

CASELLA
SUSTAINABILITY REPORT 2012

Helping customers and communities
conserve, renew, and sustain the
world's limited resources.

**PUTTING
WASTE TO
WORK™**



Customer. Resource. Solutions.

These three words are at the heart of our corporate sustainability strategy.

1. We succeed only by anticipating and meeting our **customers'** needs.
2. Waste is a **resource**, a domestic source of raw materials to be recovered and transformed into new goods and services.
3. The world urgently needs creative and practical **solutions**, and it is the job of every Casella employee, every day, to find them and put them into practice.

Over the past two years, our customers, communities, and regulators have continued to focus on zero waste, product stewardship, recycling, and organics diversion. At the same time, our nation continues to face fiscal constraints, energy price volatility, and economic uncertainty. Under these conditions, our stakeholders have demonstrated that they are serious about reducing waste, as both an environmental and financial strategy for sustainability.

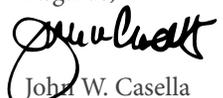
I am proud of what we achieved during the reporting period, particularly our progress in reducing greenhouse gas emissions. Between 2005 and 2010 we cut our emissions by 45%, and we recently received a Climate Leadership Award from the EPA, The Climate Registry, the Center for Climate and Energy Solutions, and the Association of Climate Change Officers. To be recognized alongside other great sustainability leaders like SC Johnson, Cummins, and Campbell Soup Company not only validates our efforts, but motivates us to work even harder.

We continue to introduce innovative new resource solutions as well. The Power of Three™ is a closed loop paper recycling program that allows customers to purchase paper products made from their own recycled paper. This is a great example of leveraging partnerships to anticipate and even exceed customer expectations, and the program recently earned a 2012 Vermont Governor's Award for Excellence in Sustainability.

While we have made significant progress, we also have more work to do on some of our key sustainability targets. Most importantly, we have not yet seen an uptick in our recycling as a percentage of our overall tonnage. Recycling makes up 20% of our tonnage, which means we will need tremendous focus to achieve our goal of 50%. We will need to work closely with our customers and community partners to drive up recycling volumes and build the market for resource solutions. Similarly, we will need to remain focused on energy use to ensure that we achieve our efficiency and renewables goals.

Over the next three to five years, our focus will be on three sustainability initiatives that closely overlap our financial priorities. First, we will renew our emphasis on efficiencies in fuel and energy consumption. Second, we will create and build resource solutions that delight our customers. Third, we will continue to build our employees and empower them with the knowledge and resources they need to succeed. In an uncertain economy, this will be no easy undertaking, but I take comfort in the fact that resource solutions forged during these difficult times will be lean and enduring.



Regards,

John W. Casella
Chairman & CEO
Casella Waste Systems, Inc.

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Casella Waste Systems, Inc.
Headquarters: Rutland, Vermont, USA
Geographic Footprint: VT, NH, ME, MA, NY, PA
Operating Regions: Western, Eastern, Recycling
Number of Employees: 1,773 (as of 5/5/12)
Number of Customers: Over 147,000 (as of 5/1/12)
FY 2012 Revenue: \$481 Million
NASDAQ: CWST



“ The ability to be maintained at a certain rate or level ” – Oxford Dictionary

“ Meeting the needs of the present without compromising the ability of future generations to meet their own needs ” – United Nations Brundtland Commission, Our Common Future

“ The art of doing business in an interdependent world ” – Andrew W. Savitz, The Triple Bottom Line

At Casella, sustainability is: Creating value for our customers, our communities, and our company by Putting Waste to Work.™

To those who know our company, this statement may sound familiar, because it is also our corporate mission statement. We believe that this is the key to effective corporate sustainability. By uniting our corporate mission and sustainability vision into a single concise statement, we provide a clear path forward to environmental, social, and financial success. This is true sustainability.

The following pages comprise our second biennial sustainability report. Our first report covered calendar year 2009. We issued a brief “progress report” covering calendar year 2010 last year. Unless otherwise noted, the reporting period for this document is calendar year 2011. We have also covered several highlights from the first half of 2012.

In scope, we have aimed to cover our most significant environmental, social, and economic impacts, focusing particularly on topics that would be most interesting and useful to our stakeholders. Our reporting covers all facilities over which we have operational control. As in prior years, we have included a summary of our quantitative performance in our Sustainability Scorecard at the end of this document.

We invite our readers to send comments or questions regarding this report to:

Casella Waste Systems, Inc.
Attention: Abbie Webb
25 Greens Hill Lane
Rutland, VT 05701
abbie.webb@casella.com

Readers may also submit feedback through our online Sustainability Report survey:
casella.com/sustainabilityfeedback12

We have prepared this report in accordance with the G3.1 Guidelines of the Global Reporting Initiative, an independent international standard framework for sustainability reporting across companies and industries. We believe the report's contents meet the criteria required for GRI application level C. A G3.1 index to the contents can be found on page 20.

For thirty-seven years, Casella has grown by providing innovative resource solutions to customers throughout the northeastern United States.

We supply resource management expertise and services to residential, commercial, municipal, and industrial customers, primarily in the areas of solid waste resource collection, recycling, processing, energy recovery, and disposal. Our facilities include 32 solid waste collection operations, 31 transfer stations, 17 recycling facilities, a compost facility, an anaerobic digester, a waste-to-energy facility, and ten landfills. Every landfill we operate is equipped with a gas collection system, and six of these direct their landfill gas to power plants to be converted into electricity.

Since our last full sustainability report, our organization has had some significant changes. We divested 17 recycling facilities located outside of our northeastern operating footprint, we acquired the McKean County Landfill in northwestern Pennsylvania, and we acquired a small hauling, transfer, and recycling operation in western New York.

OUR BRANDS INCLUDE:



Zero-Sort® Recycling, our single-stream recycling platform, which helps customers reduce their costs and ease participation by placing all of their recyclable materials into a single bin. We sort the materials in our state-of-the-art processing facilities.



Casella Organics™ provides world-class removal, transportation, recycling, processing, and marketing of organic resources – including short paper fiber, ash, wood wastes, food wastes, biosolids, and compost. The company operates composting, renewable energy and manufacturing facilities. For 26 years, Casella Organics has helped clients build, manage, and maintain sustainable and effective waste solutions.



earthlife® is the brand under which we distribute compost, mulch, agricultural soil amendments, fertilizers, and specialty products produced at our own facilities and those owned and operated by others. Our extensive range of over 40 earthlife products provide high quality, affordable results to the landscape, horticultural, agricultural, and other specialized industries.



