

INAUGURAL
ENVIRONMENTAL,
SOCIAL, AND
GOVERNANCE
REPORT



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2021 and 2022 were years of tremendous change for Custom Truck One Source. We engaged in a transformative combination with Nesco Holdings, in which we doubled the size of our rental fleet and increased our employee base by several hundred. We added over ten locations and successfully integrated two companies, all while providing our customers with the high-quality service and products they have come to expect from us. While the work was arduous, the Custom Truck One Source team met it with the commitment, grit, and focus that we have come to expect from our team. I am immensely proud of what we accomplished, but our work does not stop here.

Amongst our transformations, we committed to an Environmental, Social, and Governance (ESG) process that will help us further our goals as a company and as a responsible corporate citizen. Our people are our greatest strength and we know that they are dedicated to their communities, the environment, and being part of an organization that truly cares. This ESG report is Custom Truck One Source’s first step on its ESG journey. We are focusing on where we are as a Company so that we can learn what we need to do better and what is the best use of our resources along the way.

Custom Truck One Source is a Company whose end-markets impact everyday life. We strive to provide our customers with the equipment and tools necessary to keep electricity running, goods moving by rail, telecommunications lines functioning, and refuse being removed, among other things. We recognize that Custom Truck One Source can have a real impact on how these services are provided, and we are committed to mitigating our environmental impact while also helping our customers reduce theirs. We have several initiatives planned that we believe will make a positive impact on our Company, our employees, and our customers. We believe that Custom Truck One Source can play a role in the reduction of fossil fuels, and thus GHG emissions by providing our customers with electric vehicles and batteries, as well as the most efficient and best-maintained equipment in North America.

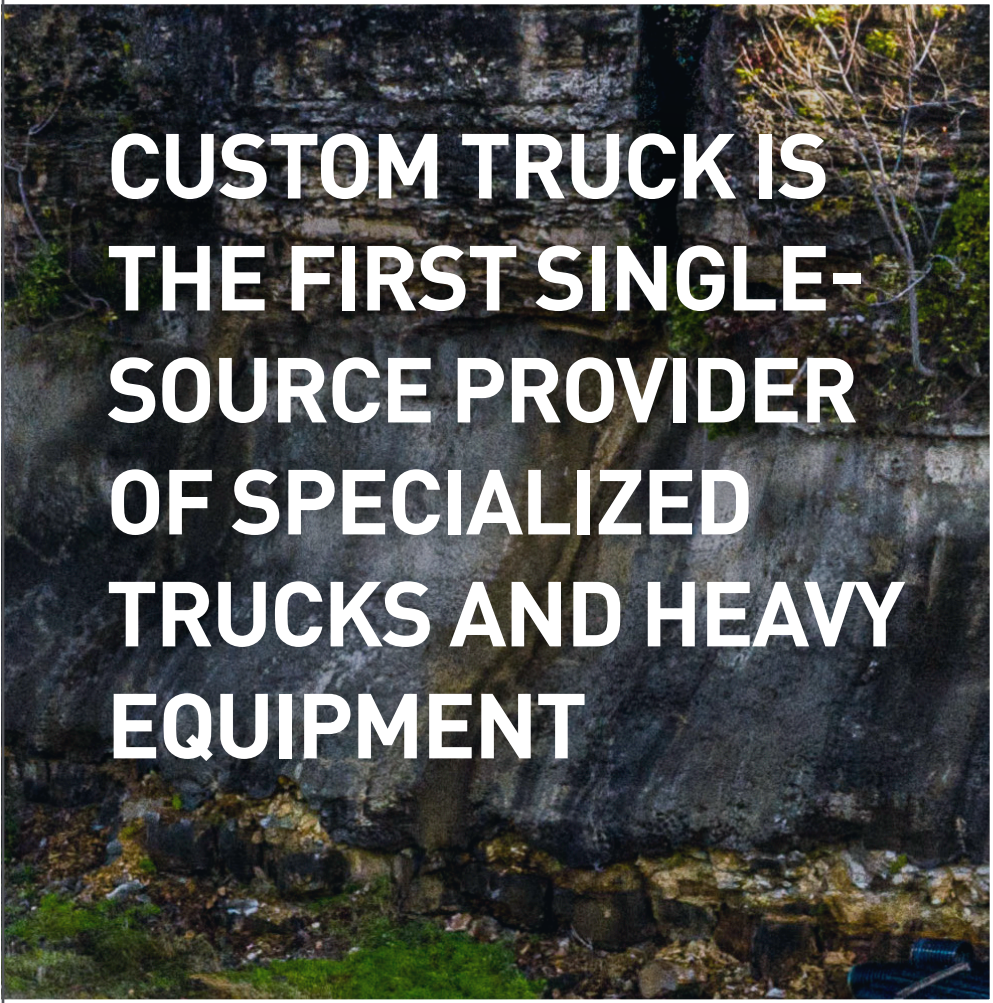
Custom Truck One Source has never been a company that does things in a small way. We think big! As such, we are committed to doing more on ESG today, tomorrow, and into the future.



RYAN McMONAGLE
CHIEF EXECUTIVE OFFICER

A MESSAGE FROM OUR CEO

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WHO WE ARE

AT A GLANCE

- 30 YEARS IN THE BUSINESS
- 3,000+ CUSTOMERS
- 35 LOCATIONS*
- 350 TECHNICIANS*
- ~2,300 EMPLOYEES

*IN THE US AND CANADA

ABOUT CUSTOM TRUCK ONE SOURCE

Custom Truck is a leading “one-stop-shop” provider of specialty equipment serving the utility, telecom, rail, and infrastructure end markets.

Our Company is focused on providing our customers with the most effective specialized truck and heavy equipment solutions. We offer sales, rentals, aftermarket parts and service, equipment customization, remanufacturing, financing solutions, and asset disposal. Our team of experts, our vast equipment breadth, and our integrated network across North America together deliver superior service and unmatched efficiency to our customers.

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PURPOSE

Power the people who strengthen our nation’s infrastructure

VISION

To be the North American industrial icon in specialty trucks

VALUES

Care and Respect, Solve Problems Like a Mechanic, Driven to Deliver, Engage Collaboratively, Spark Innovation

DRIVING HUMAN FORCE

We power the people that power the nation with specialized expertise to fuel our customers’ fleets.

CONSTANT EQUIPMENT SOURCE

We provide a wide range of equipment and services to maximize the potential of every truck in our customers’ fleets.

LEADING INDUSTRY INNOVATION

We know what the industry and the country will need today and tomorrow, anticipating customer needs before they ask for them.

OUR STORY

Fred Ross, the founder and former CEO of CTOS worked in his grandfather’s car servicing and towing business, building his skills as a mechanic and learning how to provide excellent customer service. Fred joined his uncles’ truck salvaging business after the passing of his grandfather. There, he learned to customize chassis and build bodies for trucks.

In 1996, Ross and eight of his 11 siblings started the legacy Custom Truck entity, which modified used trucks and eventually expanded into selling and renting customized trucks. In early 2015, the Ross family sold a majority position to a private equity firm. From 2016-2019, the Company acquired nine additional businesses and organically doubled revenue. On April 1, 2021, Nesco Holdings, Inc, and Custom Truck combined to form CTOS. The new Company had over \$1.5 billion in annual revenue and changed its New York Stock Exchange ticker to CTOS. Its headquarters occupies the 150-acre site that formerly housed Armco Steel in Kansas City’s Historic Northeast neighborhood. In March of 2023, Ryan McMonagle, who has been with the company since 2015, became the CEO with Fred Ross transitioning to a Founder role.

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OUR PRODUCTS AND SERVICES

Equipment Rental Solutions

Our equipment rental fleet is among the largest specialty equipment rental fleets in North America, with over 10,000 pieces and more than \$1.4B of capital.

