

HERC HOLDINGS INC.

# Our Commitment to Corporate Citizenship | 2021



**HercRentals**<sup>®</sup>

# Our Purpose

We equip our customers and communities to build a brighter future.



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Use of "material" in our Corporate Citizenship Report is for purposes of reporting in compliance with the Global Reporting Initiative Index. The term "material" as used in our Corporate Citizenship Report should not be interpreted as a determination by the Company of materiality for purposes of U.S. federal securities laws, rules and regulations or the New York Stock Exchange rules and listing standards.

# About Herc Rentals

For 56 years Herc Rentals has equipped society's builders, producers, makers, suppliers and growers, and has been a vital contributor to the well-being of communities across North America.



Herc Rentals Inc. is a subsidiary of Herc Holdings Inc., shares of which are listed on the New York Stock Exchange under the stock symbol HRI.

## Our Vision

*We aspire to be the supplier, employer and investment of choice in our industry.*

## Our Values

*We do what's right.*

*We're in this together.*

*We take responsibility.*

*We achieve results.*

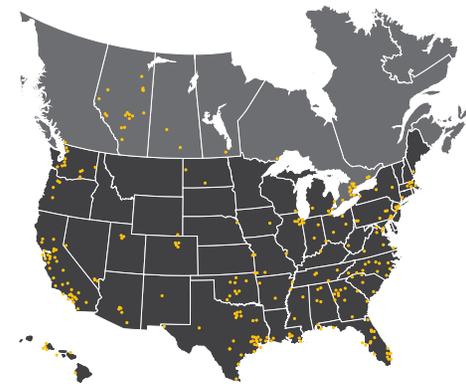
*We prove ourselves every day.*

## Our Mission

*To ensure that end users of our equipment and services achieve optimal performance safely, efficiently and effectively.*

## 2020 Key Facts

- Traded on the New York Stock Exchange under "HRI" since July 1, 2016.
- One of the leading North American equipment rental companies.
- Estimated 3% market share in a highly fragmented market.
- \$1.8 billion in total revenues.
- \$3.59 billion in fleet (OEC).<sup>1</sup>
- 4,800 employees.
- 282 company operated locations in North America.<sup>2</sup>



1. Original equipment cost (OEC) based on American Rental Association guidelines.

2. As of April 22, 2021.

# A Message from Our CEO



**Larry Silber**  
President and Chief Executive Officer  
Herc Holdings Inc.

The Herc Rentals team commitment to corporate citizenship was never more apparent than in 2020 as we faced the COVID-19 pandemic.

We overcame multiple challenges as we focused on ensuring the health and safety of our employees and communities while meeting the needs of our customers.

Our Purpose — ***We equip our customers and communities to build a brighter future*** — inspires Team Herc as we perform our daily work and also confers an obligation to operate mindful of our commitments as a responsible global citizen.

Our Board of Directors, Senior Leadership Team and operations management embrace that obligation throughout our organization, which encompasses 4,800 employees in 282 locations in the United States and Canada.

## **Equipment Rental Epitomizes a Sharing Economy**

The equipment rental industry highlights the benefits of a sharing economy by minimizing manufacturing and materials purchasing, and the subsequent reduction of related emissions and pollutants that have been associated with negative impacts to our environment. In addition, by maintaining a premium fleet and updating it annually — with investments in state-of-the-art fuel- and energy- efficient fleet — we assist our customers to achieve their environmental goals and to operate more cost efficiently than if they were to purchase equipment they didn't fully utilize.

Despite a very challenging environment with reduced demand from our customers due to the economic slowdown related to the COVID-19 pandemic in 2020, we strengthened our balance sheet by reducing net leverage and improved productivity with higher adjusted EBITDA margins compared to 2019.

We shared our financial results in our 2020 Annual Report and 10-K and in the recently filed Q1 2021 Form 10-Q (<https://ir.hercrentals.com/financial-information/sec-filings>).

Our strategic initiatives, as highlighted on page 3, provide the road map for our long-term success. They also encompass several areas related to environmental, social and governance matters that are fundamental to sound corporate citizenship.

