

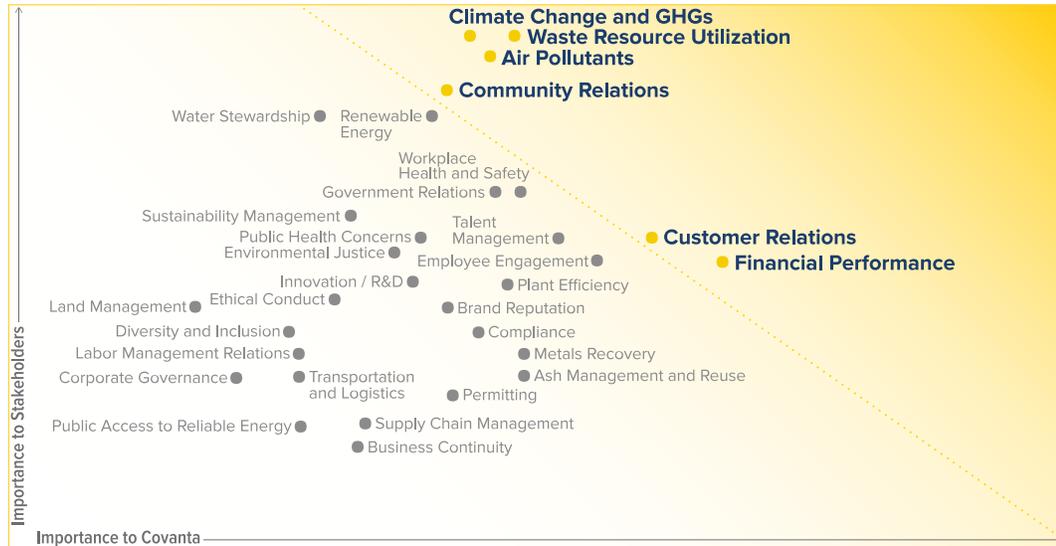
ABOUT THIS REPORT

This is Covanta's fourth comprehensive sustainability report, covering our global operations in 2015 through the end of the 2016 calendar year. Our reporting objective is to be comprehensive and transparent in our disclosures regarding Covanta's sustainability management approaches, strategies, activities and performance. This report has been prepared in accordance with the **GRI Sustainability Reporting Standards: Core option**.

- The [Progress on Goals](#) section highlights our performance toward our goals.
- The [Performance Tables](#) provide economic, operational, environmental and workforce data. The scope of data coverage is described in footnotes to each table.
- The [GRI Index](#) provides detailed information on our adherence to the GRI Sustainability Reporting Standards.
- View [Awards and Recognition](#) received by Covanta for Environmental, Safety and Business performance.
- Visit the [Report Archive](#) to download our past sustainability, progress and other relevant reports in PDF format.

ABOUT THIS REPORT

MATERIALITY ANALYSIS



Waste resource utilization refers to the responsible management of the many products and materials that become waste streams around the world. The issue encompasses a focus on finding the most sustainable next step for each waste in order to lessen, to the extent possible, impacts on the environment and society.

Related GRI topics: Procurement Practices 2017 and Materials 2017

Air pollutants (non-GHG air emissions) can pose risks to people and may cause other damages to the environment. This issue also covers management and regulation of air emissions, including improved air quality through technological innovation, advanced equipment and robust process management.

Related GRI topic: Emissions 2017

Community relations refers to our communications and activities with local community organizations and individuals. Included are impacts on the economy, taxes, job creation, noise and odor, air pollutants and community engagement, as well as support of local initiatives through philanthropy and monetary and service donations.

Related GRI topics: Indirect Economic Impacts 2017, Local Communities 2017 and Customer Health and Safety 2017

Climate change and greenhouse gas emissions (GHGs) include all issues related to man-made activities that can either increase or avoid GHGs, which consequently can generate related climate risks or opportunities.

Related GRI topic: Emissions 2017

Customer relations with both municipalities and corporate customers encompasses customer satisfaction, day-to-day customer support, service pricing and business and operational excellence.

Related GRI topic: Customer Privacy 2017

Financial performance includes the financial health of the company and strategic planning to provide long-term value creation for the company's stakeholders.

Related topics: Economic Performance 2017 and Market Presence 2017

A materiality analysis brings to the surface those issues that matter most to our internal and external stakeholders and to our company's long-term business success.

We conduct materiality analyses to better inform the depth and breadth of our disclosure and strategic planning. Our analyses meet the requirements of the Global Reporting Initiative's (GRI) Principles for Defining Report Content.

