504	4,628	4,570	9/30/2023
Suburban Teamsters of Northern Illinois Pension Fund	36-6155778 - 001	Green	Green	Not applicable	2,300	2,080	1,844	2/29/2024
Teamsters Local 301 Pension Fund	36-6492992 - 001	Green	Green	Not applicable	841	673	624	9/30/2023
Automobile Mechanics' Local No. 701 Union and Industry Pension Fund	36-6042061 - 001	Green	Green	Not applicable	439	457	492	12/31/2022
Midwest Operating Engineers Pension Plan	36-6140097 - 001	Green for the plan year beginning 4/1/2021	Green for the plan year beginning 4/1/2020	Not applicable	424	316	339	10/31/2025
Locals 302 & 612 of the IOUE - Employers Construction Industry Retirement Plan	91-6028571 - 001	Green	Green	Not applicable	313	298	290	11/16/2022
IAM National Pension Fund	51-6031295 - 002	Critical	Critical	Implemented	299	310	256	12/31/2022
International Union of Operating Engineers Pension Trust	85512-1	Green as of 4/30/2020	Green as of 4/30/2018	Not applicable	295	279	238	3/31/2021 to 3/31/2024
Multi-Sector Pension Plan	1085653	Green as of 1/1/2021	Green as of 1/1/2020	Not applicable	265	196	202	12/31/2023
Local 813 Pension Trust Fund	13-1975659 - 001	Critical for the plan year beginning 1/1/2021	Critical	Implemented	258	183	281	11/30/2022
Recycling and General Industrial Union Local 108 Pension Fund	13-6366378	Green	Green	Not applicable	217	269	337	2/28/2022
Nurses and Local 813 IBT Retirement Plan	13-3628926 - 001	Green	Green	Not applicable	58	52	87	11/30/2022
Contributions to other multiemployer plans					75	10	—	
					$ 15,251	$ 14,592	$ 14,110	

(a) Unless otherwise noted in the table above, the most recent Pension Protection Act zone status available in 2021 and 2020 is for the plans' years ended December 31, 2020 and 2019, respectively.

(b) The "FIP/RP Status" column indicates plans for which a Funding Improvement Plan ("FIP") or a Rehabilitation Plan ("RP") has been implemented.

(c) A multiemployer defined benefit pension plan that has been certified as endangered, seriously endangered or critical may begin to levy a statutory surcharge on contribution rates. Once authorized, the surcharge is at the rate of 5% for the first 12 months and 10% for any periods thereafter, until certain conditions are met. The Company was not required to pay a surcharge to these plans during the years ended December 31, 2021 and 2020.

(d) Of the Multiemployer Pension Plans considered to be individually significant, the Company was listed in the Form 5500 as providing more than 5% of the total contributions for the following: 1) Local No. 731, I.B. of T., Pension Fund for plan years ending September 30, 2020, 2019 and 2018; 2) Teamsters Local 301 Pension Fund for plan years ending December 31, 2020, 2019 and 2018; 3) Suburban Teamsters of Northern Illinois Pension Plan for the plan year ending December 31, 2020; and 4) Recycling and General Industrial Union Local 108 Pension Fund for the plan years ending December 31, 2020, 2019 and 2018.

The status is based on information that the Company received from the pension plans and is certified by the pension plans' actuary. Plans with "green" status are at least 80% funded. Plans with "yellow" status are less than 80% funded.

Plans with "critical" status are less than 65% funded. Under current law regarding multiemployer benefit plans, a plan's termination, the Company's voluntary withdrawal, or the withdrawal of all contributing employers from any under-funded multiemployer pension plan would require the Company to make payments to the plan for its proportionate share of the multiemployer plan's unfunded vested liabilities. The Company could have adjustments to its estimates for these matters in the near term that could have a material effect on its consolidated financial condition, results of operations or cash flows.

Deferred Compensation Plan: The Waste Connections US, Inc. Nonqualified Deferred Compensation Plan was assumed by the Company on June 1, 2016 (as amended, restated, assumed, supplemented or otherwise modified from time to time, the "Deferred Compensation Plan"). The Deferred Compensation Plan is a non-qualified deferred compensation program under which the eligible participants, including officers and certain employees who meet a minimum salary threshold, may voluntarily elect to defer up to 80% of their base salaries and up to 100% of their bonuses, commissions and restricted share unit grants. Effective as of December 1, 2014, the Board of Directors determined to discontinue the option to allow eligible participants to defer restricted share unit grants pursuant to the Deferred Compensation Plan. Members of the Company's Board of Directors are eligible to participate in the Deferred Compensation Plan with respect to their director fees. Although the Company periodically contributes the amount of its obligation under the plan to a trust for the benefit of the participants, any compensation deferred under the Deferred Compensation Plan constitutes an unsecured obligation of the Company to pay the participants in the future and, as such, is subject to the claims of other creditors in the event of insolvency proceedings. Participants may elect certain future distribution dates on which all or a portion of their accounts will be paid to them, including in the case of a change in control of the Company. Their accounts will be distributed to them in cash, except for amounts credited with respect to deferred restricted share unit grants, which will be distributed in the Company's common shares pursuant to the 2004 Plan. In addition to the amount of participants' contributions, the Company will pay participants an amount reflecting a deemed return based on the returns of various mutual funds or measurement funds selected by the participants, except in the case of restricted share units that were deferred and not subsequently exchanged into a measurement fund pursuant to the terms of the Deferred Compensation Plan, which will be credited to their accounts as Company common shares. The measurement funds are used only to determine the amount of return the Company pays to participants and participant funds are not actually invested in the measurement fund, nor are any Company common shares acquired under the Deferred Compensation Plan. The Company's matching contributions to the Deferred Compensation plan were suspended from June 1, 2020 to December 31, 2020. The Company reinstated its matching contributions effective January 1, 2021. For the year ended December 31, 2021, during the period from January 1, 2020 through May 31, 2020 and for the year ended December 31, 2019, the Company also made matching contributions to the Deferred Compensation Plan of 100% of every dollar of a participating employee's pre-tax eligible contributions until the employee's contributions equaled 5% of the employee's eligible compensation, less the amount of any match the Company made on behalf of the employee under the Waste Connections 401(k) Plan, and subject to certain deferral limitations imposed by the U.S. Internal Revenue Code on 401(k) plans. The Company's total liability for deferred compensation at December 31, 2021 and 2020 was $50,738 and $43,069, respectively, which was recorded in Other long-term liabilities in the Consolidated Balance Sheets.

20. SUBSEQUENT EVENTS

On February 16, 2022, the Company announced that its Board of Directors approved a regular quarterly cash dividend of $0.23 per Company common share. The dividend will be paid on March 16, 2022, to shareholders of record on the close of business on March 2, 2022.

Subsequent to December 31, 2021 and through the date the accompanying financial statements were issued, the Company repurchased 3,388,155 common shares pursuant to the NCIB in effect during that period at an aggregate cost of $425,000.