**Our strategic initiatives encompass several areas related to environmental, social and governance matters that are fundamental to sound corporate citizenship.**

## Strategic Initiatives

### Develop Our People And Culture



- Attract and retain diverse talent
- Align performance to shared purpose
- Support a safe and healthy workplace culture
- Expand continuous learning to all employees

### Expand And Diversify Revenues



- Broaden customer base
- Expand products and services
- Grow pricing and ancillary revenues
- Seek accretive M&A in selective geographies, verticals and selected products

### Improve Operating Effectiveness



- Improve sales force effectiveness
- Improve safety and labor productivity
- Increase density in large urban markets
- Improve vendor management and fleet availability

### Enhance Customer Experience



- Provide premium products and solutions-based services
- Introduce innovative technology solutions
- Maintain COVID-19 protocols to protect customers and employees

### Disciplined Capital Management



- Drive EBITDA margin growth
- Maximize fleet management and utilization
- Operate within net leverage target range of 2.0x to 3.0x

## Our Corporate Citizenship Charter

We approach our commitments from the framework of responsible value creation, which recognizes our fundamental duty to operate according to sound social, environmental and people-related practices as we seek to create value for our customers, employees, communities and shareholders.

Our Corporate Citizenship Charter articulates the core tenets of responsible value creation:

- Prioritize the safety and well-being of our employees, customers and communities.
- Minimize and continuously seek to reduce environmental impacts associated with our business activities.
- Align business practices and policies to reflect our responsibilities as a corporate citizen and to support mutually beneficial outcomes across our stakeholder groups.

In following this charter, we expect each member of Team Herc to comply with all applicable laws and regulations in the jurisdictions in which we operate and conduct business. Additionally, our values demand a commitment to operate ethically and with integrity, and this consideration directly informs our business practices. And, ultimately, our business success depends on earning and maintaining the trust and goodwill of customers, communities and entities that influence our operational standing.

## Our 2030 Goals

Based on our analysis of the initial material topics and metrics highlighted in this report, we have determined to commit to the following 2030 goals, utilizing 2019 as the base year for measurement.

- **Reduce the impact of Scope 1 and Scope 2 GHG emissions intensity by 25%;**
- **Reduce our non-hazardous waste to landfill by 25%; and**
- **Improve our safety metrics annually with the goal of 0.49 or less for the Total Reportable Incident Rate (TRIR).**

Additionally, we are committed to reflecting the diversity of the customers and communities in which we operate.

We intend to broaden our ESG reporting over time and to update our progress annually.

## ESG Reporting

In 2020, we committed to expand our reporting of the company's environmental, social and governance (ESG) initiatives. We began with a thorough evaluation of the areas that are the most meaningful and material to our business and the related quantifiable metrics to establish a baseline for comparison.

We have chosen to align our ESG reporting with the Global Reporting Initiative (GRI) to highlight our commitment to responsible management of our company, while being mindful of the guidelines of the Sustainable Accounting Standards Board (SASB) and the Task Force on Climate-Related Financial Disclosures (TCFD) reporting requirements.

We recognize that we are in the beginning stages of developing a broad-based sustainability program for Herc Rentals as a standalone entity. While we have published several corporate citizenship reports since we became a public company in 2016, this is the first report that references our reporting by major category with a globally recognized standard, and establishes a benchmark from which we intend to measure our progress annually.

## Adhering to International Policies and Other Federal, State and Local Regulations

Our Corporate Citizenship Charter adheres to the United Nations Guiding Principles on Business and Human Rights and international human rights principles encompassed by the Universal Declaration of Human Rights, including those contained within the International Bill of Rights and the International Labor Organization's 1998 Declaration on Fundamental Principles and Rights at Work.

Our operations are all located in North America, and we seek to adhere to all of the applicable regulations required by the U.S. and Canada, as well as in the states and provinces in which we operate.

## We Do What's Right

Our foremost value, "We do what's right," sets the expectation that all team members will uphold the law and treat everyone with respect. By extension, we are committed to a culture of ethics and integrity and to operating our business in a manner that earns and keeps the trust of our employees, customers, suppliers, potential and current investors, and our communities.