Power of Three™ is our innovative solution for providing genuine “closed-loop recycling.” Provided in partnership with Foley Distributing and SCA Paper, it is a three-step process of picking up a customer’s recycling, processing that recycling into new products, and then providing those products back to the customer in the form of new paper products.

We've built a network of resource recovery facilities to meet our customers' needs throughout the northeast.



1. **Unity, ME** – The Hawk Ridge Compost Facility processes biosolids and produces earthlife brand soil products.
2. **Burlington, VT** – We use a hybrid electric vehicle to collect source separated organics from customers.
3. **Rutland, VT** – The Shared Service Building in Rutland, VT was renovated using green building principles.

4. **Boston, MA** – One of five Zero-Sort Facilities, this site processed 160,000 tons of recyclables in 2011.
5. **Fort Edward, NY** – One of four locations with compressed natural gas fleets running on clean quiet, domestic fuel.
6. **Mt. Jewett, PA** – The CARES McKean joint venture facility uses landfill gas to power a new water treatment and recycling facility for oil and gas production water.

7. **Rutland, MA** – The AGreen Jordan Farm Digester partnership converts food byproducts and animal manure into electricity and fertilizer.
8. **Portland, ME** – One of 4 locations that collects Used Vegetable Oil to be turned into renewable fuel.

In our 2009 sustainability report, we imagined an economy in which the very concept of waste would be outdated.

In this vision, resource renewal thinking helps us to continually return discarded materials to productive use, either by transforming them into new products or by returning them safely to natural ecosystems.

For society to remain healthy and viable, we believe that our economy will need to move toward zero waste. Likewise, for our company to remain healthy and viable, we will need to learn where we will fit and thrive in this new zero waste world.

Resource Renewal is Casella's role in the zero waste world. It is the critical link that returns discarded materials into the product cycle. To fill this role, we are continuously refining our recycling and energy recovery systems, improving the efficiency and effectiveness of our operations to allow for a growing portion of the waste stream to be sustainably diverted from disposal and returned to productive use.

When we talk about enabling "sustainable" diversion, we use the term to encompass both environmental and economic sustainability. In other words, we are striving for diversion strategies that will endure the test of time because they can be done safely, effectively, and profitably, without placing undue burden on customer and community budgets.

We humbly recognize that our Resource Renewal role is just one piece of the zero waste cycle, which also relies on responsible harvesting of resources, thoughtful design for durability and recycling, and respectful use and care for the things we produce. This means that our company's transition to resource renewal must occur in lockstep with transitions beyond our control, in areas such as product design, infrastructure development, and consumer behavior.

Thanks to the dedicated efforts of many individuals and organizations, important strides are being made in all aspects of the zero waste cycle. Product designers are integrating sustainable materials and recyclability into the products they create. Manufacturers and retailers are using energy efficiency and renewable energy to produce and deliver these products to consumers. And these consumers are becoming more aware, selecting products that are safe for their health and the environment.

At Casella, our job is to remain connected to these promising new developments, enable them wherever we can, and ensure that we are ready to play our role with safe, effective, and profitable resource solutions for the zero waste economy.

THE ZERO WASTE CYCLE

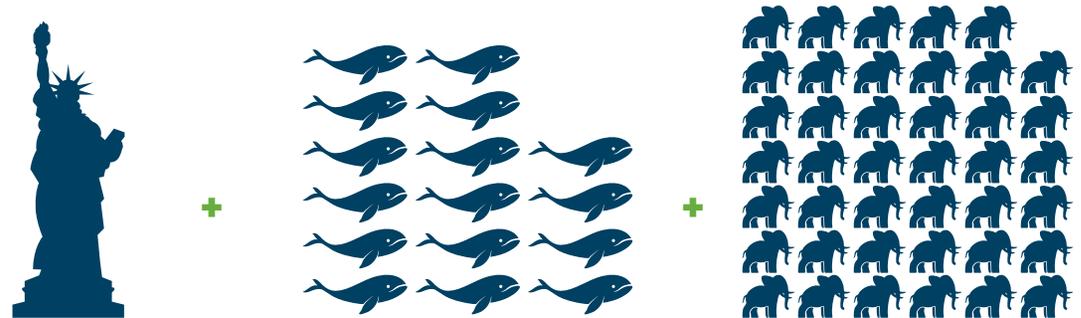


How We're Putting Waste to Work

We're protecting the environment, creating jobs, and making our customers happy by putting waste to work.

RECYCLING

Since 2005, our recycling operations have processed over 5.5 million tons of glass, metal, plastic, paper, cardboard, and organics. On an average day during 2011, we received roughly 2,367 tons of material for recycling. That weight is equivalent to 16 Blue Whales, 41 African Bush Elephants, and the Statue of Liberty... every day! Recycling these materials has a tremendous environmental benefit. By recovering these materials to be converted into new products, we reduce the need to extract, refine, transport, and process virgin natural resources. This saves energy and reduces greenhouse gas emissions. Recycling also creates jobs and localizes resource loops, contributing to the economic health of our region.



= 1 Day of Recycling

Casella averaged 2,367 tons of recycling each day in 2011.

ENERGY

In 2011, we produced 239 million kilowatt-hours of electricity, enough to power 32,000 New England households. By producing energy from refuse derived fuel, landfill gas, and biogas, we are helping to diversify our region's energy supplies and reduce our reliance on fossil fuels.

239 Million Kilowatt-Hours enough for
32,000 New England Households



How We're Putting Waste to Work

OUR COMMITMENTS

Through recycling and energy generation, we are creating a more sustainable materials economy that protects the environment, supports local economies, and creates jobs. We are proud to be serving our customers by putting waste to work.

