



WORKFORCE ENGAGEMENT

GOAL

Create and maintain an inclusive, respectful and equitable environment that leverages the unique talents, perspectives and experiences of our diverse workforce.

PROGRESS

In 2016, we developed a new mentoring program, kicked off a three-year program of diversity and inclusion training for all full-time employees and instituted a new requirement for diversity in management position candidate pools.

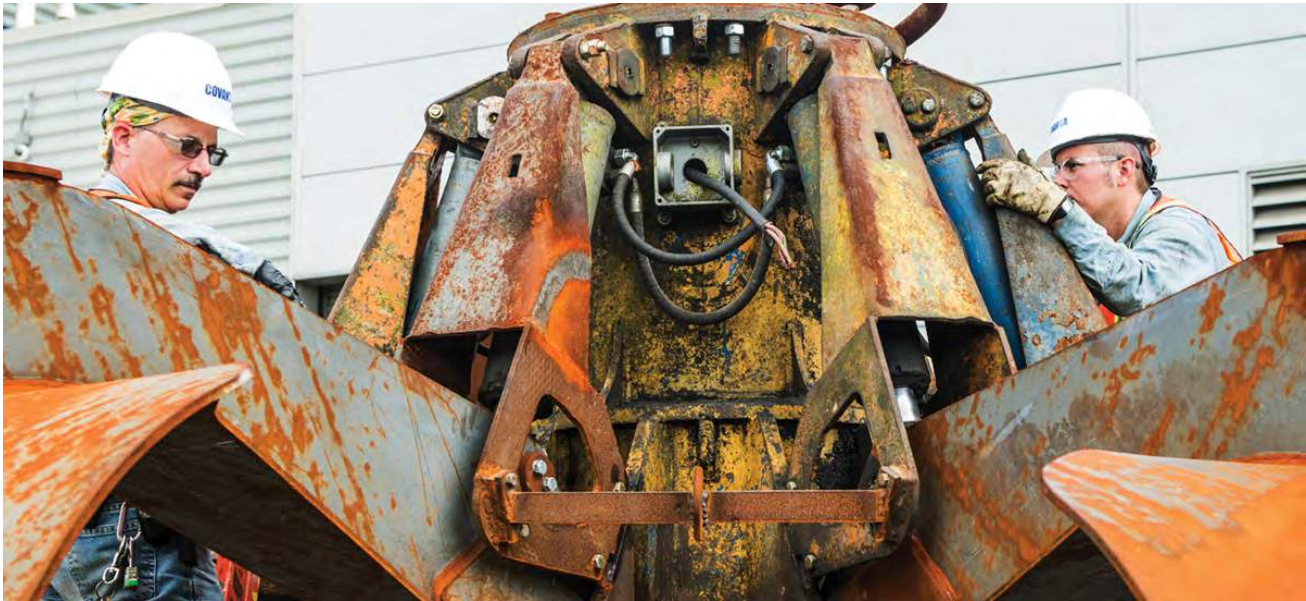
Our employees drive our business. We can position the company for success by working to attract and train the best talent, hire and retain a diverse workforce and foster inclusion of all employees and their ideas. By investing in our employees, we'll also encourage innovation, reduce costs via continuous improvement and grow revenues through the development of new businesses and services.

- 85 percent participation rate in two of our key training programs for two consecutive years
- Completed diversity training for approximately two-thirds of our full-time workforce through 2017
- 15 percent of our workforce are veterans, contributing to a diverse workplace

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BUILDING A GREAT PLACE TO WORK

At Covanta, building a better world starts by building a great place to work. Because developing an engaged workforce leads to a productive and profitable company, one of our most important priorities is attracting and retaining dedicated, skilled and knowledgeable employees. That’s why we offer competitive benefits, training, recognition for excellence and opportunities for career advancement.



But we also know that today’s employees want more than a job: They want to make a positive difference in the world. We welcome their ideas for Protecting Tomorrow and foster employee creativity and collaboration in developing sustainable solutions for society and the environment.

Measuring Employee Engagement

Since our last full employee survey in 2012, we have begun gathering employee input and suggestions in other meaningful ways. For example, in 2016 we conducted diversity and inclusion (D&I) awareness training that reached approximately 1,100 employees—about 30 percent of our workforce. During small group conversations, where we can often get more direct and interactive feedback compared to a written survey, many employees provided excellent ideas on how to improve employee engagement. We consolidated these ideas and presented conclusions to senior management. We will continue to refine our ways of working based on these insights.

We’re also seeking ways to use technology to conduct short employee pulse surveys in the coming year. We will use these surveys to collect insights and data on ways to improve our engagement.

Promoting Employee Growth

All full- and part-time Covanta employees receive annual performance reviews. Through our Performance Management process, managers and employees together determine performance strengths and development

opportunities. We then help employees address competency gaps through targeted training to strengthen communication, improve interpersonal and management skills or learn new workplace processes. Our human resources department also offers programs to improve employee relations and promote a workplace free of harassment and discrimination.

In addition, our education assistance program provides financial support to employees who want to broaden their knowledge base, develop further professional skills and take external classes to prepare for other positions within Covanta.

Sharing in Our Success

Our employees drive our business and our success. Therefore, we believe it is important to share our success as a company with our employees. All full-time employees at Covanta not part of collective bargaining agreements are eligible to participate in our Annual Incentive Program (AIP). When we succeed as a company, the AIP provides bonuses based on performance.