We formalize this commitment — all employees must complete online ethics training and certify annually that they have read and understand our Code of Ethics, which can be viewed at the following web page: <https://www.hercrentals.com/content/dam/herc/needhelp/company-overview/Code-of-Ethics.pdf>.

This Code governs conduct across many areas of our business and offers guidance on asking questions or reporting concerns about potential violations of the law or company policies. All newly hired employees are required to acknowledge our Code of Ethics as part of their onboarding process.

To further enable a culture of ethics and integrity, every company facility posts information about our Compliance HelpLine, a confidential third-party service that employees can call to report suspected unethical behavior or violations of our company's policies, to seek guidance on our policies and procedures, or to offer suggestions. Employees can do all this anonymously if they choose.

**This report is the first we have published that references our reporting by major category according to Global Reporting Initiative standards.**

## **Supporting Our Local Communities**

We believe that philanthropic and volunteer activities are best managed at the local level, with each location basing its efforts on available resources and community needs. Team members provide ongoing support to community programs across North America, such as volunteering for litter removal, serving as youth recreation coaches, giving blood, organizing food drives, mentoring disadvantaged youths and participating in Habitat for Humanity projects.

Because of the equipment and services we provide, Herc Rentals is considered an "essential service" with the ability to conduct its operations in support of critical industries and services during the COVID-19 pandemic. Team Herc stood ready to help all the industries that were crucial to overcoming these challenges, including:

- Responding to hospitals and healthcare facilities with temporary structures, portable power and lighting, climate control and similar equipment;
- Supporting the public sector with equipment that helped our communities address urgent safety and health measures;
- Providing material handling and related equipment to warehouse distribution centers to support their operations; and
- Helping electric, water and other utilities maintain their vital services.

Also, in 2020, Herc Rentals branches and employees responded to flooding, hurricanes, tornadoes, wildfires and severe winter weather by staging and rapidly deploying equipment where urgently needed, ensuring a rapid response to devastated communities.

Our response often meant the difference in saving homes, businesses and possessions; restoring a sense of normalcy in the aftermath of disasters; and providing peace of mind and comfort to the many lives we touched.

Our strategically located Climate Remediation Centers represent a critical resource in supplying pump, power, dehumidification, drying, and air purification equipment to support responses to natural disasters. Most recently, our air scrubbers, containment wall systems, portable power and lighting equipment, and climate control gear were instrumental in supporting hospitals and healthcare facilities in response to the COVID-19 pandemic.

**Nowhere is our Purpose more evident than in times of natural disasters, pandemics and catastrophes, as we equip our customers and communities to build a brighter future.**

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## **Acknowledging Team Herc**

Our Purpose is a reminder that we collectively work toward a greater good — something lasting and meaningful as we create new chapters in our history and add to our legacy. We think of our Purpose as what we do — every day and over time — to make a difference in the larger world around us. The work we perform together as part of Team Herc translates into improved quality of life; better infrastructure, facilities and buildings; industrial productivity; and economic growth.

I thank all Herc Rentals team members for their ongoing efforts to represent our Purpose, and to operate safely, efficiently and mindful of our responsibility as a member of our communities. As global citizens, we are committed to conserving energy, fuel, water, and other natural resources, as well as helping our customers and communities build a brighter future.

I look forward to sharing Team Herc's continuing progress across the environmental, social, human capital and governance dimensions that are critical in pursuing our vision to be the supplier, employer and investment of choice in our industry.



**Larry Silber**  
President and Chief Executive Officer  
Herc Holdings Inc.

May 14, 2021

**HercRentals**<sup>®</sup>

**Corporate Governance  
and Oversight**



# Corporate Governance and Oversight

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**Our Board of Directors is committed to sound corporate governance and promoting the long-term interests of our stockholders.**

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Our Board of Directors has approved structures, policies and practices that strengthen and promote responsible oversight.