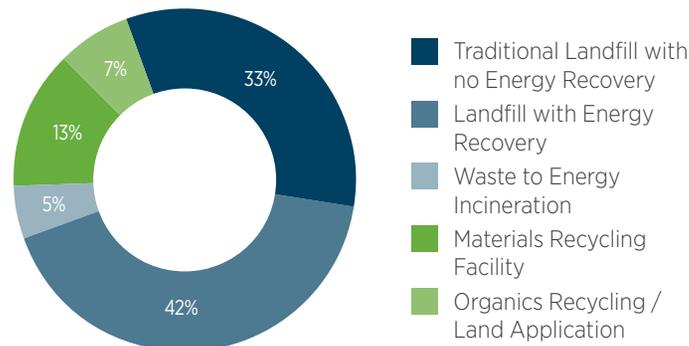
Despite our successes, we are falling short of some of our strategic resource renewal goals. Specifically, our 2011 diversion rate continues to hover around 20%, leaving a lot of ground to cover to reach our 50% target. And although we aim to eventually equip all of our disposal facilities with energy recovery systems, we still have five facilities that are not yet capturing energy. We will use this space to discuss these challenges in more detail.

We have known from the start that achieving our goals of 50% diversion and 100% energy recovery will require a substantial investment of time and perseverance. Over the past few years, we have focused our energy on developing internal expertise and encouraging public policy support.

We recognize now that we were overly optimistic in setting our initial goal achievement timelines. Nevertheless, we remain as committed as ever to our resource renewal targets. We are seeing many trends that suggest movement in the right direction:

- Despite the stagnant economy, our customer counts are growing, particularly in areas like the College and University sector. We have found that our resource solutions service offerings have resonated well with this group, and are confident that other sectors will follow.
- Our Used Vegetable Oil (UVO) recycling line of business is growing, demonstrating our customers' sincere interest in sustainable resource management solutions.
- Zero-Sort recycling remains popular throughout our operating footprint and is continuing to drive improvement in our customers' recycling rates.
- Our Compressed Natural Gas (CNG) vehicle fleet has been popular among customers in all markets where we've introduced the technology. Our customers appreciate knowing that their recycling and waste is being collected with a clean, quiet, and domestically-fueled vehicle fleet.
- Recent policy developments throughout our footprint are engaging diverse sets of stakeholders around topics of organics diversion and recycling. Serious discussions are well underway to promote and incentivize recycling and energy recovery infrastructure.

2011 MATERIAL DESTINATIONS



STRATEGY

The system that transforms resources into products and, ideally, back into resources again, is called the materials economy. It converts technical and biological nutrients into useful products, then back into nutrients that can be turned into new products. The materials economy is comprised of many groups.

Appreciating the complexity of the materials economy, we recognize that we cannot transform the system alone. We need to take a full systems approach to achieve our resource renewal goals. With this in mind, we are focused on three avenues for driving change.

Public Policy and Government Relations: We actively monitor public policy and regulatory changes (particularly those related to environmental protection, energy, taxes, and transportation), which might have an impact on our Company. We believe it is our responsibility to participate in the policy and regulatory development process, lending our applicable expertise and insight, and advocating for the interests of our stakeholders. Some recent examples include: participating in a stakeholder group to develop regulations related to organics recycling and diversion in Massachusetts, and providing testimony in support of legislation to advance

the recycling of various materials in Vermont. We also proudly communicate our successes with alternative fuel, energy, and emissions reductions to advance climate change awareness and influence policy directions.

The Company belongs to a number of trade organizations and other nongovernmental organizations. While Casella might not share in the positions these associations take on every issue, the Company believes participating in these groups provides the benefit of shared knowledge, shared resources, and a more diverse conversation about contemporary environmental challenges.

The Company makes bipartisan political contributions to candidates after approval by the Senior Management Team and according to State and Federal law.

Research and New Technologies: We support change by exploring and investing in new technologies and resource management solutions. In recent years we've developed partnerships and joint ventures to advance the utilization of anaerobic digestion in Massachusetts, to support UVO recycling in select markets, and to advance innovative water treatment in Pennsylvania. We have invested in CNG vehicles and fueling infrastructure and on-site

organics processing equipment. In 2012, we partnered with researchers at the Rochester Institute of Technology to evaluate the use of algae to treat landfill leachate. We have also invested time and resources in the research and development of our low emission landfill model.

Public Outreach: Effective resource management is only possible when generators understand and are motivated to reduce, reuse, and recycle. We are developing solutions that help our customers better understand and reduce their waste generation. For example, we provide custom recycling and diversion reports to many of our customers and are working to offer this service on a broader basis. We are also cultivating strategic partnerships to support resource and best practice sharing among our customers.

GREEN MOUNTAIN COLLEGE:



Resource Solutions in action at GMC

When we collaborate with our customers around our shared sustainability values, great things happen. Take for example, our partnership with Green Mountain College (GMC) in Poultney, VT.

GMC's commitment to the environment is well known. They were the first college in Vermont to sign the American College & University Presidents' Climate Commitment (ACUPCC). Their campus operates a \$5.8M biomass heating and power facility, and they have adopted an entire core curriculum that is environmentally themed.

GMC aims to increase total waste diversion by a minimum of 3% of total waste per year, resulting in a short-term goal of

approximately 50% total diversion by 2020. In November 2011, the GMC campus adopted Zero-Sort® recycling, which makes it easier for students and faculty to recycle more stuff more often. GMC also chose to participate in our Power of Three™ closed loop recycling system, which collects GMC's recyclable material, processes it into new products, and delivers it back to their campus to be used again.

We are proud to be able to work with great customers like GMC, and we are honored to provide them with the innovative Resource Solutions that will help them achieve their 90% waste reduction goal, and continue their impressive sustainability leadership.



ENERGY

COMMUNITY EVENTS

ZERO-SORT RECYCLING

CLOSED LOOP PAPER RECYCLING

ANAEROBIC DIGESTERS

ORGANICS

RESOURCE RENEWAL
We're building a diverse set of solutions to meet the unique and evolving needs of our customers while meeting our resource renewal targets.

LANDFILLS

LANDFILL-GAS-TO-ENERGY

BIOFUELS

WATER TREATMENT

UVO COLLECTION

COLLECTION

Between 2005 and 2010, we reduced our greenhouse gas emissions by 45%. This is equivalent to taking 182,000 cars off the road.