STORIES

SUMMER HOURS BRIGHTEN THE WORKWEEK



Given the importance of work/life balance and flexibility, we piloted a new program in 2017 to give employees more time to enjoy the summer season. Our Summer Hours program now allows employees to work a longer day up to four days per week during the summer months, in return for a half day off that week. The program was piloted at three facilities in 2017 and customized to account for the unique challenges and complex schedules that exist at our facilities. We hope to expand this program to additional locations in the future.

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INVESTING IN TRAINING AND DEVELOPMENT

Employees have said that opportunities for individual professional development are important to them—and their response to our training and development program proves it. For the past two years, we have had an 85 percent participation rate in two of our training programs, *Four Essentials of Supervisory Success* and *Principles of Performance Management*. We have built the curriculum to equip managers to do their jobs better and have trained more than 350 first-line managers to date.



Our industry-leading operator and maintenance qualification programs also help ensure that our employees are equipped to perform their jobs safely and efficiently. Our areas of focus for these programs include electrical qualification, boiler operations and power generation fundamentals. Beyond assuring that we meet local, state and federal certification requirements, these programs establish a clear, consistent path to personal development and career advancement.

Believing in the unique power of mentoring relationships, we set a goal in our last sustainability report to initiate a new ongoing mentoring program. We kicked off our first wave of the program in 2017, with a group of 40 mentor/mentee pairs representing a diverse cross section of Covanta employees and locations. Mentoring benefits the mentor, the mentee and the entire organization. We're excited to add this additional type of training to Covanta.

We have also recently developed our Early Career Development Program, designed for recent college graduates with less than three years of relevant work experience. Participants will gain valuable knowledge and skills, make meaningful contributions and have an opportunity to determine the career path that's right for them. The program offers candidates world-class experience and training through rotational assignments across the company.

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PROMOTING DIVERSITY AND INCLUSION

Upholding a diverse and inclusive work environment is an important key to our success. Studies show that diverse groups of employees enable companies to have stronger collaboration and achieve better business performance. In the crucial skill sets of problem-solving, conflict resolution, idea vetting and creativity, diversity always wins.

By embracing diversity, we foster a work community that opens minds and opportunities, helping Covanta grow stronger as a company. We pledge to create a culture of acceptance, tolerance and individuality so we can all learn and grow together.

Building a Diverse and Inclusive Workforce

Covanta's D&I mission is to create and maintain a diverse, inclusive environment that respects the unique talents, perspectives and experiences of our employees. In pursuing this mission, we are applying our D&I strategy across the organization, while ensuring that it aligns with our key business objectives. Because we know that D&I starts at the top, we are engaging Covanta's senior executives to lead the D&I strategy. We're also advocating for a culture of inclusion by establishing an Executive D&I Council.

In building our workforce, we strive to "stay local" so we can reflect the ethnic diversity of the communities where our facilities are located. We also focus our efforts on attracting qualified female applicants since we believe the physical nature of our work should never be a barrier to women entering the field. We were recently named to the Executive Women of New Jersey's "A Seat at the Table" Honor Roll that recognizes publicly traded companies in the state that have appointed three or more women to their corporate boards.

We also value the diversity in our workforce as reflected by age and experience. Nearly 25 percent of our U.S. workforce is 55 or older. As these employees look toward retirement, we provide them with financial planning services, along with an employee assistance program. We have also developed succession plans to avoid employment gaps and to ensure that new hires are equipped with the tools—and the institutional knowledge—they need to perform their jobs.

Finally, because education is an essential part of D&I, we're providing training to help Covanta employees enhance their cultural competencies across multiple levels of D&I. We're tracking our progress using several measures, including recruitment targets and mentoring program participation. For example, at the management level—director and higher—we now require the presentation of a diverse slate of candidates for every opening. This approach is leading to definitive changes in the hiring process and making a difference in the composition of our executive ranks.



Supporting Our Veterans

Covanta has historically employed many veterans as we look for professionals that not only possess exceptional technical skill sets, but also exemplary qualities such as teamwork, dedication and integrity. That's why we continued our strong veteran recruiting efforts in 2016 by participating in more than 10 veteran-focused events, including on-site career fairs and a Covanta-exclusive virtual fair. In addition to hosting veteran-focused career fairs at our facilities, we have also organized an internal group of employees who are also veterans to help hiring managers translate military titles and responsibilities into the needs of our business. These Talent Ambassadors play a very engaged role in our talent acquisition, onboarding and retention strategy.

As a result of efforts such as these, we added over 150 veterans to the company in 2015 and 2016. Veterans now make up about 15 percent of our workforce.



STORIES

DIVERSITY & INCLUSION WORKSHOPS



Between April and June 2016, Covanta offered Diversity & Inclusion Workshops at Covanta facilities in New Jersey, Massachusetts and Florida. The workshops focused on building a respectful D&I culture that recognizes the importance and unique contributions of every employee to Covanta's overall success.



We provided four-hour on-site training sessions and delivered two to three workshops per day. The training was intensive and focused on the practical ways and outcomes of leveraging different ages, experience and races to be more effective as a team. We delivered training to 1,100 of our 3,500 employees.

In 2017, we plan to expand the engagement and D&I messaging to a larger group and tap “diversity ambassadors” and other volunteers to assist in the effort. Our goal is to embed a D&I mind-set into the fabric of the company.