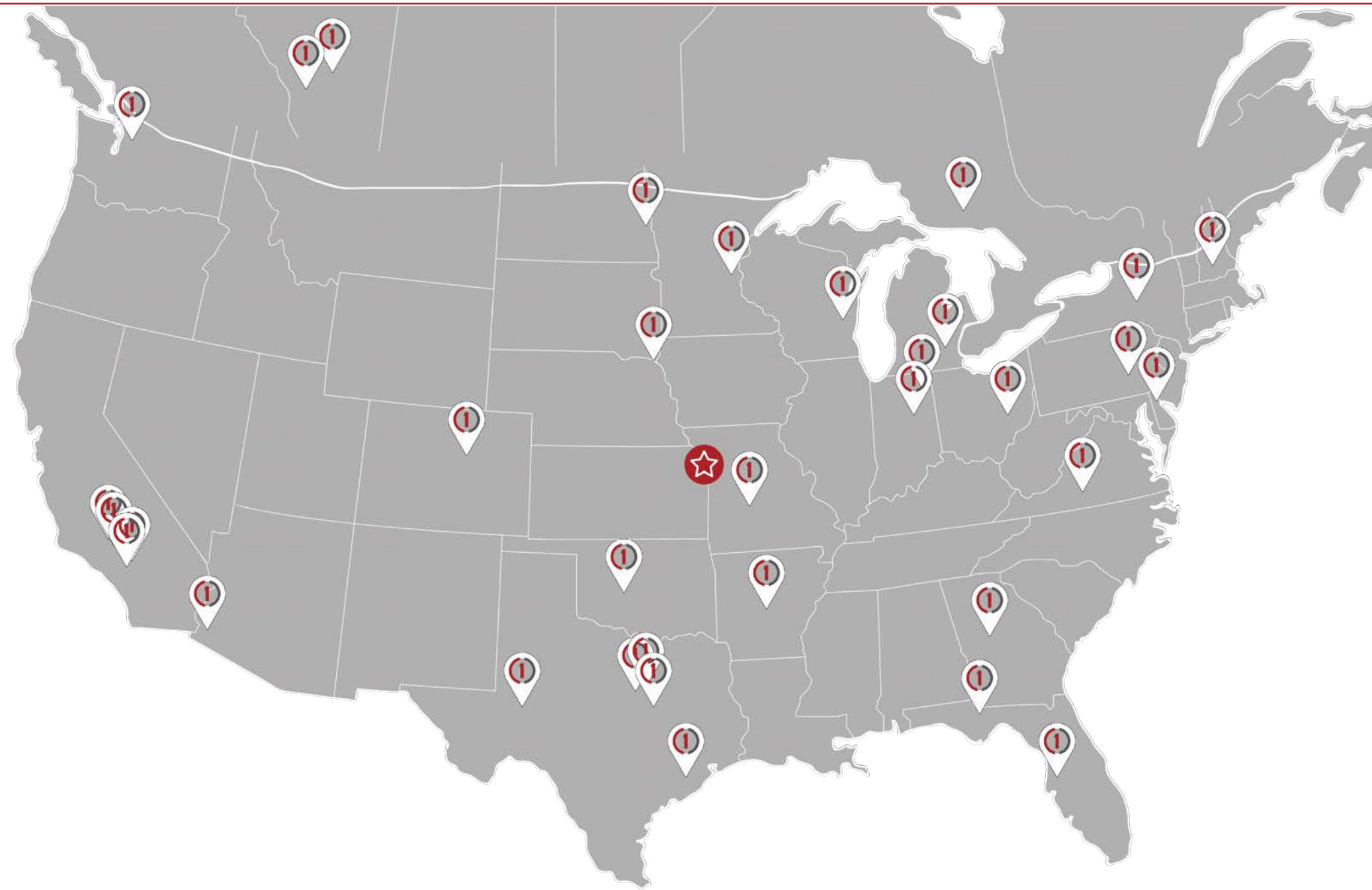
Our on-hand rental inventory leads the industry in product breadth, quality, and accessibility, allowing customers to recover from unexpected equipment repairs and capitalize on unforeseen demand.

Truck and Equipment Sales

We offer a wide range of new equipment for sale across our end-markets. Our integrated production capabilities and extensive knowledge have established us as a trusted partner for customers seeking tailored solutions. We primarily employ a direct-to-customer sales model, leveraging our dedicated team of industry and product managers, who are focused on driving national and local sales. We also take advantage of opportunities to sell used equipment. Our sales segment includes the production and sale of new and used specialty equipment and vocational trucks, including equipment from leading manufacturers and our own Load King™ brand.

Aftermarket Parts and Services

Our offering includes a broad parts, tools, and accessories inventory, which is a natural extension of our core equipment offering. These can be rented or purchased on an individual basis or in packaged specialty kits. We also offer testing services in a certified lab and expertise in specialized repairs, providing nationwide coverage through our dedicated hubs.



OUR LOCATIONS

As of the end of 2022, we operated out of more than 35 equipment locations across the United States and Canada. With a cross-country presence, we efficiently respond to regional demands and provide the maintenance and equipment support our customers expect.

Our headquarters is in Kansas City, Missouri where our executive leadership, accounting, finance, information technology, human resources, marketing, and procurement teams operate. We own this property along with facilities in Atlanta, Georgia; Lynchburg, Virginia; Elk Point, South Dakota; Sedalia, Missouri; and Union Grove, Wisconsin.



ESG APPROACH

CUSTOM TRUCK ONE SOURCE’S ESG STRATEGY:

Custom Truck is committed to its people, the environment, and the communities where we work and live and where our products and services have an impact. With support from our Board of Directors (the Board) and management, we initiated the development of our ESG approach and strategy.

We recognize the importance of caring for environmental issues from efficient energy consumption, proper waste disposal, recycling, and partnerships with responsible vendors. We endeavor to promote positive social spaces with a focus on equality and diversity, occupational health and safety, and human capital management and employee engagement. We believe that how we act through our management structures, business ethics, regulatory compliance, data protection, and overall commitment to ESG will drive our current and future progress.

Over the past several years, we engaged external advisors to help us further evolve and refine our long-term approach to responsible and sustainable operations. The initial process involved an ESG Diagnostic. Through this process, we identified

CTOS’ business-relevant ESG issues, which were informed by investors and customer priorities, ESG rating agencies, and ESG frameworks, including the Sustainability Accounting Standards Board (SASB) Standards, and the United Nations Sustainable Development Goals (UN SDGs).

We will leverage the insights from our ESG Diagnostic and engagement with external advisors and internal experts to determine where we can have the greatest positive impact on ESG issues. We will also listen and learn from our employees and customers who share our perspective and focus on important areas of impact.

We are committed to staying at the forefront of technological innovations in our industry and adapting our products and services to align with our ESG objectives. As we move forward, we will continually assess and monitor the changing landscape of ESG priorities and align our business objectives with responsible corporate citizenship.

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ALIGNMENT TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Our business success is intrinsically tied to how we impact all our stakeholders – customers, employees, communities, suppliers, and shareholders. We believe that working to align our internal ESG framework with the UN SDGs not only makes the greatest impact to challenges facing our environment, but also addresses important societal factors that promote more sustainable development.

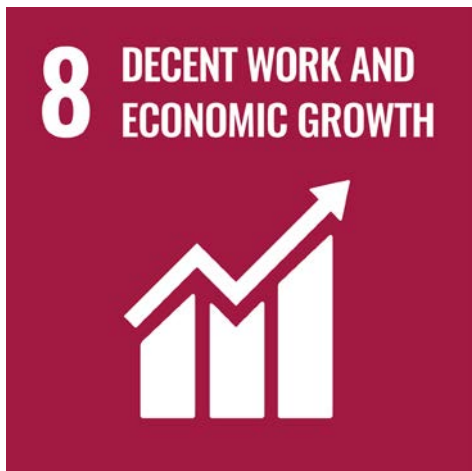
In 2015, the United Nations adopted a total of 17 Sustainable Development Goals to drive solutions to overcome global challenges such as climate change, hunger, poverty, and gender equality, among others. As the first single-source provider of specialized truck and heavy equipment solutions, we want to ensure we are contributing to lasting commitments aligned with those aims. In our inaugural report, we have identified specific UN SDGs that directly relate to CTOS’ ESG strategy and the solutions we provide our customers.



Ensure healthy lives and promote well-being for all at all ages.



Ensure access to affordable, reliable, sustainable and modern energy for all.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Reduce inequality within and among countries.



Ensure sustainable consumption and production patterns.