Our By-Laws, Corporate Governance Guidelines and the charter of each of our Board committees provide the framework for corporate governance. A copy of our By-Laws, Corporate Governance Guidelines, as well as the charters of each Board committee, are available under the investor relations section of our website at <http://ir.hercrentals.com>.

Our Board of Directors directly and through its Nominating and Governance Committee and the Compensation Committee have oversight of the company's environmental, safety, human capital, social and governance policies.

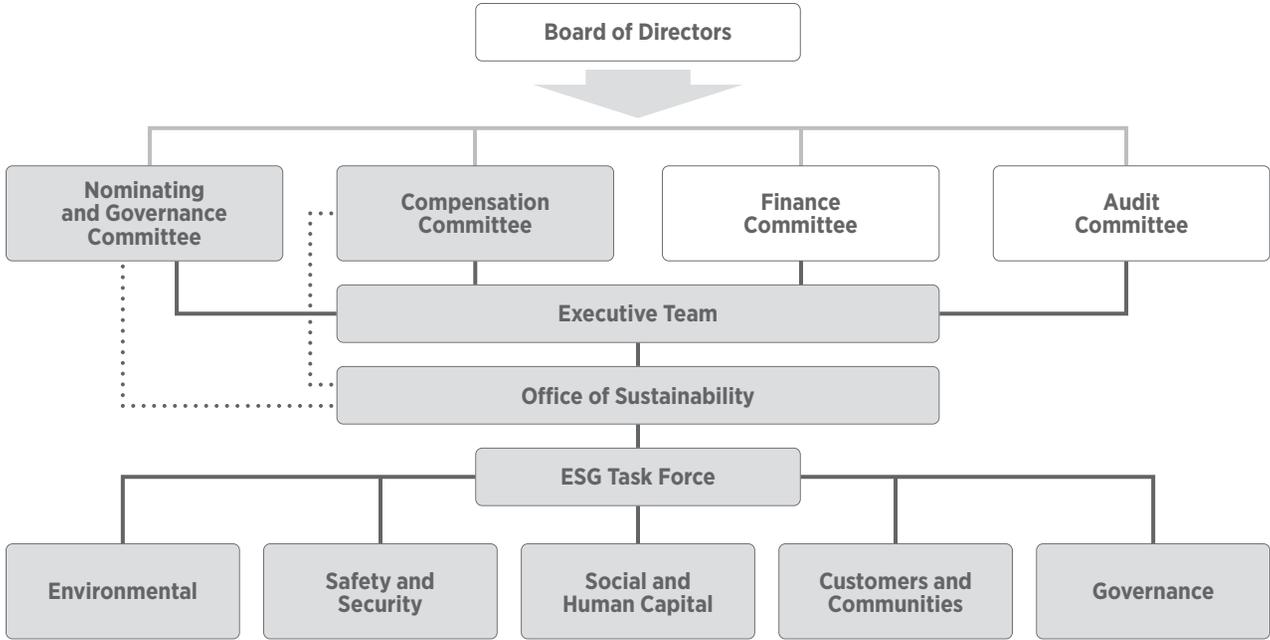
#### **Herc Rentals' Office of Sustainability**

The Office of Sustainability oversees and collects the inputs from staff representing operations, environment, procurement, safety, human resources, risk management, information technology and governance. A 20+ person staff forms the ESG Task Force and develops and tracks the quantifiable metrics, reports on the initiatives within their scope, and recommends potential goals.

The head of the Office of Sustainability along with the ESG Task Force determine the material topics, metrics, goals and policies that are recommended to the Executive Team. These overall ESG policies and goals and the Corporate Citizenship Report are reviewed by the Nominating and Governance Committee at least annually.

The Office of Sustainability can be contacted at: [SustainabilityOffice@HercRentals.com](mailto:SustainabilityOffice@HercRentals.com).

