



SAFETY AND HEALTH

GOAL

Achieve world-class safety and health performance through disciplined continuous improvement, safety leadership at all levels, full employee engagement and an integrated, interdependent world-class safety culture.

PROGRESS

As a result of a review of our root cause analysis program in early 2017, we've implemented a new tool for selected incidents, Failure Mode and Effect Analysis, to systemically reduce the potential for additional incidents.

At Covanta, safety and health are not simply programs or metrics. They're part of a culture of teamwork, peer support, open communication and trust that extends across every facility and worksite.

- Greater than 50 percent of Covanta facilities were injury free in 2016
- 37 Voluntary Protection Program Star locations at the end of 2016
- Consistently outperform industry benchmarks

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ENSURING SAFETY IN THE WORKPLACE

Often, when people think of “sustainability,” they think about “protecting the environment,” but sustainability is also about protecting people. If we think about ourselves and our co-workers on a personal level, it’s clear that injuries and accidents are *not* sustainable. As part of our safety program in 2016, Covanta focused on the “*Why?*” behind safety: that is, our purpose, cause or belief that inspires us to work safely. In almost every case, our *whys* come down to protecting *our* tomorrow, for our colleagues, friends, families and communities.

At Covanta, we believe that all accidents and injuries are preventable, not inevitable. Our employees and contractors, through their awareness of hazards and their actions on the job, are the key to our safety and health performance.

We model our Safety Management System on the stringent provisions of the U.S. Occupational Safety and Health Administration’s (OSHA) Voluntary Protection Program (VPP). The VPP is a management system program recognizing employers and employees who demonstrate exemplary achievement in the prevention and control of occupational safety and health hazards.

We are among the top 10 companies in the United States with a majority of operating locations recognized as STAR Worksites. Our participating facilities promote effective worksite-based safety and health performance through hazard prevention and control, worksite analysis, training, management commitment and worker involvement.



The OSHA VPP recertification process gives us the opportunity to discuss safety issues, processes and systems with a team from OSHA or with safety experts from other

companies, helping strengthen the capabilities of our own employees and facilities. In 2016, eight facilities successfully completed VPP recertification.

Stepping Up for Safety, Health and Environment Core Values

STEP-UP is Covanta's internal safety and environmental awareness, leadership and structured safety, health and environment (SHE) management program. STEP-UP stands for "Safety Today and Every day is Paramount—Unleash the Power." Our STEP-UP program helps us move to our next level of safety performance. We continue to use the STEP-UP safety program for employees and contractors, emphasizing communications surrounding safety and health in the workplace.



Investing in SHE Training

Our "Red-Yellow-Orange Safety Partner Training" is one element of our STEP-UP program. All corporate employees must receive three to nine hours of safety training, coded red-yellow-orange, depending on their job function. Annually, corporate Supply Chain (e.g., operations, maintenance and engineering) employees also receive 24 hours of SHE training. Likewise, field employees receive at least 24 hours of training per year.

We continually invest in updating our SHE training and involve our employees in developing fresh and relevant content. For example, over the past few years, we've rolled out new resources for safety awareness and training with the overall goal of enhancing performance by bringing safety information and awareness to employees in an accessible, fun and engaging way. SHE videos developed by Covanta facility employees cover specific safety topics pertinent to operations, such as safety and health leadership, behavioral safety and technical topics. In 2016, we invested in specialized cloud-based software to make these videos both easier to develop and more accessible over a wider variety of platforms, including mobile devices. Committed safety leadership across all levels of the company is imperative to developing an interdependent world-class safety culture. In 2017, we expanded the latest version of SHE training throughout our regions, where it will eventually touch the entire workforce.

Empowering Covanta Employees to Take Ownership of Safety



- **Leadership training.** This six-part series is required to be completed by all Facility Management, Supervision and all Corporate employees within six months of hire or promotion. It is designed around developing safety leaders.
- **Peer mentoring and feedback.** Peer mentoring and support coupled with positive self-coaching are key elements of our safety programs. For example, when there is a near-miss incident, rather than taking punitive action, we focus on examining the behavior behind the event.
- **Guidance for Personal Safety (GPS).** As part of the GPS program, all new Covanta employees literally wear green hard hats for their first year so that fellow employees can provide guidance on safe behaviors and protocols.
- **Tailgate Meetings.** 10-15 minute “Tailgates” are held weekly, at the beginning of shifts, and led by shift supervisors. Topics may include new processes, regulatory changes or some of the video or written resources developed by other Covanta employees. Tailgates help us keep our SHE focus day in and day out.
- **Communicating best practices.** Our company intranet includes a safety page with articles based on current events or monthly awareness programs, such as fire protection month in September. *Direct Current*, our monthly internal employee newsletter, notes special accomplishments. Each Covanta facility focuses safety discussions on a Monthly Main Topic, a current company or industry event that is discussed at facility meetings.