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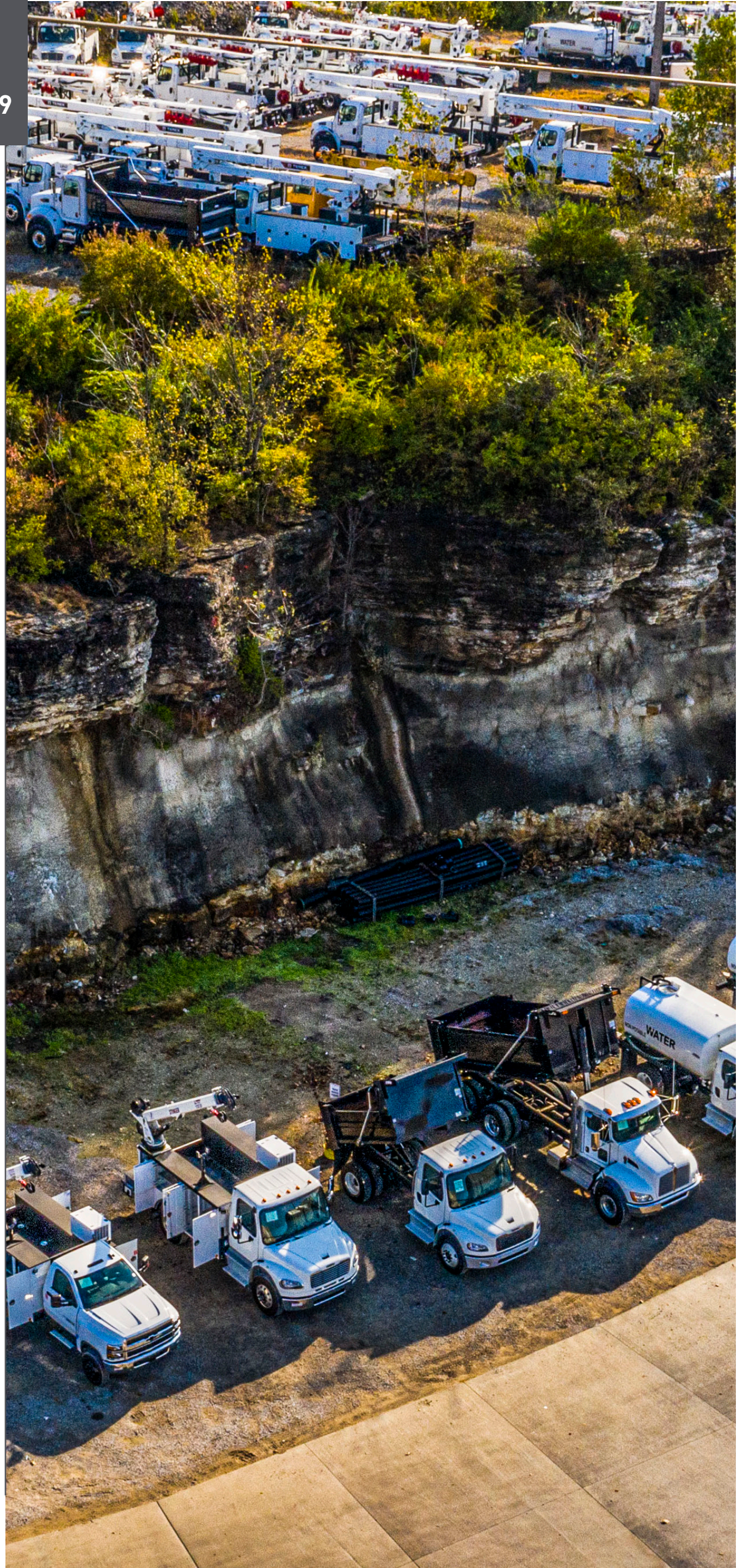
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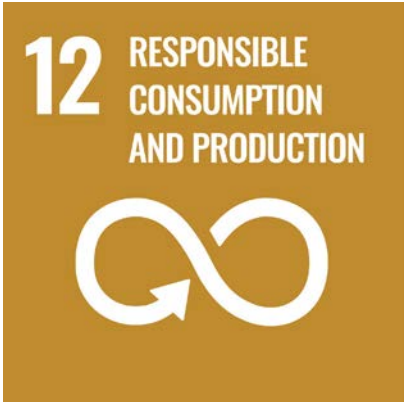
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ENVIRONMENTAL



CTOS has always had an interest in environmental issues. Our own operations, as well as the end markets we serve as a Company, have direct and meaningful environmental implications. As part of our commitment to strengthen our efforts within our operations and with our customers on decreasing our environmental impact, we will evaluate our business operations and endeavor to make positive environmental choices.

CTOS is taking steps to enhance the sustainability of operations and tackle climate change while protecting the communities in which we operate. Our ongoing environmental initiatives focus on the areas where we can have the most impact, such as environmental compliance, reducing our own energy consumption, and responsible disposal of hazardous waste and recycling.

ENVIRONMENTAL COMPLIANCE

We are in the process of centralizing our environmental compliance and leveraging the expertise and experience of our Environmental, Health, and Safety professionals to provide additional support and monitor potential issues.

The regulations we must adhere to generally pertain to the release of pollutants into the air or water, and the management, storage, disposal, and exposure to hazardous substances and wastes, including gasoline, diesel fuel, and motor and waste oils. Depending on local legal and regulatory requirements, we partner with local experts to produce Environmental Assessments, Environmental Impact Statements, Wetlands Evaluations, and Solid Waste/Recycling Reports. Given the materials we work with, environmental compliance has always been a priority within our operations.

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SUSTAINABLE OPERATIONS

Our day-to-day business decisions are opportunities to make positive environmental impacts. This includes considering the energy we use, how we dispose of our waste, and who we select as partners. We recognize there is always room for improvement, but we have already begun implementing certain best practices and will continue to refine our process.

- We have installed solar panels at one of our facilities and are considering the expansion of this program to additional sites.
- We partner with leading third-party vendors to isolate and safely dispose of all hazardous waste across our locations in compliance with environmental regulations.

- We encourage our employees to make responsible recycling choices and communicate best practices through on-site informational resources.
- We have recycling programs for paper, aluminum, wood, reusable packaging, and scrap metal, and are formalizing a waste tracking and monitoring system.
- We control more of the painting and fabrication operations in-house rather than relying on outside vendors.

We also initiated a process to review and quantify the greenhouse gas (GHG) emissions from our operations. The results of this assessment will serve as a resource to form a strategic plan to address our GHG emissions and further evaluate the impacts of our operations on climate change.



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ENVIRONMENTAL BENEFITS OF PRODUCTS & SERVICES

Given Custom Truck’s business model, fuel represents both a significant cost and a source of environmental impact, including GHG emissions, for both our own operations and that of our customers.

We focus our efforts on developing innovative fuel, energy, and fleet efficiency measures to improve the environmental impacts of our products and services.

Electric Power Takeoff (ePTO)

CTOS is developing an electric power takeoff (ePTO) that would allow auxiliary equipment to operate when the engine is off and power some of our trucks and equipment electrically. The ePTO makes operating the vehicle safer due to significant noise reduction and decreases fuel consumption by eliminating work site idling.¹ These systems can be transferred from one truck to another and retrofitted to older equipment. We are currently testing the ePTO in the field with several customers and are using telematics to assess its capabilities. CTOS will be manufacturing these ePTOs itself and expects to produce and deploy units in 2023.

Utility Market Support

Utilities are CTOS’ biggest market, accounting for more than 60 percent of the revenue. Our customers are working on transmission projects to upgrade and strengthen the power grid to provide more reliable and efficient delivery of electricity, including to accommodate a significant increase in demand for electric vehicle charging stations. These projects need the equipment that CTOS provides. While the US and Canadian electric systems are being upgraded for the future, our equipment and services are what keep them moving.

Electric Trucks

Our Company expanded our offering with the addition of Battle Motors electric trucks to our fleet inventory. Battle Motors are a leader in the development of electric vehicle technology, particularly in the refuse and recycling markets. Their products are another California Resources Board (CARB) emissions-compliant solution for sales and rental customers. One of CTOS’ strengths has always been our ability to provide the chassis that our customers want, and as more customers are looking for electric vehicle solutions, we are working with multiple partners, including Peterbilt, to provide them with such equipment.

Modern Fleet

Our fleet of more than 10,000 specialty rental equipment is servicing critical industries from electric utility, rail, infrastructure, and telecommunications. Each of our customers, no matter the application, needs reliable equipment to accomplish their aims. We pride ourselves on our reliability, which is made possible by the breadth and quality of our fleet. One of the significant contributing factors is the life of our equipment. On average, the age of our equipment is 3.7 years. The age of the equipment is important not only for its reliability and uptime, but also for its compliance with evolving emissions standards. A newer fleet means that our equipment meets higher emissions standards than older equipment that follows previous emissions protocols.

1. Electronic Specifier (2022). *Electric power take-off heralds a revolution in mobile machinery.*
<https://www.electronicspecifier.com/industries/industrial/electric-power-take-off-heralds-a-revolution-in-mobile-machinery>

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SOCIAL

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GOOD HEALTH AND WELL-BEING

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DECENT WORK AND ECONOMIC GROWTH

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REDUCED INEQUALITIES

We value our people and strive to be a positive force in the communities in which we operate. We aim to create stable and rewarding jobs for our employees, to provide opportunities for growth and development, and to offer safe working environments. We are dedicated to delivering high quality products and services that meet the needs of our customers. Our focus on people and community has been recognized externally with the honor of being highlighted as one of the best companies to work for in Kansas City in 2022 by Ingram’s Magazine.³

ELEVATING OUR HR

Theresa Bush was appointed our Chief Human Resources Officer in 2022, bringing over 20 years of senior human capital management (HCM) experience. She leads CTOS’ HCM strategy, helping our Company attract and retain the best talent across the US and Canada so we can better respond to the growing demand for our products and services. She is also spearheading our leadership training and development programs to better provide our employees with growth opportunities within our organization.