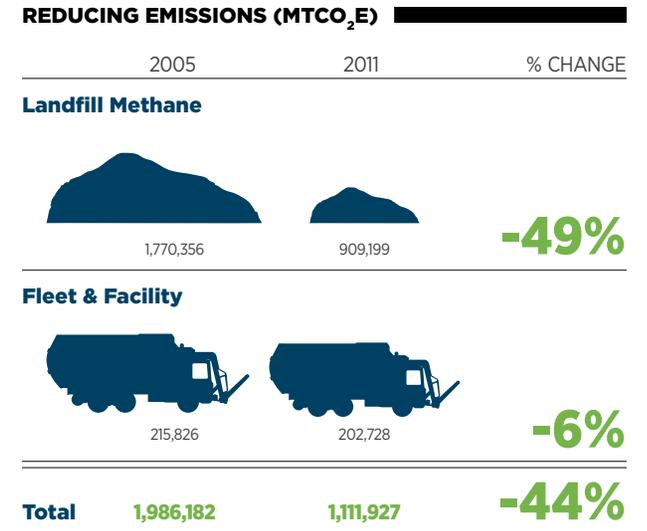
In 2010 we began reporting through the Carbon Disclosure Project, a globally-recognized non-profit initiative to promote transparency and consistency in greenhouse gas reporting. In the report we disclose our greenhouse gas emissions, as well as our strategy for responding to carbon-related risks and opportunities. Our report can be found at www.carbondisclosureproject.net

In 2011, our total greenhouse gas emissions increased slightly, and we believe we have harvested all of the “low hanging fruit” available for our first wave of emission reductions. We installed landfill gas collection systems

where previously there were none, and began converting our vehicle fleet to run on compressed natural gas.

We now turn our focus to our second wave of emission reductions, which we will achieve by implementing additional low emission landfill practices, continuing our clean vehicle fleet conversion program, and committing to company-wide energy efficiency measures.

In 2012, we have selected a new metric for tracking our greenhouse gas emissions: Metric tons of carbon dioxide equivalents per ton of material received at Casella recycling and disposal facilities. We are excited to begin tracking, reporting, and reducing this important number.



In January 2012, we were recognized by the EPA, the Association of Climate Change Officers (ACCO), the Center for Climate and Energy Solutions (C2ES), and The Climate Registry (TCR) with a Climate Leadership Award for Excellence in GHG Management.



Building our people is critical to our core values and sustainability strategy. We are pleased to report continuous improvement.

We remain committed to our Advanced Achievement Leadership program, which empowers our people with strong leadership skills. Our sustainability program centers on providing our people with the information, tools, and resources they need to develop quality resource solutions for our customers.

We communicate our corporate sustainability initiatives broadly throughout the company, using platforms such as our monthly employee newsletter, quarterly “brown bag lunch” webinar sessions, and by integrating sustainability content into regularly-scheduled operations, sales, customer service, and

management meetings. We have also developed over 200 videos, webinars, and other educational tools for all functional areas, which are available to all employees via our web-based Learning Paths library.

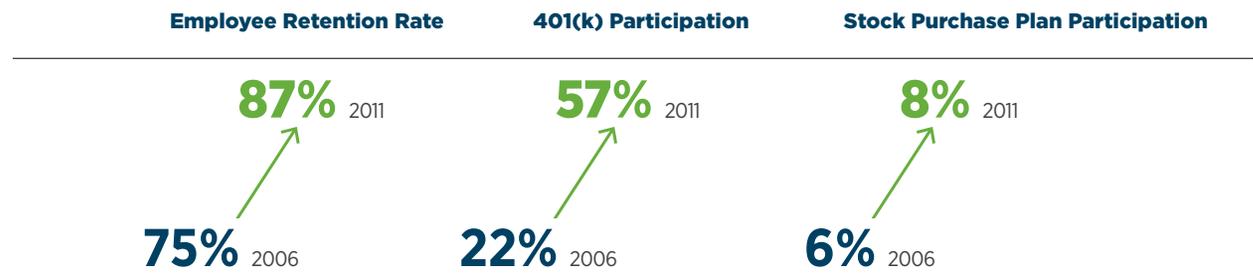
Over the coming year, we will continue to build our video learning library and take advantage of all opportunities to empower Casella employees with the expertise that will help them create sustainable resource solutions for our customers.



Learning Paths is our training video library that hosts several educational videos available to all employees.

TARGETS & INITIATIVES

- We are continuing to build our Learning Paths video library as an educational resource.
- Our sustainability newsletters, webinars, and meetings help to empower our people with sustainability expertise.



An important part of our sustainability commitment is our community involvement.

We believe that healthy, growing, sustainable communities are good for our business. Because of this belief, we dedicate resources – services, volunteer time, and financial support – to non-profit and other community development organizations throughout our market. The organizations listed here are just a portion of the many groups that we are honored to support in their dedication to community service.

MASSACHUSETTS

- Auburn Youth & Family Services
- Breath Deep Boston Lung Cancer Walk
- Charlton and Sturbridge Little League
- Charlton Historical Society
- Cradles to Crayons Backpackathon, City Hall Plaza, Boston
- Devoreaux Foundation
- Earthfest 2012, Hatchshell, Boston
- Leonard Florence Center
- Lungevity Cancer Walk, Boston

- North Shore Medical Center, Cancer Walk, Peabody, MA
- Osteogenesis Imperfect Foundation
- Red Sox Foundation
- Saint Vincent Depaul Society (Christmas and Easter Meals for the Food Pantry)
- Southbridge Earth Day
- Southbridge Landfill Oversight Committee
- Town of Southbridge Flue Shots - Recycling Toters for Downtown

- Worcester Clean Up Team

MAINE

- American Red Cross
- American Cancer Society Relay for Life
- American Lung Association
- Annual Waterville Municipal Airport Cleanup
- Bangor East Little League
- Bangor Folk Festival
- Biddeford Career Firefighters
- Chicopee Fire Department

- City of Lewiston Fire & Police Departments
- Cross Road Ministries, Food Pantry
- Eastern Trail Alliance (Bike Path)
- Falmouth Lyons Club Annual Dance and Silent Auction
- Greater Taste of Waterville
- Houlton Fair Association
- Kiwanis Club
- Maine Children's Cancer Program

CONTINUED ON NEXT PAGE



Casella lead clean-up efforts in Vermont following the devastation of Hurricane Irene in 2011



CHARITABLE CONTRIBUTIONS

- Cash contributions make up a portion of our charitable giving. We also support our communities through donations of services and volunteer time. We are working to track this giving for our next full report.

