



CEO LETTER



Covanta Indianapolis EfW facility



Stephen J. Jones
President and
Chief Executive Officer

Since its founding, Covanta has been in the business of helping our clients and communities find more sustainable waste management alternatives. Today, as we release our third sustainability report, the goal of more sustainable waste management is more relevant than ever. We're continuing to meet this challenge through innovation, ongoing improvement and the pursuit of exciting new growth opportunities for our business.

Covanta is best known for its world-class operation of modern Energy-from-Waste (EfW) facilities, which continues to be the backbone of our business and a driver for new investment. EfW addresses two significant societal challenges: the responsible management of waste that remains after recycling and the generation of clean, reliable, renewable energy. By simultaneously addressing both problems, EfW is a key tool in mitigating climate change. In fact, EfW is recognized as part of the solution in the U.S. EPA's Clean Power Plan, the most significant climate action taken in the United States to date.

Delivering sustainable solutions

Our core EfW business provides our clients and communities with a critical tool for moving up the waste hierarchy (i.e., reduce, reuse, recycle and recover energy, with landfill disposal as a last resort), supporting zero waste to landfill and other sustainability goals in the process. We've had a long-standing internal focus as well. Eight years ago, we launched our Clean World Initiative, our internal coordinated effort to integrate sustainability into our business. We're constantly looking for opportunities, both for our clients and for ourselves, to reduce waste at its source, increase recycling and improve the efficiency of our energy recovery operations. For example:

- Our 2014 acquisition of GARCO Inc. and our 2015 acquisitions, including Advanced Waste Services (AWS), Chesapeake Waste Solutions and Waste Recovery Solutions, Inc., add to our expertise and services portfolio of industrial recycling and energy recovery services.
- In partnership with community-focused organizations, we manage mercury take-back programs across the United States. To date, these programs have kept over one ton of mercury from entering the waste stream, equivalent to nearly a quarter of a million mercury containing thermostats.
- At our EfW facilities, we continue to improve the recovery of metals for recycling. We exceeded our sustainability goal, and now recover approximately 500,000 tons of metal a year.
- Our energy efficiency efforts have achieved annual savings of nearly 39,000 MWh per year, as of the end of 2014.

Like any business, we also need to ensure our financial sustainability. This year, we've introduced Lean and Six Sigma tools and methodologies to further advance our ongoing efforts to reduce operating and processing waste and find additional revenue opportunities. Widely applied in the industrial sector, these tools will help us maintain our competitive advantage while continuing to attract capital to sustain our growth.

As we continue to improve operational performance, we remain committed to our belief that all accidents and injuries are preventable. In 2014, we experienced an increase in the number of safety incidents at some of our EfW facilities. While 59 percent of our facilities were accident-free, we take very seriously our responsibility to address safety issues, and we are implementing additional programs to concentrate attention on accident prevention and reinforce a safety mindset among all employees.

Growing our international presence

Partially driven by sustainable waste management policies, the primary growth opportunities for EfW are international. Our strategy involves disciplined pursuit of opportunities in selected markets—mainly Canada, Europe, Australia and Asia. These regions are attractive in part due to supportive policies aimed at reducing both greenhouse gas (GHG) emissions and a reliance on landfilling.

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In September of 2014, for instance, we finalized an agreement in Dublin, Ireland to build, own and operate a new EfW facility to handle 600,000 metric tons of waste per year—enough to power 80,000 homes. Construction is well under way on this €500 million project, which represents a 45-year partnership with the city of Dublin to provide a long-term, sustainable and environmentally superior waste management solution.

In the United States, unfortunately, the lack of a national solid waste policy and the abundance of cheap landfill capacity perpetuates high rates of landfilling and low rates of recycling and energy recovery. Though our existing EfW facilities are running at full capacity, the current regulatory climate and market conditions do not support construction of new facilities. We are therefore working with policy-makers and regulators to build greater support for EfW.

Engaging our communities and employees

We were an early leader in developing a Community Outreach and Environmental Justice Policy and we continue to work closely with local communities to build good relations. Along with the direct economic benefits provided through construction and permanent jobs, Covanta takes part in a broad range of local and national initiatives for social and environmental benefit. Our Rx4Safety program, for instance, has helped U.S. cities and towns safely dispose of two million

pounds of unwanted medications, and our support of the Go Green Initiative has brought sustainability education to public schools around the country.

Much of this work is driven by our dedicated workforce—men and women who are passionate about the work we do. Covanta's leadership in sustainable waste management means we are able to recruit people who want more than a simple job and an income. We recruit people who want to make a difference, and we encourage them to be active in contributing ideas to our collective innovation efforts.

I invite you to explore our 2014 sustainability report, which details the progress we've made on goals set in previous years. We've also established new goals that will continue to advance our progress. I hope you will share our excitement at the broad range of sustainability solutions we're providing in order to power today while protecting tomorrow.

Sincerely,

A handwritten signature in black ink that reads "Steve Jones". The signature is written in a cursive, flowing style.

Stephen J. Jones
President and Chief Executive Officer