3. Ingram’s (May 2022). *Custom Truck One Source*.
<https://digitaleditions.walsworth.com/publication/?m=54501&i=747645&p=22&ver=html5>

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HUMAN CAPITAL MANAGEMENT

Our people are a critical component of our success. Their deep knowledge of, experience with, and responsiveness to the specialized needs of our customers sets us apart. To support our people, we create safe, collaborative, and positive environments for our team members.

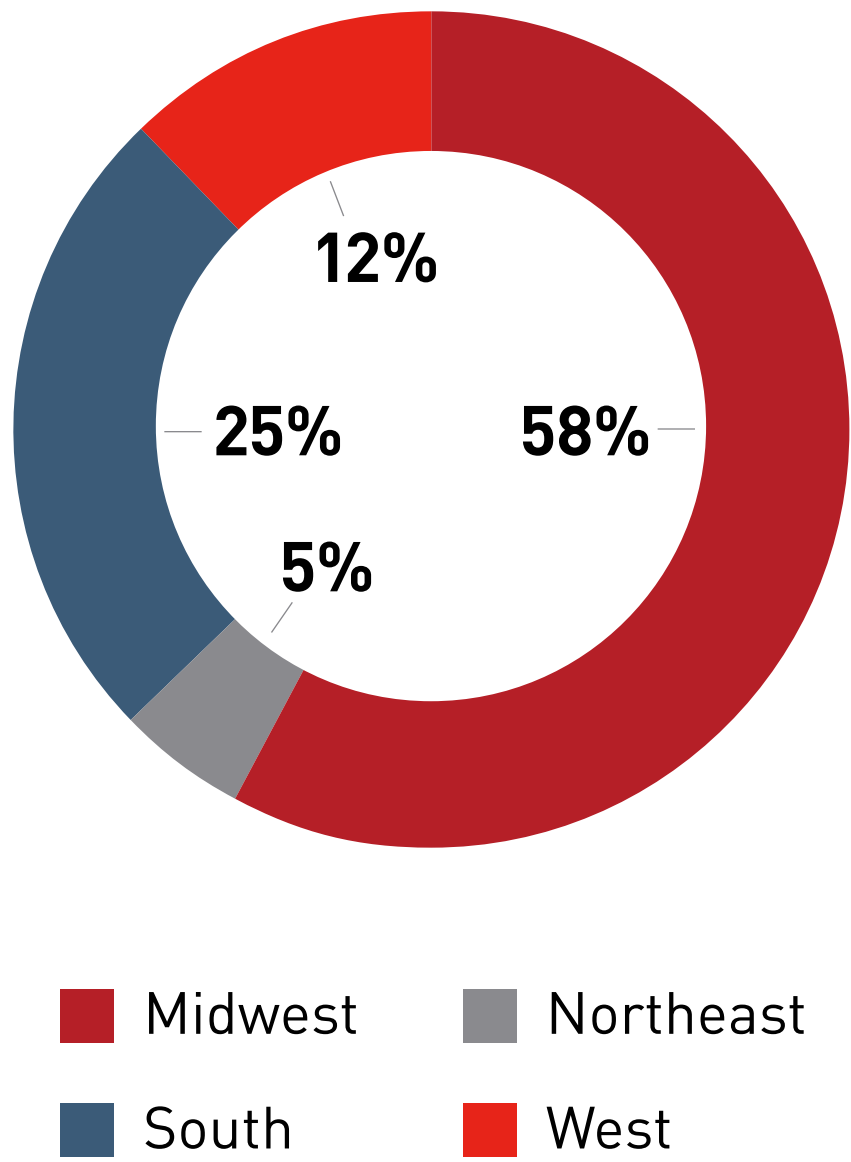
Employee Retention

In April 2021, Custom Truck One Source, L.P. and Nesco Holdings, Inc. combined to become the leading one-stop-shop provider of specialty rental equipment. During this transition, human capital integration was a key priority for our management.

Our goal during that period was to keep voluntary turnover consistent with historical periods, while also addressing the needs of our growing business. As a result, our staff turnover of 30 percent remained below the 40 percent industry average.⁴ In addition, management responded to wage and market pressures by implementing raises for our hourly workers in an effort to retain key personnel. This raise was implemented outside of our typical year-end review process in order to meet changing needs.

As of December 31, 2022, CTOS had around 2,270 employees. Most of our employees are full-time, with about 2 percent serving in part-time roles. Throughout the year, we had more than 750 new employees join the Company. As we moved into 2023, we continued to have strong employee representation across the country.

EMPLOYEES BY LOCATION



4. US Bureau of Labor Statistics (2021). Annual total separations rates by industry and region, not seasonally adjusted. <https://www.bls.gov/news.release/jolts.t16.htm>

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Purpose, Vision, Values

In early 2023, we formally launched our Purpose, Vision, Values (PVV) across the Company. We believe that this PVV will enhance our employee involvement and engagement with company priorities and foster a greater sense of community.

As part of that initiative, we are emphasizing five values that are integral to Custom Truck’s success. These include:

- **Care & Respect** – We treat each other with respect and show genuine care for one another, our customers, suppliers and communities where we live and work.
- **Solve Problems Like a Mechanic** – We relish solving tough problems. Our curiosity and true grit enable us to find lasting solutions that meet our customers’ needs.
- **Driven to Deliver** – We own our work, taking initiative and using our determination to make our work better and deliver on our commitments, driving results that matter.
- **Engage Collaboratively** – We help each other, we openly share and listen to each others’ ideas, and opinions – even when we disagree because we succeed when we work together.
- **Spark Innovation** – We embrace new ways of working; we challenge the status quo and continue to explore and learn to enhance our skills and work.

These core values define Custom Truck and its employees and are being used to help unify our talent, attract, and retain new employees and make Custom Truck a rewarding place to work. As we progress with our PVV, we expect to further incorporate the core values and ethos behind it into our daily management and interactions both internally and externally with customers, suppliers, and our communities.



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Talent Development

We believe that investing in our people and community is crucial for the growth of our business. We accomplish this by offering opportunities for our team members and community members to learn new skills and boost their expertise.

Our Custom Truck University (CTU) has thousands of on-demand courses and learning tracks to advance our employees’ professional and personal development. This includes in-house welding instructions, which is provided to interested employees. CTU also offers tuition reimbursements toward any type of degree, certification, or training that prepares or accelerates an employee’s skills for any job at the Company.

Employees at CTOS participate in annual reviews with their managers. In 2021, we rolled out performance programs, which incentivizes the achievement of individual and organizational goals for our bonus-eligible employees. Across all of our employee relations, we seek to foster open dialogue and community within the workplace and help individuals with similar interests and life experiences connect with each other.

As a part of our community engagement efforts and strategy to prepare new talent for our growing business, CTU is made available to community high school, technical college, and vocational students. Additionally, we have partnered with Lyrik’s Institute, a Kansas city-based 501(c)(3) organization that strives to reduce crime and violence among youth, to offer paid internship opportunities for local high school graduates from low-income communities. Within the “Internships in the Now” program, interns complete relevant testing and training with Lyrik’s Institute, and then engage in a 4-week paid internship at CTOS. In the final week, our managers identify candidates for permanent positions.

FOSTERING GROWTH

Participants of our “Internship in the Now” in partnership with Lyrik shared that they never thought that they could help build trucks. In turn, we realized the untapped talent located in our local neighborhood. This program raises awareness about CTOS while changing the life trajectory for young people that are now part of our family.



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Benefits & Compensation

We provide access to a combination of benefits to all full-time, eligible employees.

These benefits include:

- 401(k) with Employer Match
- Competitive Health Care
- Dental, Vision, and Life Insurance
- Paid Vacation, Sick and Holidays
- Short-term/Long-term Disability
- Partner Discounts

In addition to our regular hourly and salary compensation, we offer performance-based bonuses to approximately 350 eligible employees.

In 2022 we received approval from our Board to implement an Employee Stock Purchase Plan (ESPP). The ESPP will provide our employees with the opportunity to purchase shares of our common stock at a discount through accumulated payroll deductions. We believe that this opportunity enhances employees’ sense of participation in performance, aligns their interest with those of stockholders, and is a powerful incentive and retention tool.

This knowledge will help our employees make more informed decisions about their personal finances.

Employee Engagement

Finding opportunities to connect with our employees is an important component of our HCM strategy. We encourage strong manager-employee relationships and gather together as whole at regular quarterly townhall meetings. In addition, we conduct employee engagement surveys to keep a pulse on the CTOS experience.

In 2021, approximately 65 percent of employees participated in our employee engagement survey, which represented a 30 percent increase as compared to 2019. The surveys serve as a baseline and regular cadence for employee feedback. Based on the responses, we prioritize areas for corporate and employee growth. Improvements to our communications was one of the key areas highlighted in our most recent survey.