2005 • \$450,924

2006 • \$397,850

2007 • \$429,778

2008 • \$389,213

2009 • \$214,257

2010 • \$303,267

2011 • \$303,446

MAINE (CONTINUED)

- Mars Hill Rotary (Crime Stoppers)
- Muscular Dystrophy Association
- Operation Christmas Child
- Penobscot Nations Boys and Girls Club
- Ronald McDonald House
- Scarborough Chamber Concerts in the Park 2012
- Scarborough Project Graduation
- Special Olympics of Maine
- Stone Soup Food Pantry
- Touch a Truck (Houlton Rec Department)
- United Way
- Waterville Homeless Shelter
- York Family Fund, Donated Services

NEW HAMPSHIRE

- Children's Hospital at Dartmouth (CHAD)
- Littleton Chamber Home Expo
- NH Learning Tree
- North Country YMCA /After School Program
- Profile High School Chem Free Prom
- Prouty - Cancer Walk/Ride
- Toys for Kids

NEW YORK

- 1816 Farmington Quaker Meeting House
- Adopt a Soldier
- Alice Hyde Hospital Foundation
- American Cancer Society
- American Heart Association
- Big Truck Day, Cambridge - CNG Truck on Display
- Bob Johnson Motors Christmas for Kids

- Boy Scouts
- Boys & Girls Club
- Cadyville Fireman's Field Days
- Canandaigua Rotary Club
- Canton Potsdam Hospital Foundation
- Cattaraugus County Fair
- Children's Miracle Network
- Clinton Community College Foundation
- Clinton County Fair
- Cruise for a Cause
- DCMO Boces
- Food Pantry
- Fort Lapresentation
- Franklinville Little League
- Gus Macker Tournament
- Hospice of the North Country
- Hudson Crossing Park/Ecology Event
- I Love NY Horse Show - Lake Placid
- Knights of Columbus
- Little League-PP
- Mendez(Employee)Family Fire
- Moreau Community Center
- Olean Girls Softball League
- Oneonta Job Corps
- Oneonta Little League
- Ontario Community Service Foundation
- Ontario County Safety Council
- Peru Scholarship
- Plattsburgh Elks Cub
- Plattsburgh Kiwanis
- Plattsburgh Lions Club
- Plattsburgh Rotary
- Relay for Life
- Shipman Youth Center - Lake Placid
- SPCA
- Special Olympics
- State Troopers

- SUNY Plattsburgh - Scholarships
- SUNY Canton Athletic Department
- SUNY Potsdam Scholarship Fund
- Toys for Kids
- United Way
- Village of Potsdam Summer Festival/ Potsdam Chamber
- YMCA

VERMONT

- Bennington Fireworks
- Boys & Girls Club
- Bristol Harvest Festival
- COTS (Committee for Temporary Shelter)
- Ewaste Day
- Green Up Vermont
- Long Trail Century Ride
- Manchester Fire Works
- Middlebury Chili Cook Off
- Race for the Cure
- Restore, VT River Conservancy
- Rutland Downtown Partnership
- Rutland Economic Development Corporation
- Rutland High Hockey
- Special Olympics
- Stratton Community Foundation
- Town of Killington Concert
- Toys for Kids
- United Way
- Vermont Mountaineers
- Vermont Symphony
- Wheels for Warmth
- Women's Rape Crisis Center Benefit

Awards & Milestones (2011-2012)

During 2011 and 2012 we achieved some important milestones, and we're fortunate to have had our people and our company recognized by many great organizations.

- May 2011 Issued our first Carbon Disclosure Project report
- May 2011 Began operating the first Anaerobic Digester in Massachusetts
- Nov 2011 Opened Zero-Sort Recycling Facility in Rutland, Vermont
- January 2012 Began operating our new Landfill Gas to Energy power plant in Southbrige, MA
- February 2012 Received Climate Leadership award from the U.S. Environmental Protection Agency (EPA), the Association of Climate Change Officers (ACCO), the Center for Climate and Energy Solutions (C2ES), and The Climate Registry (TCR)
- February 2012 Waste Age Equipment Design Contest – Award for “Best Commercial Container Design”
- February 2012 Fleet Owner Magazine listed us as one of the Top 500 private fleets in America

- March 2012 Jeremy Labbe, Landfill Engineer & Compliance Manager, receives Waste and Recycling News “Rising Star” award
- April 2012 EPA Breath Easy Award
- April 2012 Gerry Galena and team receive “Earth Day Champion” award from City of Worcester
- May 2012 State of Vermont Governor’s Award for Excellence in Sustainability
- June 2012 Gary Simmons is inducted into the Waste & Recycling News (WRN) “Garage of Fame”, earning the first ever WRN Lifetime Achievement Award
- July 2012 National Convention of Collegiate Marketing Administrators – Gold Medal in the Group II Sponsorship Program category for our partnership with Dartmouth College on specialized popcorn boxes



May 2011 ribbon cutting for Massachusetts' first anaerobic digester.



November 2011 grand opening of our Rutland, Vermont Zero-Sort facility.



In February 2012, our recycling container wrap earned a design award.



In June 2012, Gary Simmons our VP of fleet, was recognized by Waste & Recycling News.

RESOURCE RENEWAL

Description	Detailed Description	2005	2010	2011	Target
Material Recycled	Recycling tons received, processed, and brokered; consisting of ONP, OCC, ferrous and non-ferrous metals, PET, HDPE, LDPE	468,423	580,655	554,647	
Organic Material Recycled	Organic recycling tons processed for beneficial land use applications, or directly land applied (Fiscal year data)	215,679	310,934	309,352	
Municipal Solid Waste Disposal	Includes waste from residential, commercial and institutional generators. Institutions are places like schools and hospitals	1,633,161	1,776,096	1,835,527	⬇️ divert 50% by 2014
Industrial & Construction Waste Disposed	Includes materials such as ash, sludge, construction and demolition debris, contaminated soils and industrial wastes	1,256,748	1,672,421	1,695,233	
MSW Recycling/Diversion Rate*	Material recycled divided by the sum of Material recycled and MSW disposed	22%	25%	23%	
Overall Recycling/Diversion Rate	Material recycled plus organic material recycled divided by the sum of all tons recycled and disposed	19%	21%	20%	
Material Disposed in Landfill with LFGTE	Solid waste tons disposed of in Casella landfills with energy recovery	930,516	1,701,517	1,845,420	
Material Disposed in Landfill without LFGTE	Solid waste tons disposed of in Casella landfills without energy recovery	1,750,237	1,546,222	1,477,000	
Material Combusted in Waste to Energy	Solid waste tons disposed of at the Casella WTE facility, after processing	209,156	200,778	208,339	
Disposal in Facilities without Energy Recovery	Tons disposed of in landfills without energy recovery, as a percent of all tons disposed	61%	45%	42%	⬆️ 0% to "traditional" LF by 2020
Energy Produced from Waste Combustion	Megawatt hours produced and sold	159,913	121,591	123,613	
Energy Produced from Landfill Gas to Energy (Mwh)	Megawatt hours produced and sold	-	98,651	115,439	
Energy Produced from Landfill Gas to Energy (MMBTU)*		-	751,466	815,645	⬆️ 1 Million MMBTUs RE by 2015

*New metrics we've added to the report this year.