# Corporate Governance and Oversight CONTINUED



### Material Topics

The company’s sustainability initiatives are disclosed in this report and referenced on the governance and sustainability page of the company’s website (<https://ir.hercrentals.com/corporate-governance/sustainability>), including reference to material topics such as strategy; ethics and integrity; governance and oversight; stakeholder engagement; reporting practices; environmental assessment of operations including energy, water, materials and waste; sustainable procurement; compliance; health and safety; employee experience and retention; learning and development; training and education; inclusion and diversity; local communities; supplier assessment; customer health and safety; management systems; and privacy and cybersecurity.

### Stakeholder Engagement

Our stakeholders are those individuals, groups or entities that we interact with or that can be impacted by our operations or performance. Our key stakeholders are our employees, current and potential customers and investors, and the communities in which we live and operate. We engage and communicate often with these major stakeholders to better understand their needs, concerns and perspectives on our business operations and performance, including sustainability and corporate responsibility.



## How We Engage

Employees	Customers	Investors	Communities
Day-to-day interactions	Informal conversations	One-one-one meetings and calls	Volunteering
Employee surveys	Training	Quarterly earnings calls	Philanthropy
Senior leadership meetings, monthly in-person or virtual	Formal surveys	Investor conferences	Direct interactions during disaster relief
Townhalls	Customer appreciation days	Annual Meeting of Stockholders	
Topical podcasts	Safety training	Hosted investor events	
Safety training		E-mails	
Internal communications via email - weekly			
On-line training			
Employee resource groups			
Job-specific newsletters			

## Topics of Interest

Employees	Customers	Investors	Communities
Safety	Customer service	Financial results	Volunteering
Career development	Equipment selection	Strategic plans for growth	Disaster preparedness and response
Employee engagement	Pricing	Industry trends	Impact of local operations
Training	Safety training	Capital allocation	
Benefits and compensation	Introduction of new types of equipment	Corporate governance	
Inclusion and diversity		Sustainability performance	
Performance		Environmental-related risks	
Performance awards			



## Our Commitment to Safety



# Our Commitment to Safety

**The safety commitments expressed here are in addition to our basic obligations to comply with the Herc Rentals Mission, Vision, Values and Code of Ethics, as well as all applicable laws and regulations where we operate.**

Herc Rentals requires an active commitment to, and accountability for, safety and safety compliance from all employees and its contractors.

Herc Rentals' operations management has the key leadership role in communicating, implementing, and ensuring conformance to safety policies and standards. A new Health and Safety Management System is in the process of being implemented, updating our current safety manual\*.

At Herc Rentals, we are all committed to:

- Protecting, and striving to improve the safety and health of our people at all times;
- Eliminating non-conformance to safety procedures;
- Meeting specified customer safety requirements and ensuring continuous customer satisfaction;
- Setting safety performance objectives, measuring results, assessing and continually improving through effective safety programs and processes;
- Planning for, effectively responding to and rapidly recovering from any emergency, crisis and business disruption;
- Appropriately communicating our safety policies, standards, programs and performance;
- Rewarding outstanding safety performance;
- Improving our performance on safety issues relevant to our internal and external stakeholders and on which we can have an impact;
- Complying with applicable legislation, regulations, and industry standards related to safety;
- Building a culture of safety awareness where "Stop Work" is understood as an individual obligation and company responsibility;
- Identifying and effectively managing safety risks;
- Allocating appropriate resources to implement safety-oriented operational practices and procedures; and
- Making every day a "Perfect Day\*\*."

\*Our safety manual is based on ISO 45001 principles and was implemented in 2019. An updated version is being implemented in 2021. Our safety management system is being implemented as a combination of proactive measures and regulatory compliance—US DOL (OSHA), Canadian MOL, US DOT, Canadian MOT, ANSI, and CSA.

\*\*Perfect Day" is defined as a working day across our company with (i) no OSHA recordable incidents, (ii) no Department of Transportation violations and (iii) no "at fault" motor vehicle accidents.

All employees are empowered to intervene with a Stop Work Authority (SWA) when they perceive an unacceptable safety condition, act or situation where an individual's lack of understanding could result in an incident.

## A Safety-First Culture

Our safety culture is predicated on training, communications, empowerment, measurement and recognition.