COMMUNITY ENGAGEMENT

The surrounding community is important to CTOS. We actively support several local non-profit endeavors and partner with local charities around the holidays to impact our local communities.

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DIVERSITY, EQUITY AND INCLUSION

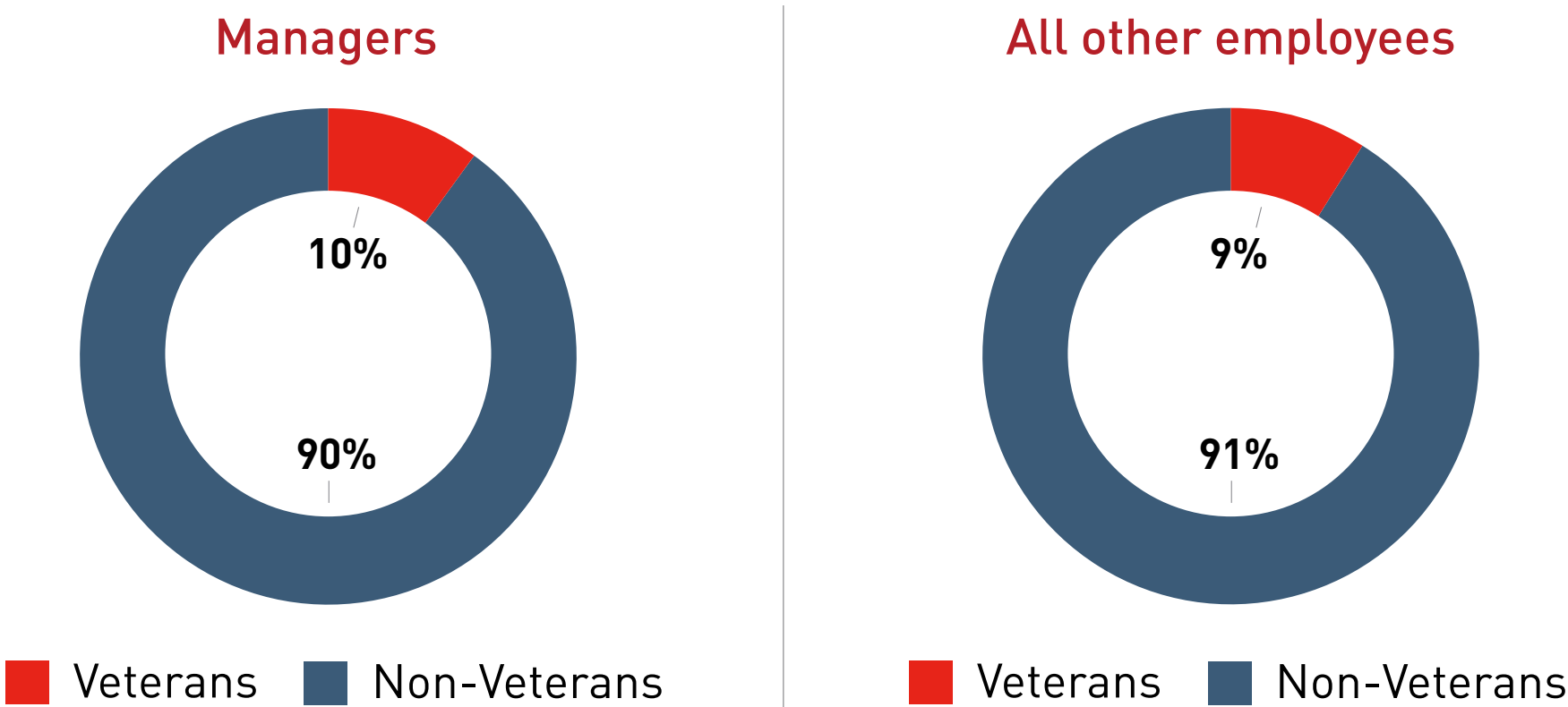
At CTOS, we believe in the importance of promoting diversity and ensuring that our employees enjoy equitable opportunities, regardless of identities, gender, cultures, languages, and backgrounds.

We are committed to enhancing our outreach, recruitment process, and professional opportunities to attract and retain a diverse workforce at all levels of leadership. As we continue to focus on making our Company an equitable, multicultural, and inclusive workspace, we have already grown our representation of Black, Indigenous, and People of Color employees in managerial and non-managerial positions in fiscal year 2022.

As we operate in a traditionally male-dominated industry, we pay special attention to reducing biases and barriers that can keep female talent from working and growing professionally. In 2022, we appointed our first female C-Suite executive, Theresa Bush, as Chief Human Resources Officer, who leads our efforts in diversity, equity, and inclusion.

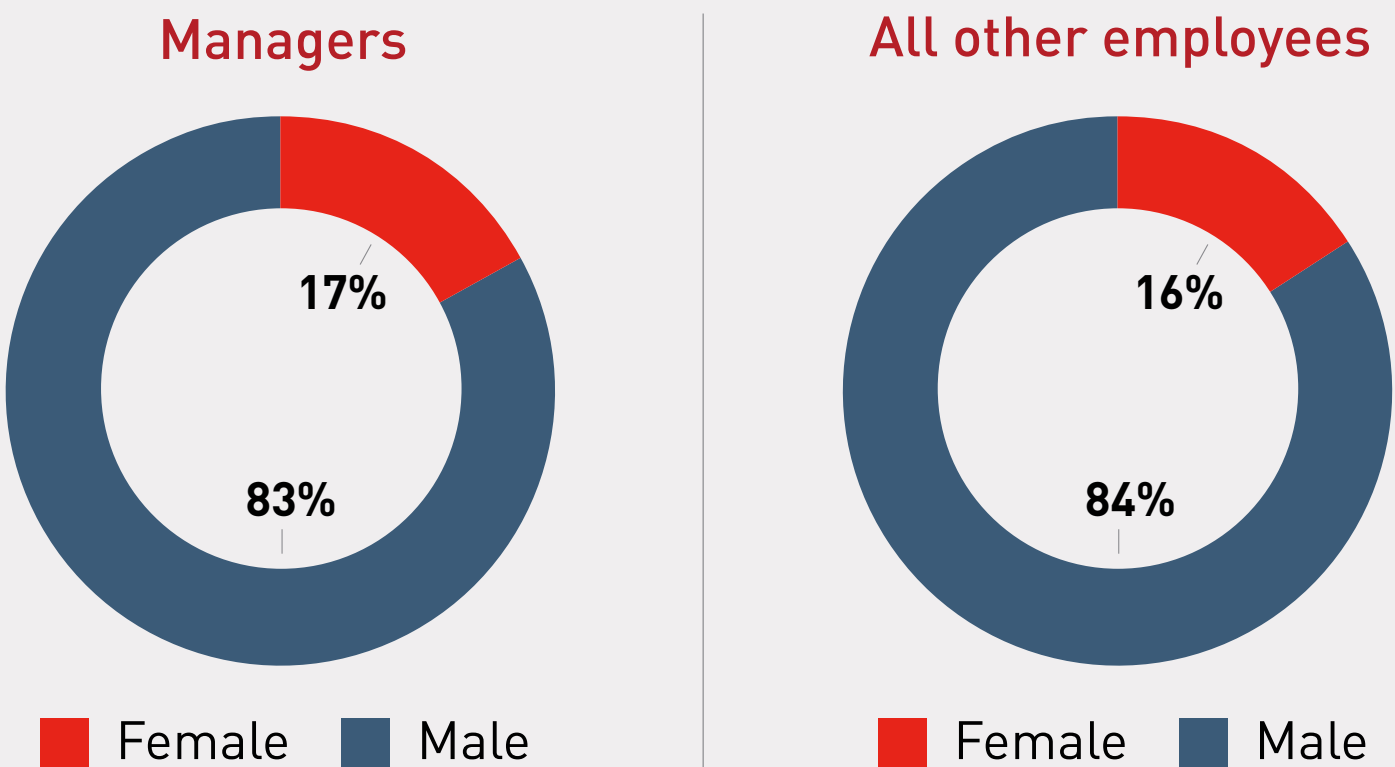
Employing Veterans

Our company-wide efforts of employing and investing in veterans and their families stem from our founder Fred Ross’ vision and values. Through his direction, we have been intentional about supporting veteran and military communities in recruitment, hiring, and professional development. We are proud to be offering Veteran Resource Groups to honor those who serve us and help veterans with smooth transitions to civilian careers.