ENERGY & ENVIRONMENT

Description	Detailed Description	2005	2010	2011	Target
Landfill GHG Emissions (metric tons CO2e)	Total landfill GHG emissions calculated using the EPA Climate Leaders Landfill Inventory Protocol	1,770,356	870,362	909,199	
Facility and Fleet GHG Emissions (mtCO2e)	Total GHG emissions calculated using EPA Climate Leaders protocol; includes direct emissions from on-site and fleet fuel combustion, and indirect emissions from electricity purchases	215,826	213,846	202,728	
Total Scope 1 and 2 GHG Emissions	Total Scope 1 and 2 GHG emissions calculated using EPA Climate Leaders protocol	1,986,182	1,084,208	1,111,926	⬆️ reduce 5% by 2012
Electrical Energy Consumption (Mwh)	Megawatt hours consumed in buildings and facilities	43,796	17,554	17,490	0% reduce 5% by 2012
Natural Gas Consumption	Therms of natural gas consumed in buildings and facilities	163,449	569,432	639,494	4% reduce 5% by 2012
Fleet Diesel Consumption	Gallons of diesel fuel consumed by vehicle fleet	6,579,261	5,781,862	5,743,789	⬆️ reduce 10% by 2013
Environmental Compliance Enforcement Actions	Number of environmental compliance enforcement actions per facility (e.g. 5 enforcement actions divided by 100 facilities = 0.05)	0.05	0.09	0.04	
Petroleum Releases	Petroleum spills that meet the criteria of being state or federal reportable	-	81	79	⬇️ reduce 25% below 09 by 2011

OUR PEOPLE

Description	Detailed Description	2005	2010	2011	Target
Employee Retention Rate	Percent of all full-time employees remain with our company annually	70%	85%	87%	☑ target 86% by 2012
401(k) Participation Rate	Percent of eligible employees participating in the Company's 401(k) plan	-	43%	57%	☑ target 45% by 2012
Stock Purchase Plan Participation	Percent of eligible employees participating in the Company's stock purchase plan	-	5%	8%	⬆ target 10% by 2012
Total Automotive Accidents	Total number of fleet claims determined to be preventable	258	266	231	
Total Employee Injuries	Total number of workers compensation claims determined to be preventable	321	173	156	
DART Rate	Days away from work, restricted activity, or transferred to another job due to an on-the-job injury; this number represents the number of occurrences per 200,000 hours worked (Fiscal year data)	1.67	1.76	1.70	

OUR CUSTOMERS & COMMUNITIES

Description	Detailed Description	2005	2010	2011	Target
Charitable Contributions	Charitable cash donations (This figure does not include in-kind services, which are not presently tracked)	\$450,924	\$303,267	\$303,446	☑ target \$250,000 per year
Employee United Way Donations	Cash value of employee donations	\$14,283	\$10,500	\$11,000	☑ target \$15,000 by 2012
Commercial Customers Recycling	Percent of commercial customers recycling	-	32.1%	34.0%	50% by 2012

Progress towards numeric targets: ☑ Achieved, ⬆ On Target, ⬇ Needs Improvement.

We report our sustainability metrics on an operational control basis, wherein we include all facilities and operations over which we have operational control. When acquisitions or divestitures materially impact our metrics, we adjust our historical data to reflect the change, to allow "apples to apples" comparisons. The recycling facility divestitures described on page six of this report created material shifts in the following metrics: Material Recycled, Recycling/Diversion Rate, Facility and Fleet GHG Emissions, Total GHG Emissions, Electrical Energy Consumption, Natural Gas Consumption, Employee Injuries, and DART Rate. Of these, all have been updated to reflect the divestiture except for the Injury and DART rates, which reflects the divestiture only for the 2010 reporting year. With our 2011 report, where it is relevant to our targets, we will update the remaining historical data. We welcome all of our stakeholders' suggestions and recommendations if there are certain metrics you would like to see updated.

In preparing this report we have applied the Global Reporting Initiative (GRI) G3.1 Sustainability Reporting Guidelines. We are self-declaring a GRI application level C.

STRATEGY AND ANALYSIS

1.1 CEO Letter: p.3

ORGANIZATIONAL PROFILE

2.1 Organization Name: p.4

2.2 Primary brands, products, and/or services: Our primary brands are listed on page 6. We also hold 50% membership interests in US GreenFiber LLC, a joint venture (JV) that manufactures, markets, and sells cellulose insulation made from recycled fiber, and Tompkins County Recycling LLC, a JV that operates a material recovery facility located in Tompkins County, NY, a 51% membership interest in Casella-Altela Regional Environmental Services, LLC, a joint venture that develops, owns and operates water treatment projects for the natural gas drilling industry in PA and NY and can also be used to treat leachate at our landfills, a 19.9% ownership interest in Evergreen National Indemnity Company, a surety company that provides surety bonds, an 11.9% membership interest in AGreen Energy LLC, a joint venture that brings advanced nutrient management, renewable energy, and water technologies to small and medium sized farms, a 6.2% ownership interest in RecycleRewards, Inc., which markets an incentive based recycling service, and a 6.3% ownership interest in GreenerU, Inc. ("GreenerU"), a company that delivers energy and sustainability solutions to the college, university and preparatory school markets.

2.3 Operational structure: We manage our solid waste operations on a geographic basis through two regional operating segments, the Eastern and Western regions, each of which includes a full range of solid waste services, and our larger-scale recycling operations and commodity brokerage operations through our Recycling segment. Ancillary operations, major customer accounts, discontinued operations and earnings from equity method investees are included in our Other segment.

2.4 Location of Headquarters: p.4

2.5 Countries where company operates: p.4

2.6 Ownership and legal form: Corporation

2.7: Markets served: p.6

2.8 Scale of organization: Total revenues for fiscal year 2012 were approximately \$480.8 million. Total Capitalization was \$499.8 million. Total tonnage processed was approximately 4.4 million tons.