Our first analysis was completed in 2009 and our third materiality analysis in 2015. Given the robust nature of our process, we are confident that the results of the 2015 analysis remain relevant to this reporting cycle. As part of the 2015 analysis, we:

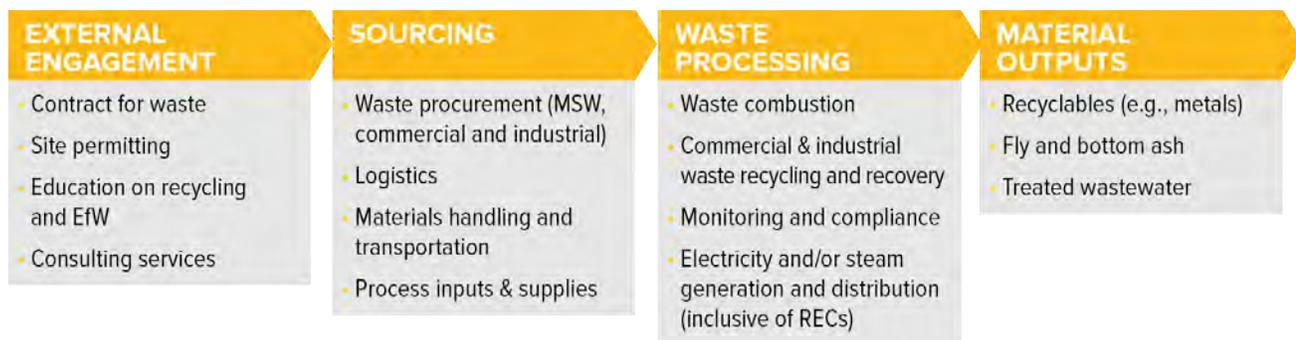
- analyzed a comprehensive array of stakeholder source documents, representing input from our key stakeholder groups;
- convened a diverse and representative stakeholder panel to utilize their expertise and hear their insights;
- gathered internal feedback from Covanta managers and employees on priority topics to understand perceptions of potential impacts across our value chain;
- used all input to develop and review an extensive list of environmental, social, governance and economic topics relevant to our business operations;
- mapped each topic onto a matrix to identify the highest-scoring issues for both our stakeholders and company; and
- shared the materiality analysis results with our stakeholder panel, reviewed their feedback and confirmed our final material issues internally (see diagram).

For a complete description of the materiality process and issues, please refer to our [2014-2015 Sustainability Report](#).

ABOUT THIS REPORT

COVANTA'S VALUE CHAIN

We examine our material issues from a value chain perspective to better understand the economic, environmental and social risks and opportunities associated with our business operations. Covanta's value chain extends from initial external engagement with customers and community stakeholders, through the life-cycle of sustainable waste management, resulting in primarily reusable material outputs.



ABOUT THIS REPORT

LISTENING TO OUR STAKEHOLDERS



We engage with key stakeholders to understand and address their interests and concerns that are related to our business. We communicate on a regular basis with individuals, groups and organizations to better achieve our mission: providing sustainable waste and energy solutions to ensure no waste is ever wasted.

Suppliers help us deliver solutions sustainably and successfully around the world. We conduct business in a fair and professional manner. We are in regular communication with our suppliers, from initial screening and vendor selection through the fulfillment of procurement activities. We strive for the highest possible standards of business ethics, professional courtesy and competency in our engagements with suppliers. We are always looking for more sustainable sources of raw materials.

Researchers and equipment suppliers investigate new technologies. These technologies can help reduce emissions and improve the efficiency of Covanta processes. We support research conducted by academic institutions and the U.S. EPA, including those through the EPA's Cooperative Research and Development Agreement mechanism. We also subcontract third parties to study various topics related to our industry. Engagement is monthly, quarterly or annually, depending on the scope of the project, project phase and project manager.

Industry groups focus on energy, climate change and other environmental issues. These industry groups include the Energy Recovery Council, Business Council for Sustainable Energy, Biomass Power Association and the Ontario Waste Management Association. Covanta plays a leadership role or actively contributes to these engagements, with our executives serving on the boards or as association members.

Investors and shareholders support and invest in our business. We communicate on a regular basis through conversations, quarterly calls, an annual roadshow and individual contact with investors, as needed. We hosted our first ever Analyst Day in 2015. We also make announcements and file financial statements about a variety of topics, including news about our company's financial health and plans about our growth. We have also made a concerted effort to communicate our sustainability strategy and performance to our investors through disclosure in our 10-K reports and proxy statements. Please visit our Investor Relations webpage to access investor news, presentations and financial filings.