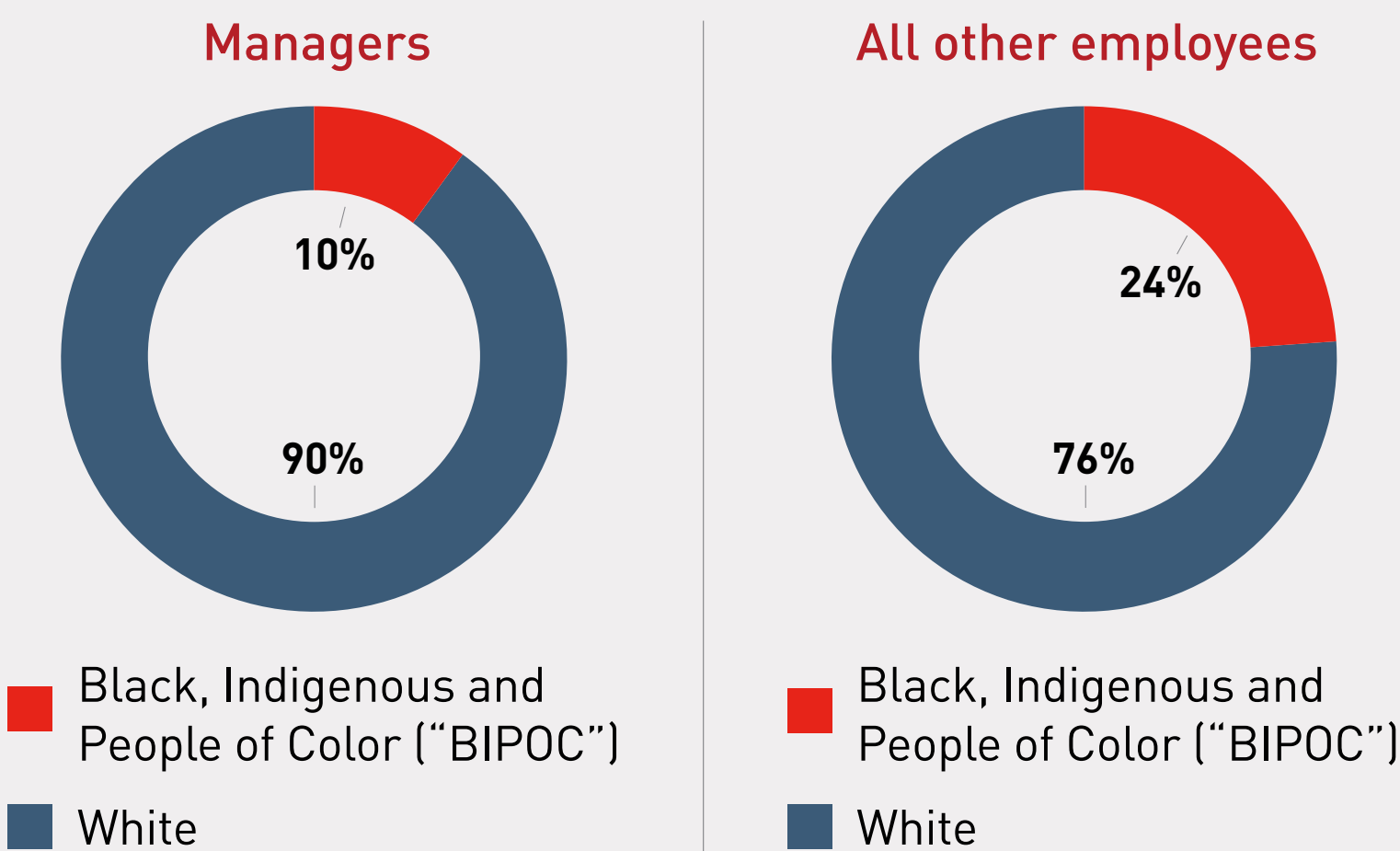


DIVERSITY AT A GLANCE⁵

GENDER



RACE AND ETHNICITY



5. Diversity statistics for gender, race and ethnicity, and veteran status represent CTOS’ U.S. workforce for approximately 2,200 employees as of the 2022 fiscal year end.

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EMPLOYEE HEALTH & SAFETY

The safety of our employees is paramount to our business. As such, CTOS is committed to providing a workplace free from recognized and potential health hazards.

We believe that every employee has an important role in the prevention of accidents and workplace injuries. The quality and quantity of our work in no way should jeopardize our safety objectives, and CTOS’ safety record reflects our joint efforts. We work together with our teams to eliminate the severity and number of accidents, as we strive to meet our safety ambitions.

Safety Approach

CTOS provides safe boundaries within which employees and managers can carry out their duties and the Company’s business. We achieve this objective by having a clearly articulated safety policy - the CTOS Employee Safety Handbook - to offer a shared understanding and approach to meet our business objectives.

The Employee Safety Handbook serves as an important guide and is designed to:

- Ensure that all employees are safe while at work.
- Help others and customers in a safe environment.
- Set CTOS safety expectations related to employment.

Our Employee Safety Handbook also outlines the following Health and Safety Guiding Principles, which steer our day-to-day operations:

- Safety is fundamental to the conduct of our business.
- Employee engagement, feedback, and recognition are fundamental to safety.
- Safe behavior is doing the job right.
- Injuries and illnesses are preventable.
- Management is responsible for visibly and consistently establishing safety as a clear expectation.
- Management is responsible and accountable for the safety of employees (temporary or permanent), contractors, and visitors.
- Employees and contractors are responsible and accountable for their actions.
- Employees and contractors have an obligation, without fear of reprisal, to notify management of apparent hazards, and they have the right to receive timely and adequate responses.



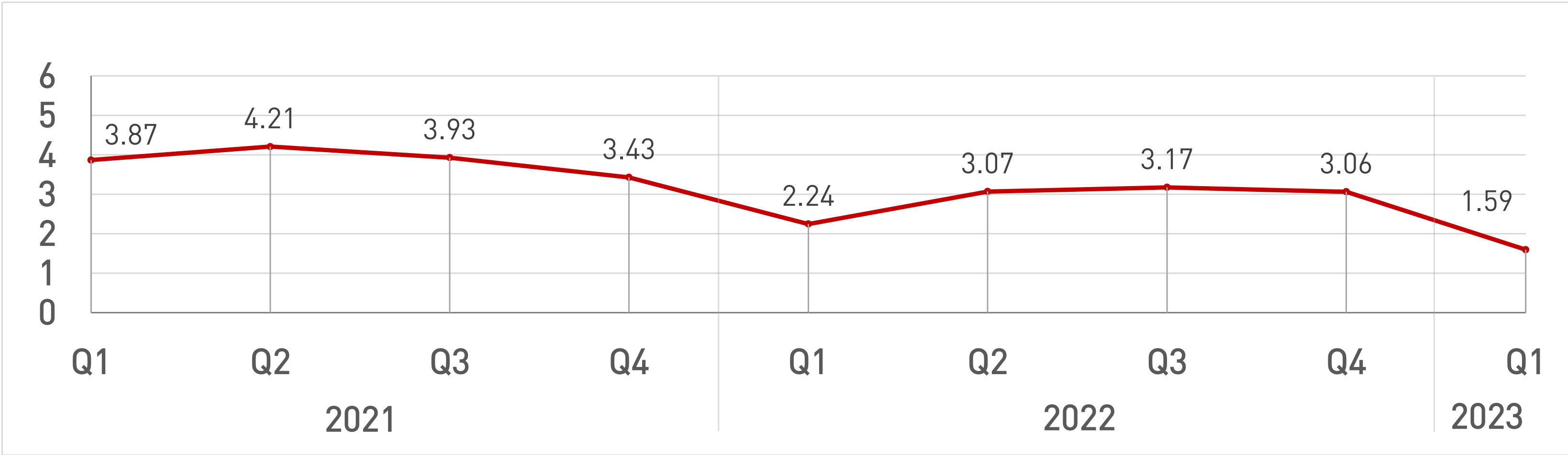
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Monitoring and Reporting

We track recordable injuries and have an incident management system to investigate safety incidents. Following an investigation, our safety team seeks to implement processes and procedures to prevent recurrences and remediate known hazards. In addition, we offer training to employees to reinforce proper health and safety behaviors and practices throughout our operations.