2.9 Significant changes regarding size, structure, ownership: Changes in size are described on p.6; Our slightly modified structure is described under 2.3 above.

2.10 Awards received: p.17

REPORT PARAMETERS

3.1 Reporting period: Calendar Year 2011 with some highlights from CY12

3.2 Date of previous report: Calendar Year 2009

3.3 Reporting Cycle: p.5

3.4 Contact point for questions: p.5

3.5 Process for defining report content: p.22-23

3.6 Report boundary: p.23

3.7 Report boundary limitations: We believe that our disclosures for calendar year 2011 are comprehensive within our defined reporting boundaries. For earlier years, we were unable to locate certain data. Instances of missing data are noted in our Scorecard. p.18-19

3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities: To maintain comparability over time and between facilities, we consistently apply the Operational Control standard for establishing our reporting boundaries. In future years, when we report on activities beyond our operational control, we will clearly represent the information as Scope 3 disclosures.

3.10 Explanation of re-statements of earlier information: Our scorecard on page 18-19 includes data that have been restated to reflect the divestitures and acquisitions described on pg 6. This is further described at the bottom of page 19.

3.11 Significant changes regarding scope, boundary, or methods: There have been no significant changes in our scope, boundary, or methods.

3.12 GRI Table: p.20

GOVERNANCE, COMMITMENTS, AND ENGAGEMENT

- 4.1 Governance structure:** p.23, D
- 4.2 Governance chair:** p.23, D
- 4.3 Independent board members:** p.23, D
- 4.4 Mechanisms for input to board:** p.24, D
- 4.14:** List of stakeholder groups: p.24, E
- 4.15:** Basis for stakeholder identification: p.24, E

ECONOMY PERFORMANCE INDICATORS

EC4 Significant financial assistance from government:
We received no significant financial assistance from government during the reporting period.

ENVIRONMENTAL PERFORMANCE INDICATORS

- EN3 Direct energy consumption by primary source:** p.18
- EN4 Indirect energy consumption by primary source:** p.18
- EN6 Initiatives to provide EE or RE based products and services:** p.9,10,18
- EN18 Initiatives to reduce GHG emissions and reductions achieved:** p.13,18
- EN23 Total number and volume of significant spills:** p.18

LABOR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS

- LA1 Total workforce by employment type, contract, region, and gender:** As of May 31, 2012, we employed approximately 1,800 people, including approximately 400 managers and administrative employees and 1,400 employees involved in collection, transfer, disposal, recycling, or other operations. Approximately 83% of our people are male and 17% are female.
- LA4 Percentage of employees with collective bargaining agreements:** Approximately 100 of our employees are covered by collective bargaining agreements.

- LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender:** p.19. We had no work-related fatalities during the reporting period.
- LA10 Average hours of training per year per employee by gender, and by employee category:** To create a safe work environment for our employees, we invest in our people, equipment, and facilities. We deliver training in classrooms, on the job, online, and through daily toolbox learning opportunities. Employees receive hundreds of hours of training each year, including 150 hours for maintenance mechanics, 200 hours for drivers, and 50 hours for MRF sorters.
- LA11 Programs for skills management and lifelong learning for employees:** p.14
- LA12 Percent of employees receiving regular performance reviews, by gender:** Approximately 95% of our employees receive reviews. We do not track this separately by gender.

APPENDIX A: **ENVIRONMENTAL POLICY**

Casella Environmental Policy

We are deeply committed to protecting and improving the environment for our people and the communities we serve. We conduct our business and operate our facilities with consideration for their environmental impact. Our responsibility for the environment spans from the construction, maintenance, and operation of our facilities to the maintenance and operations of our vehicles and the conservation of resources.

As a leader in the field of resource renewal we continually evaluate new technology and seek opportunities to improve environmental performance. All of our employees are responsible for protecting and improving the environment, from attaining a basic level of regulatory compliance to identifying opportunities for continued improvement and environmental excellence.

Adhering to this environmental policy simultaneously benefits the environment and our business. Our environmental focus ensures we maintain compliance with applicable laws and regulations. Viewing our business through an environmental lens helps us identify new opportunities for growth. It helps us manage risk. Pursuing our environmental policy allows us to create competitive advantage and exceed as a company.

To assist in the management of our environmental responsibilities we have developed five key Environmental Leadership Statements that serve as over arching guidelines from which we establish actionable performance goals.

Environmental Compliance

We conduct our environmental compliance program in accordance with Casella's Code of Business Conduct and Ethics to ensure compliance with applicable laws, regulations, and company requirements. We implement a robust and thorough facility inspection program and correct identified deficiencies promptly.

Air & Climate Protection

We protect our air resources and the global climate by measuring and reducing our air emissions. We measure, calculate, and report the emissions from all of our operations, facilities, vehicles, and equipment. Implementing our low emission landfill standards and operational techniques helps us minimize landfill gas emissions using newly emerging and cost effective technologies. Energy efficiency measures allow us to reduce combustion emissions from our fleet and facilities, as does the use of alternative fuels in our vehicles.

Water Protection

We protect water resources through the responsible handling of petroleum products and the minimization of

leachate generation. Landfill operating procedures and on-site treatment programs allow us to minimize leachate generation at the source. We avoid petroleum releases through rigorous programs of inspections and preventive maintenance for our fleet vehicles, operating equipment, and storage tanks. Extensive training and best management practices ensure we are prepared to promptly respond to any release, assess the environmental impact, and take appropriate corrective action.

Land Protection

We broadly define our land resources as encompassing the habitat and ecosystems impacted by our operations. We minimize our impact on the land through the intelligent application of landfill liner systems, leachate and gas collection infrastructure, and emission control and treatment systems. We minimize our consumption of resources through the beneficial use of materials such as tire chips, glass cullet, and contaminated soils—rather than virgin mineral materials—in constructing and operating our landfills. Where possible, we work to improve the land through habitat restoration and waste relocation projects.

Community Engagement

Our business provides a necessary and valuable service: managing society's discards in a safe and environmentally responsible manner. We raise awareness

about the importance of recycling and resource renewal by supporting outreach and education efforts in the communities we serve. We regularly give presentations to school and community groups, offer educational tours of our facilities, and fund community scholarship programs. We make these investments because we are committed to developing strong trusting relationships and building an enduring ethic of environmental stewardship within our communities.