Contractor Safety and Health Performance

Over the span of a year, thousands of contractors work at our facilities, particularly for maintenance. Our contractors’ safety and health performance is just as important as our own. We have implemented a six-factor contractor safety program around qualification, mentoring, safety and health performance assessment, communication, outreach and training.



We qualify every contractor we work with for safety excellence through a third-party qualification organization called ISNworld. This partnership allows us to standardize contractor management across 10 geographic regions. The ISN infrastructure and contractor portal enables us to communicate and monitor safety, insurance, training requirements and expectations of contractors, as well as to retrieve safety statistics. To identify safety-conscious contractors and manage our own risk, we work with “A-grade” contractors, which means their safety metrics are lower than their industry-specific index or benchmark.

STORIES

WHAT'S YOUR WHY?

At Covanta, our “why” is the fundamental reason our safety program exists and the underlying motivation for working safely and promoting a safety culture. So, we asked our employees: “What’s your why?”



“Safety’s the most important thing, and it’s not just words. You want your employees to go home the same way that they came in.”

Steve Bossotti,
SVP, Covanta Metals Management



“When you’re talking about sustainability and safety, people are your most important resource. How can you focus on something like sustainability and not include your most important resource that you want to protect, like your employees?”

Erin DeKorte,
Safety, Health and Environmental Training Specialist



“Safety is a core value. It’s our paramount value.
There’s nothing better than sending everybody home
safe every night.”

Paul Gilman,
SVP, Chief Sustainability Officer



“I think that goes through most people’s minds.
They’re looking at a job and it doesn’t quite look
right, but they’re also not sure of themselves
whether they should question it or not. And what we
say is, Question it. Trust your judgment, ‘question it’.
The best thing is that you could be wrong.”

Frank Miller,
VP, Maintenance Technology

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PROMOTING A SAFETY CULTURE

We know that the key to protecting safety and health is by building an interdependent safety culture throughout Covanta. We work to build that culture through our overall safety programs, including training, communication and leadership. The challenge is that “culture” can be difficult to quantify and measure. Moreover, while incident rates and other safety and performance metrics are easier to measure, they are lagging indicators, meaning that we can’t measure them until after an injury has already occurred. Knowing that culture drives our performance, we’ve set an ambitious sustainability goal to develop and assess a set of metrics that can help us monitor our culture.



Tracking culture will give us insight into a *leading* indicator for safety performance, so we can improve how we are doing before the accident occurs. At the same time, we have been reviewing our root cause analysis and corrective action process to ensure the process adequately evaluates and resolves issues once they’ve been identified.

Evaluating the Efficacy of Our Safety Culture

As part of our effort to protect safety and health, we are establishing a set of new metrics to help us evaluate culture as a leading indicator of safety performance. In this way, we can make improvements before an accident occurs.

We have started to develop leading safety metrics by collecting objective feedback from our facilities. We contracted with the National Safety Council (NSC), an independent, nongovernmental organization, to gather this feedback, evaluate the current state of employee safety and identify specific areas in need of improvement.

The NSC Safety Barometer Survey comprises 50 questions in six safety categories to measure employees’ perception of Covanta’s safety and health management processes and systems. We began this survey in early 2017

with three facilities from the South region (Lee, Miami Dade and Tulsa) and three facilities from the Mid-Atlantic region (Alexandria, Delaware Valley and Montgomery Mass Burn). Each facility developed action plans to address the survey's results, and we are currently in the process of evaluating the findings.

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DELIVERING ON SAFETY PERFORMANCE

Covanta experienced an increase in occupation injuries and illnesses in 2015 as compared to 2014; however, we improved our overall safety and health performance in 2016. Specifically, in 2016, we sustained 41 recordable injuries versus 47 in 2015—even with the addition of several new business acquisitions to our reporting pool.

More than 50 percent of facilities were injury free in 2016.