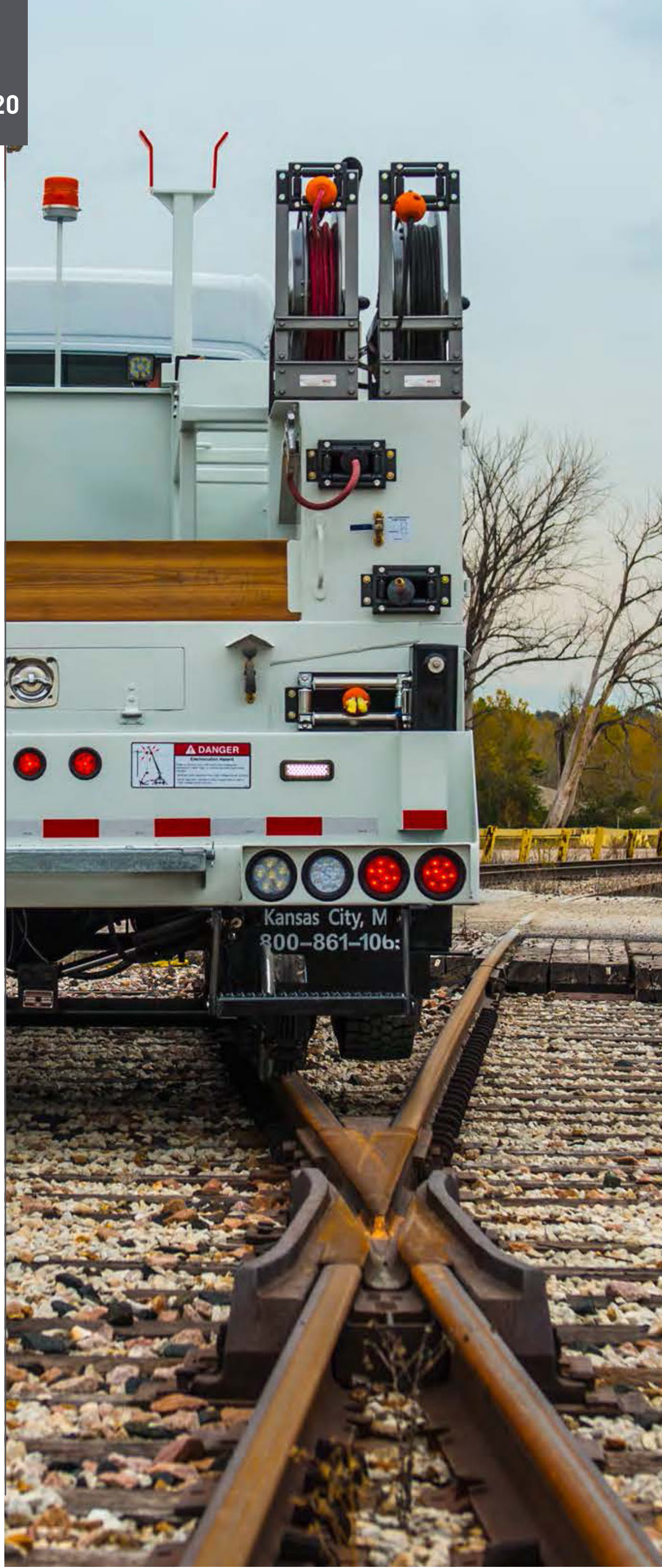
Our comprehensive approach to safety has resulted in a steady decline of the Total Recordable Incident Rate (TRIR) over the past year through 2022, as seen in the chart. Our Safety Ambassador program is an integral part of our efforts to make the workplace safer. This program involves approximately 100 volunteers from across the Company who devote a portion of their workday to safety related activities. These Ambassadors provide instructions, reporting, and remediation assistance to our safety professionals, ensuring that everyone is aware of how to maintain a safe working environment.

TOTAL RECORDABLE INCIDENT RATE⁶



6. TRIR is calculated according to the OSHA methodology of the total incidents for 200,000 hours divided by the total number of hours worked by CTOS employees.

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GOVERNANCE

We believe that strong governance begins with culture. Our drive to deliver and innovate is fueled by care, respect, and collaborative engagement.

As a public company operating in a highly regulated environment, we prioritize our compliance with legal and regulatory requirements and uphold the highest standards of business integrity. We work towards our vision for growth and excellence in our business operations, while being grounded by our Company’s history of being a family-run business serving local communities.

ENTERPRISE RISK MANAGEMENT

Risk management, governance, and business ethics define our ability to deliver on our purpose. Our Board and management oversee an enterprise-wide approach to risk management to achieve our business purpose, improve our long-term performance, and grow our shareholder value.

The Board has full access to our management with the ability to ask any questions and receive any necessary information.

Our Board oversees the risk management activities directly and through its Committees:

- **Audit Committee** assists the Board of Directors in oversight of the integrity of the Company’s financial statements; the Company’s compliance with legal and regulatory requirements; the independent auditor’s qualifications and independence; and the performance of the Company’s internal audit function with our independent registered public accounting firm.
- **Compensation Committee** reviews and provides recommendations to the Board regarding overall management compensation approach and policy.

CTOS’ management, including its executive officers, is primarily responsible for managing the risks and providing relevant updates to the Board. The Audit Committee regularly meets with the Company’s General Counsel and its Vice President, Internal Audit to discuss compliance matters and receive updates on the Company’s progress on certain initiatives.

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BUSINESS ETHICS

Our reputation is essential to our business and we uphold the highest standards of integrity and ethical practices at all levels of our Company.

Each employee, officer, and director is guided by the CTOS’ Code of Ethics and Conduct (the Code), which outlines our core values, as well as behaviors that we expect of us all:

- Honest and ethical conduct.
- Full, fair, accurate, timely and understandable disclosure.
- Compliance with applicable government laws, rules and regulations.
- Prompt internal reporting of any violations of law or the Code.
- Accountability for adherence to the Code.
- Consistent enforcement of the Code.
- Protection for persons reporting any such questionable behavior.
- The protection of the Company’s business interests.
- Confidentiality of information entrusted to directors, officers, and employees by the Company and its customers.

These are some of the governing principles that guide all of our interactions, in addition to our values (see [Who We Are](#) section).

CTOS encourages all employees to report any violations of the Code, laws, rules, regulations, or

other unethical behavior. We have a Whistleblower Policy in place that enables us to quickly respond to any accounting, internal controls, or auditing concerns with a thorough investigative process. Our whistleblower hotline information is accessible at all of our locations, in addition to annual refresh training for all employees. No matter the circumstance, our Company does not tolerate any acts of retaliation or retribution.

All employees, as well as external stakeholders, are made aware of the procedures and have the opportunity to submit confidential and anonymous reports. Such complaints are reviewed by the Board’s Audit Committee on a quarterly basis to determine the appropriate course of action. In the event of potential fraud or other ethical matter involving senior management, our General Council consults with the Chair of the Audit Committee immediately upon receiving notification of such matters.

DATA PRIVACY & SECURITY

The security and integrity of our information technology systems and assets are an important element to ensuring reliable and consistent service to our customers.

We, and our third-party service partners, collect, process, and store sensitive information of our employees, customers, suppliers, and business partners throughout the normal course of our operations. This include items such as intellectual property, proprietary business data, and certain personally identifiable information. Our [Privacy Policy](#) details our commitment to respecting the privacy of those whom we do business and to protecting their information in compliance with all applicable rules, regulations, and best practices.

We have implemented measures designed to secure information assets. Systems are secured using generally accepted cyber security standards and techniques:

- Our internal controls and procedures impacting data privacy and security are designed around policies, procedures and technical measures that help prevent data breaches, cyber-attacks, and other malicious activities. Certain customers must register for an account to use all or part of our services, which are password protected and access is validated against customer records to safeguard privacy and access privileges.
- To provide oversight and effective control on IT matters, we annually engage in internal and external audit reviews and annual penetration tests by external cyber security partners.
- Effective training of employees is the first defense against cyberattacks for our business (and our employees in their personal lives). As such, we have a robust cyber security training protocol, utilizing external partners. We offer these programs to our technology professionals and our employee base more broadly.
- Internal cyber security awareness training and monthly phishing tests and simulations are performed for all employees. An internal cyber security intranet site is updated monthly with relevant security news and actionable information.
- Policies, organizational rules, and guidelines respecting data privacy and IT security have been established and are reviewed annually, or as often as necessary, to ensure compliance among employees and external partners.

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ESG OVERSIGHT

Our Board of Directors and management team are committed to continued focus on ESG. As a part of this commitment, the Board receives regular quarterly updates on ESG objectives and progress from our management team. Management has devoted time and effort to assess and develop an ESG framework to guide our ongoing activities and to establish the foundation for this inaugural ESG report.

Our policies capture our company-wide dedication to integrate care for our customers, employees, and environment into all of our business processes. These policies and standards of behavior are upheld by our Company’s leadership, as we set the tone at the top.

CORPORATE GOVERNANCE PRACTICES

We follow many listing exchange requirements and market best practices for public companies*, including:

- Separation of Chair and CEO
- Independent Chair
- Fully Independent Audit Committee
- Management Succession Planning

*We qualify as a “controlled company” according to The New York Stock Exchange Rules due to Platinum Equity, LLC’s (Platinum) approximately 60 percent ownership of our common stock.