Policy makers shape policy surrounding our materials management and energy solutions, including EfW and our Materials Processing Facilities (MPFs). We strive to ensure that the economic, environmental and societal benefits of EfW are taken into consideration when new policies are formulated. We do this by taking part in workgroups and other meetings or commenting on proposed changes in current policies. We engage with policy makers across our global operations.

Employees drive the creation of business value and deliver innovative and sustainable solutions to our customers. We have used periodic employee engagement surveys to gather information about employee interests, satisfaction and concerns. More recently, we have gathered feedback more directly through our Diversity & Inclusion (D&I) training sessions. We also engage with employees through team meetings, individual performance reviews, skills development, professional training and other frequent activities and communications. Read more about engagement with employees in the Workforce Engagement section of this report.

Municipal and corporate customers engage us to handle their waste resources in a sustainable manner. Each of our facilities has designated management personnel responsible for interacting with our customers and partners. We meet with our municipal partners at each facility either monthly, quarterly or when deemed appropriate.

Community members live near our facilities and/or benefit from our services. Engagement with the community starts at the beginning of a facility's development. We inform interested parties about the basic scope, objectives and operational aspects of a project. We also provide forums for community members to discuss concerns they may have about our facilities' operations. Our outreach to communities may include in-person meetings, phone calls and informational publications. At our EfW facilities, we have standardized our community engagement process as part of our facility-specific Community Outreach Plans (COPs). Our Community Outreach and Environmental Justice Policy is the foundation on which our plans are built. Visit the Community Relations section of this report for more information.

Government regulators ensure we meet all our legislative requirements. We also partner with regulators to conduct research and help develop innovative technologies that will increase the efficiency, safety and effectiveness of our sustainable solutions, including EfW. Project management meetings related to specific research initiatives may take place on a monthly, quarterly or annual basis, as appropriate.

Suppliers help us deliver solutions sustainably and successfully around the world. We conduct business in a fair and professional manner. We are in regular communication with our suppliers, from initial screening and vendor selection through the fulfillment of procurement activities. We strive for the highest possible standards of business ethics, professional courtesy and competency in our engagements with suppliers. We are always looking for more sustainable sources of raw materials.

Nonprofit and nongovernmental organizations (NGOs) help us address issues related to environmental stewardship and social justice. We collaborate and interact with select organizations, including the Go Green Initiative and the Ocean Conservancy Trash Free Seas Alliance, to strengthen our policies, activities and performance. Through our Community Outreach and Environmental Justice Policy, we work to understand and resolve issues and concerns of our local community members.

Industry peers help drive our industry toward greater sustainability leadership. We interact with our peers and competitors through industry groups and at industry conferences or events. Working with peers can help promote more sustainable waste management and energy solutions.

ABOUT THIS REPORT

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this online Corporate Sustainability Report may constitute “forward-looking” statements as defined in Section 27A of the Securities Act of 1933 (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”), the Private Securities Litigation Reform Act of 1995 (the “PSLRA”) or in releases made by the Securities and Exchange Commission (“SEC”), all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Covanta and its subsidiaries, or general industry or broader economic performance in global markets in which Covanta operates or competes, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words “plan,” “believe,” “expect,” “anticipate,” “intend,” “estimate,” “project,” “may,” “will,” “would,” “could,” “should,” “seeks,” or “scheduled to,” or other similar words, or the negative of these terms or other variations of these terms or comparable language, or by discussion of strategy or intentions. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the “safe harbor” provisions of such laws. Covanta cautions investors that any forward-looking statements made by Covanta are not guarantees or indicative of future performance. Important assumptions and other important factors that could cause actual results to differ materially from those forward-looking statements with respect to Covanta, include, but are not limited to, the risk that Covanta may not successfully grow its business as expected or close its announced or planned acquisitions or projects in development, and those factors, risks and uncertainties that are described in periodic securities filings by Covanta with the SEC. Although Covanta believes that its plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, actual results could differ materially from a projection or assumption in any forward-looking statements. Covanta’s future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties. The forward-looking statements contained in this press release are made only as of the date hereof, and Covanta does not have or undertake any obligation to update or revise any forward-looking statements whether as a result of new information, subsequent events or otherwise, unless otherwise required by law.

CONTACT

You are invited to send us questions or comments regarding the information provided in this report. Please contact:

Michael E. Van Brunt, P.E.

Senior Director, Sustainability

Covanta

445 South Street

Morristown, New Jersey 07960

mvanbrunt@covanta.com