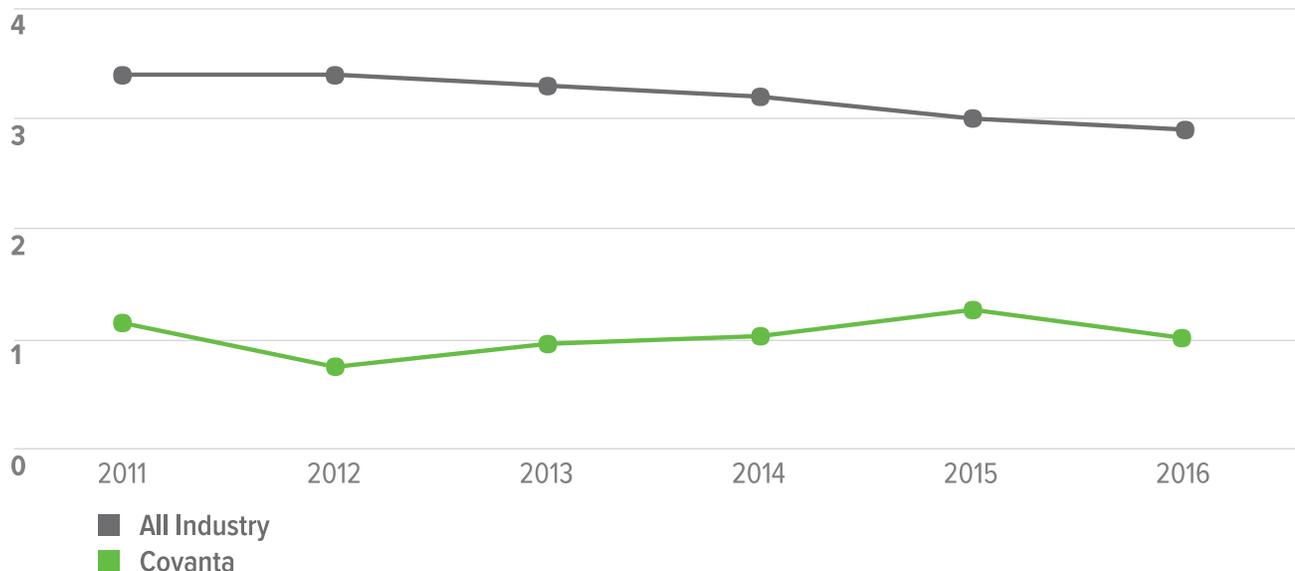
Progress in 2015-2016

15 percent improvement in our OSHA recordable safety metrics.

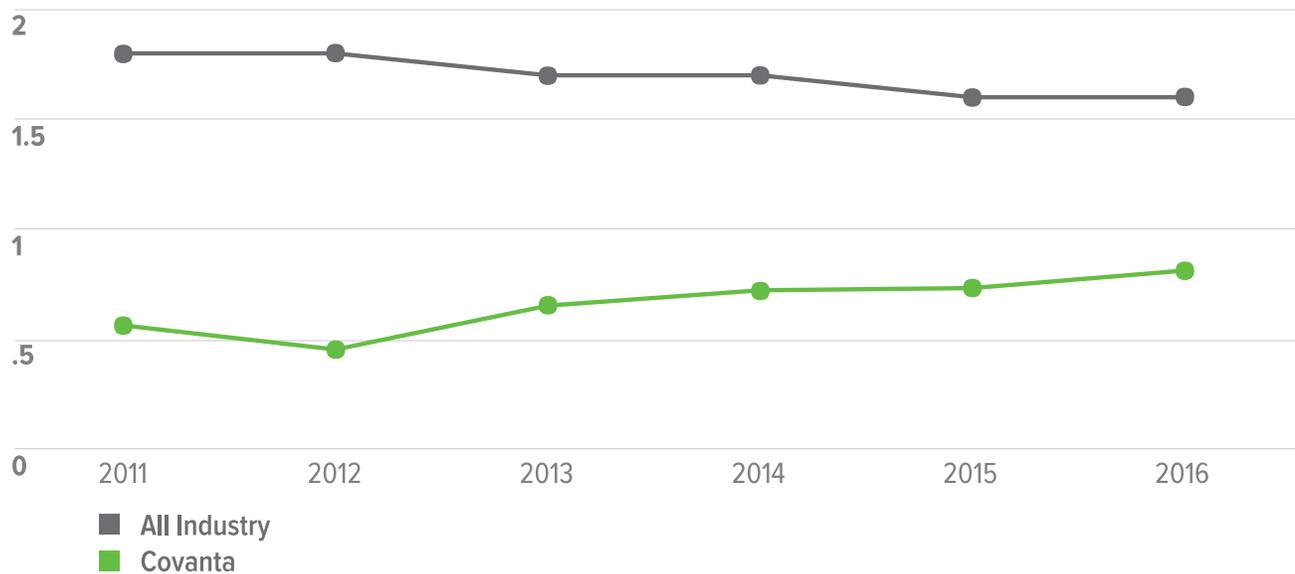
21 percent improvement in Total Case Incidence Rate (TCIR).