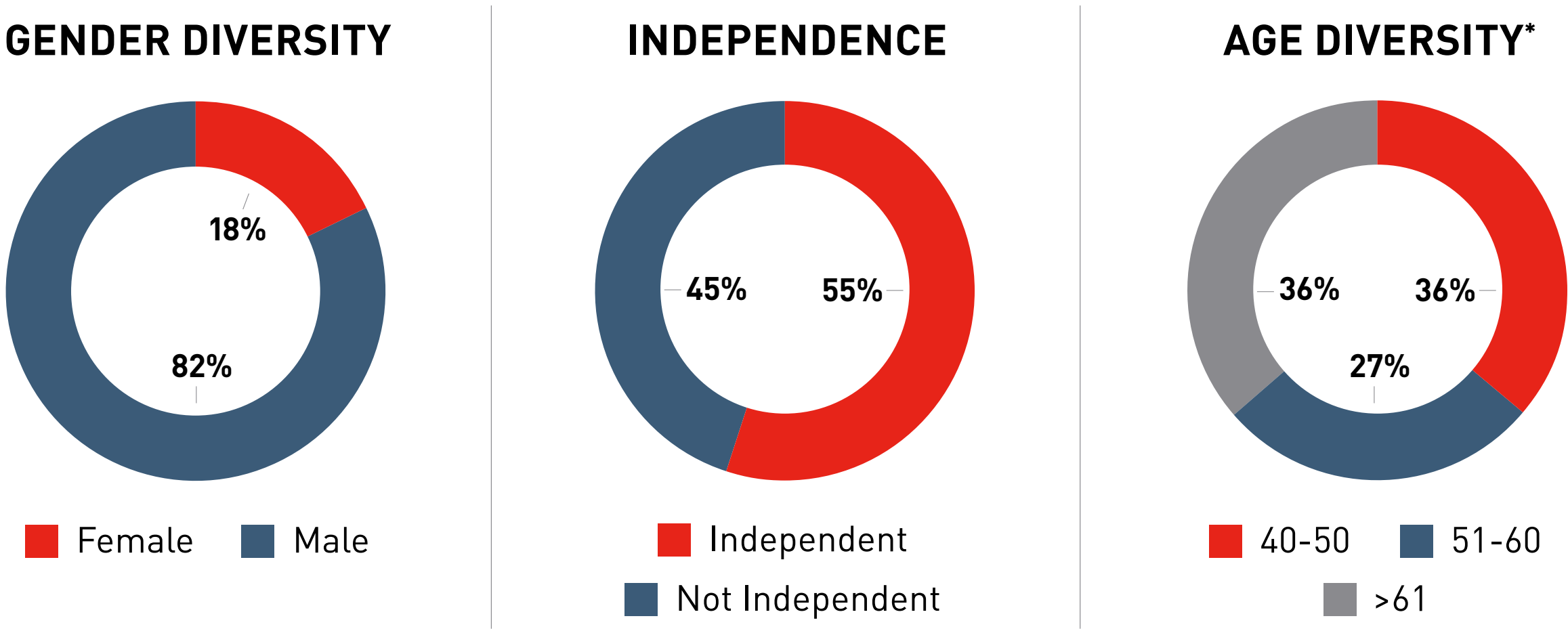
BOARD OF DIRECTORS

Our Board consists of individuals with high levels of personal and professional integrity, strong ethics and values, and the ability to make sound and objective business judgement.

When considering director candidates, the Board considers any potential conflicts of interests, the candidate’s experience in corporate management and serving on boards of other publicly held companies, the availability of relevant professional and academic experience, strength of leadership skills, other professional commitments, and diversity criteria such as race, ethnicity, gender, cultural background, or national origin.

Our Board currently consists of 11 directors and is divided into three staggered classes of directors. At each annual stakeholder meetings, a single class of directors is elected to serve for a three-year term. In addition, Platinum, our controlling shareholder pursuant to a Stockholders Agreement, has the right to designate up to seven directors, of which three must be independent according to the NYSE listing requirements.

Board Composition - As of our 2022 fiscal year end, our Board was comprised of 11 directors.



*Numbers do not add up to one hundred due to rounding.

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FUTURE COMMITMENTS

This report marks the beginning of our ESG journey. We have presented our approach and the factors that are most relevant to our business. We have described what we have built and been able to achieve thus far. This process has also presented an opportunity to recognize that there is still much more to be done. We are committed to reporting on our progress and to developing more robust internal monitoring and reporting structures. As we look ahead, we are inspired to make even greater advancements in our progress and focus on ESG.



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FORWARD LOOKING STATEMENT AND OTHER IMPORTANT NOTES

Any statements made in this report that are not statements of historical fact, including statements about our beliefs and expectations, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, and should be evaluated as such. These statements often include words such as “anticipate,” “expect,” “suggest,” “plan,” “believe,” “intend,” “estimate,” “target,” “project,” “should,” “could,” “would,” “may,” “will,” “forecast,” and other similar expressions. We base these forward-looking statements or projections on our current expectations, plans and assumptions that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances and at such time. As you read and consider this report, you should understand that these statements are not guarantees of performance or results and are subject to and involve risks, uncertainties and assumptions. You should not place undue reliance on these forward-looking statements or projections.

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Below is a summary of risk factors applicable to us that may materially affect such forward-looking statements and projections:

- increases in labor costs, our inability to obtain raw materials, component parts and/or finished goods in a timely and cost-effective manner, and our inability to manage our rental equipment in an effective manner;
- our sales order backlog may not be indicative of the level of our future revenues;
- increases in unionization rate in our workforce;
- our inability to recruit and retain the experienced personnel, including skilled technicians, we need to compete in our industries;
- our inability to attract and retain highly skilled personnel and our inability to retain our senior management;
- material disruptions to our operation and manufacturing locations as a result of public health concerns, equipment failures, natural disasters, work stoppages, power outages or other reasons;
- potential impairment charges;
- any further increase in the cost of new equipment that we purchase for use in our rental fleet or for sale as inventory;
- aging or obsolescence of our existing equipment, and the fluctuations of market value thereof;
- disruptions in our supply chain;
- our business may be impacted by government spending;
- we may experience losses in excess of our recorded reserves for receivables;
- unfavorable conditions in the capital and credit markets and our inability to obtain additional capital as required;
- increases in price of fuel or freight;
- regulatory technological advancement, or other changes in our core end-markets may affect our customers’ spending;

- difficulty in integrating acquired businesses and fully realizing the anticipated benefits and cost savings of the acquired businesses, as well as additional transaction and transition costs that we will continue to incur following acquisitions;
- material weakness in our internal control over financial reporting which, if not remediated, could result in material misstatements in our financial statements;
- the interest of our majority stockholder, which may not be consistent with the other stockholders;
- our significant indebtedness, which may adversely affect our financial position, limit our available cash and our access to additional capital, prevent us from growing our business and increase our risk of default;
- our inability to generate cash, which could lead to a default;
- significant operating and financial restrictions imposed by our debt agreements;
- changes in interest rates, which could increase our debt service obligations on the variable rate indebtedness and decrease our net income and cash flows;
- the phase-out of the London Interbank Offered Rate and uncertainty as to its replacement;
- disruptions in our information technology systems or a compromise of our system security, limiting our ability to effectively monitor and control our operations, adjust to changing market conditions, and implement strategic initiatives;
- we are subject to complex laws and regulations, including environmental and safety regulations that can adversely affect cost, manner or feasibility of doing business;
- we are subject to a series of risks related to climate change; and
- increased attention to, and evolving expectations for, sustainability and environmental, social and governance initiatives.

These cautionary statements should not be construed by you to be exhaustive and are made only as of the date of this report. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law. See “Risk Factors” in Part I, Item 1A of CTOS’ Annual Report for the year ended December 31, 2022 and subsequent Form 10-Q and current report on Form 8-K filings made with the Securities Exchange Commission (“SEC”), for description of some of the risks and uncertainties that may affect our future results.

Additionally, our discussion of ESG assessment, goals, and relevant issues herein are informed by various ESG standards and frameworks (including standards for the measurement of underlying data), and the interests of various stakeholders. As such, any significance may differ from, and should not be read as necessarily rising to, the definition of “materiality” under the federal securities laws for SEC reporting purposes, even if we use the word “material” or similar language in this or our other reporting. Moreover, given the uncertainties, estimates, and assumptions required to make some of the disclosures in this report, and the timelines involved, materiality is inherently difficult to assess far in advance.

Much of the information used to develop ESG disclosures is subject to assumptions, estimates, or third-party information that we have not necessarily independently verified. Such matters are also evolving and subject to change. Moreover, while we aim to align certain disclosures set forth or referred to in this report with the recommendations of various third-party frameworks, such as the Sustainability Accounting Standards Board, we cannot guarantee strict adherence to these frameworks’ recommendations. Additionally, our disclosures, as well as relevant internal controls, based on any standards may change due to revisions in framework requirements, availability or quality of information, changes in our business or applicable government policies, or other factors, some of which may be beyond our control.

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