Resource Conservation and Renewal

We are committed to the principles of "reduce, reuse, and recycle" at each of our locations. All Casella locations offer recycling options for cardboard, paper, plastic, and metals. In purchasing, we observe a preference for recycled and recyclable products. We responsibly dispose of all remaining waste from our business and operations.

APPENDIX B: **REPORT DEVELOPMENT**

We prepared this report over a six month period, drawing on direct input from the heads of each of the company's major departments, represented in our Sustainability Team, which convenes quarterly. Our Sustainability Team includes representatives from Health & Safety, Human Resources, Environmental Compliance, Customer Care, Operations & Maintenance, Sales, Marketing, and Accounting.

In our second full sustainability report, we elected to remain focused on the same key stakeholders, within the same scope and boundaries, and focusing on the same relevant performance indicators as in our initial disclosure. Performance indicator data were compiled and provided by the Sustainability Team members. Casella's Vice President of Sustainability and Regulatory Affairs leads our quarterly sustainability meetings and the annual report development process.

We are continually developing new ways to solicit input from a broader range of stakeholders in our report development process. For this purpose, we are exploring the use of employee surveys and stakeholder interviews to guide future reports.

We issue our reports biennially, as part of a comprehensive sustainability review process guided in part by the Ceres Roadmap for Sustainability. In off years, we release our performance indicator scorecard and issue a brief interim update. As noted above, this process is implemented by our Sustainability Team.

APPENDIX C:

MEMBERSHIPS & ORGANIZATIONS

Casella is a member of or collaborates with the following organizations (partial list):

- National Recycling Coalition
- Northeast Recycling Coalition
- Northeast Resource Recovery Association

- Carbon Disclosure Project
- MassRecycle
- Vermont Council on Rural Development
- Vermont Chamber of Commerce
- Association of Post-Consumer Plastic Recyclers
- Vermont Truck and Bus Association
- Water Environment Federation
- New England Biosolids and Residuals Association
- New England Water Environment Association
- Maine Chamber of Commerce
- Maine Wastewater Control Association
- Maine Rural Water Association
- Maine Landscape and Nursery Association
- Independent Energy Producers of Maine
- Maine Pulp and Paper Association
- Maine Organic Farmers' Association
- Maine Business for Social Responsibility
- Massachusetts Nursery and Landscape Association
- New Hampshire Timberland Owners Association
- New England Nursery Association, Inc.
- New England Water Environment Association, Inc.
- New York State Association for Solid Waste Management
- Solid Waste Association of North America

- Maine Municipal Association
- Maine Resource Recovery Association
- Pennsylvania Independent Oil and Gas
- Marcellus Shale Coalition
- Northeast Biosolids and Residuals Association
- New York State Association for Reduction, Reuse, and Recycling
- Eastern Paper Mill & Suppliers, Inc.
- Mid-Atlantic Biosolids Association
- US Composting Council
- United Way

APPENDIX D:

CORPORATE GOVERNANCE

The day-to-day business at Casella is carried out by our employees under the direction and leadership of our Chairman and Chief Executive Officer John W. Casella. Led by independent director Gregory Peters and the Casella board of directors:

- Reviews the company's performance, strategies, and major decisions
- Provides oversight of the company's compliance with legal and regulatory requirements, enterprise risk management, and the integrity of our financial statements
- Provides management oversight including review of the chief executive officer's performance and succession planning for key management roles
- Provides oversight relating to compensation for the chief executive officer, key executives, and the board,

as well as oversight of compensation policies and programs for all employees

Board Committees

Our board has three standing committees—audit, compensation, and nominations & governance—each of which operates under a board-approved charter. The compensation committee has a stock plan subcommittee.

Our board has determined that all of the committee and subcommittee members are independent as defined under the rules of the NASDAQ stock market. Our corporate governance guidelines, committee charters, code of ethical business conduct, and other governance materials are available on the investor relations page of the Casella corporate website.

Board Leadership Structure

The Chairman of the Board of Directors, John W. Casella, is also chief executive officer. We believe that our chief executive officer is best situated to serve as chairman of our board because he is the director most familiar with our business and industry and is therefore best positioned, collectively with the lead director, to establish the board's agenda and fulfill the other responsibilities of the chairman of the board. As our chief executive officer since 1993, Mr. John Casella has been an integral part of the leadership of our board and his strategic

vision has helped to guide our growth and performance.

Our board believes that its leadership structure is appropriate because it strikes an effective balance between strategy development and independent leadership and management oversight in the board process.

Communicating with the Independent Directors

Our board gives appropriate attention to written communications submitted by stockholders. Our lead outside director, with the assistance of our general counsel, is primarily responsible for monitoring communications from stockholders and for providing copies or summaries to the other directors as he considers appropriate.

Communications are forwarded to all directors if they relate to important substantive matters and include suggestions or comments that the lead outside director considers to be important for the directors to know. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded.

Stockholders who wish to send communications to our board may address such communications to: **Board of Directors, c/o Corporate Secretary, Casella Waste Systems, Inc., 25 Greens Hill Lane, Rutland, VT 05701.**

Casella maintains a My Safe Work Place incident reporting phone line staffed by an independent third party. Individuals can make anonymous reports to My Safe Work Place through a toll-free number or via the Casella corporate website to report accounting discrepancies, ethics violations, fraud, theft, harassment, and workplace and fleet safety concerns. We encourage good faith reporting of all concerns and prohibit the retaliation for submission of an incident report. My Safe Work Place contact information is included in our employee manual, on the company's intranet, and on posters displayed at our facilities.

APPENDIX E:

STAKEHOLDER ENGAGEMENT

We are continually seeking out ways to more directly and effectively engage our stakeholders on the topic of sustainability. We intend to solicit broader stakeholder feedback in developing and refining future reports. These are the ways we currently engage our stakeholders:

- **Customers:** Customer Care Center, phone surveys, web surveys
- **Employees:** Safety and environmental training sessions, leadership training, annual performance review, Learning Paths training video library, "Share an Idea" button
- **Communities:** Public meetings, facility tours at our recycling centers and landfills
- **Investors/Shareholders:** Investor calls

Over the coming years we hope to further engage our stakeholders around the topic of sustainability.



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CASELLA RESOURCE SOLUTIONS

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Putting Waste to Work™
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