Injury rates significantly below U.S. all-industry average.

Total Case Incident Rate



Days Away, Restricted, Transfer Rate



Regrettably, we have had two employee fatalities in the last two years, one a motor vehicle accident in 2016 and the other a heavy equipment accident in 2017. These two events challenge other successes we've had and remind us of the need to continually evaluate program execution in the field and constantly measure effectiveness. In response, we have hired a third-party organization to review our safety programs top to bottom across the company. As they complete their work, we have already initiated key changes with both our truck fleets and mobile equipment operations to address the specific root causes that led to these two accidents.

Making Driver Safety a Priority



Covanta's expanding waste management business brings with it a larger fleet of vehicles and a significant team of drivers. Despite our prioritization of driver and fleet safety, we unfortunately had a driver fatality in April of 2016. In response to this event, we immediately established a relationship with a third-party provider to implement:

- **Driver Qualification Files:** All drivers must comply with basic requirements, such as a pre-job application and annual physical.
- **OSHA and DOT compliance training:** Because our drivers are very mobile, we established an online computerized training program to help us stay in compliance.
- **Drug and alcohol testing:** We standardized this testing so it is consistent across the company.

Heavy Equipment Safety

The recent fatality of one of our heavy equipment operators has led us to completely reevaluate our safety programs around heavy equipment operations. We have hired third-party experts to review our safety programs top to bottom across the company. We have replaced the seats in our heavy equipment to incorporate three and four-point safety belt systems incorporating bright webbing to both provide superior protection relative to customary lap belts and to provide a better means of verification of compliance with our seat belt policy. Several of our facilities are piloting RFID systems to alert heavy equipment operators of pedestrians in the area of their equipment. Lastly, we are evaluating all procedures for our tipping areas at all of our facilities.

Additional Continuous Improvement Measures

Safety performance requires constant vigilance. Work demands, new facility leadership, new processes and new business lines are just some of the reasons that can divert focus from safety and health programs to other issues.

To ensure that we align our resources and attention to those areas that present heightened safety and health risks, we have two significant initiatives in place:

- **Safety Improvement Plans (SIP) for at-risk facilities.** We develop comprehensive, actionable Safety Improvement Plans for certain facilities that need additional help in advancing safety performance or building a

stronger safety culture. Each month, these facilities update senior management on their progress concerning action items laid out in their SIPs. When facilities improve their safety performance, they can leave the SIP program by mentoring another facility. This approach is working: Three Covanta facilities are mentoring other facilities, and one group mentors two contractor organizations.

- **Monthly injury and Serious Near Misses leadership review calls.** Each month, all recordable injuries and Serious Near Misses (SNM) that occurred in the previous month are reviewed and discussed on a conference call with senior management. All facilities are encouraged to join these calls to learn from one another. They can share ideas on how to make our facilities safer and prevent the same or similar SNMs or injuries from occurring again.

Occasionally we develop company-wide safety initiatives due to these calls. For example, in an SNM event, a high-voltage electrical line was intercepted by the bucket on a piece of mobile equipment. There was no injury and only slight damage—but it could have been a lot worse. This event led to an improved process for demarcating electrical wires.

Recognition for Safety Excellence

Twenty-six Covanta facilities and/or groups were awarded with the Occupational Excellence Achievement Award 2016 by the National Safety Council (NSC), an organization devoted to promoting safety in U.S. industry for more than 100 years. This award recognizes companies and facilities with lost-time injury rates equal to or less than half the rate of other companies within the same industry.

Integrating New Acquisitions into Covanta's SHE Management System

Over the past two years, our company has grown significantly by acquiring other businesses. After acquisition, we quickly move to integrate these new businesses into our safety program.

As part of the integration process, we review all previous safety-related items—such as reportable injuries—and develop a matrix to identify our weakest areas and track progress. The disparate nature of the acquired businesses, from small shops to large established facilities, reflects a wide range of maturity regarding systems and processes.

With acquisitions also come distinct cultures and expectations. At Covanta, safety is an utmost priority, and we expect work to be done correctly and safely. We extend that expectation to our acquisitions as well.

In 2016, we had a 69 percent overall reduction in recordable incidents associated with those acquisitions made in 2014 or 2015.