- **Safety Training** — Training is delivered via instructor led or computer-based depending on the topic and determined best approach. Regulatory training content and job-specific training is developed internally with input from experienced employees and leverages equipment manufacturers' guidance. Training effectiveness is reviewed based upon incident review to determine if the training was effective in the conduct of the task and reduction or mitigation of the hazards associated with the task.
- **Safety Communications** — We have developed several platforms to inform Team Herc about our commitment to safety, including an annual commitment to safety and ongoing safety reminders from the CEO; monthly "Safety Thoughts" messages that reinforce safety awareness and behaviors at work and at home; safety boards at every branch that serve as a dedicated resource for safety-related information; and morning stretches and safety huddles at all locations to help get every working day off to a safe start. We strive for the "Perfect Day" which is defined as a working day across our company with (i) no OSHA recordable incidents, (ii) no Department of Transportation violations and (iii) no "at fault" motor vehicle accidents. All of our branches achieved at least 98% Perfect Days in 2020.
- **Stop Work Authority** — All employees are empowered to intervene with a Stop Work Authority (SWA) when they perceive an unacceptable safety condition, act or situation where an individual's lack of understanding could result in an incident. The SWA is supported through Safety Alert communications that emphasize safety practices and a daily observation program at our locations that prepares employees to assess their work environment and tasks for potential hazards.
- **Documenting Safety Actions** — Observations or hazards can be reported and or entered by any employee and generates an action in the system of record for follow-up. Observations and hazards are routinely reviewed and audited with feedback to the submitting employees. All observations and hazards are entered into the system of record to create reports, which are used to analyze trends and areas of opportunity for improvement. These observations or hazards can be entered into the system of record from any phone or computer terminal. If an employee has a concern of privacy, observations can also be entered anonymously. Incidents that are reported through our system of record generate a requirement for an investigation. Depending on the type or severity of the investigation, different approaches may be used to determine the root cause and corrective actions. Monthly inspections, quarterly site assessments and annual audits are conducted to ensure the workplace is free of hazards.
- **Product Safety** — A new product introduction program is in place that identifies and creates, as needed, the training, processes and hazard assessments at the time of introduction. Additionally, if a product has the potential to create an environmental hazard, it is analyzed and monitored to ensure hazards are eliminated or mitigated.
- **Ongoing Safety Initiatives** — In addition to tracking and sharing standard safety performance metrics, we have established a daily Safety Dashboard that measures all branch locations on leading safety indicators, including training, monthly branch inspections, Toolbox Safety Meetings, employee observations and total



safety inspection findings. The daily Safety Dashboard is reviewed by branch managers, with weekly reports on individual branch performance sent to regional vice presidents. On a monthly basis, the director of safety reports performance and any other issues of note to the chief operating officer (COO). The director of safety also reports on safety performance to the Board on a quarterly basis.

- **Safety Councils** — All branch locations have instituted Safety Councils, which are led and comprised of non-management volunteer members of Team Herc. Members of our Safety Councils meet monthly and are tasked with identifying and addressing safety hazards and recommending safety improvements that are then communicated to the branch manager and safety director.
- **Recognition** — Leading safety performance is recognized each year and individual and team safety achievements are celebrated throughout the year on location, through our weekly Herc Wire publication and company newsletters like "The On Ramp" for our professional drivers and "The Tool Box" for our service technicians.

Additionally, drivers and technicians who have demonstrated positive safety behaviors are presented with a "Think Safety" sticker, which they can display on their vehicles or toolboxes. The company also recognizes outstanding regional and district safety performance during annual events and award ceremonies.

- **Vehicle Safety** — Our safety-first culture and ongoing implementation of vehicle safety enhancements, such as back-up cameras; active brake assist; rear, cross and forward collision alerts; lane-departure warning; front-and-rear parking assist technologies; and hands-free steering wheel controls will continue to support our progress in increasing our Perfect Days.

### Coping With COVID-19

We moved quickly to implement new operational practices across all locations consistent with the U.S. Centers for Disease Control and Prevention (CDC) guidance to mitigate the COVID-19 virus. These actions included:

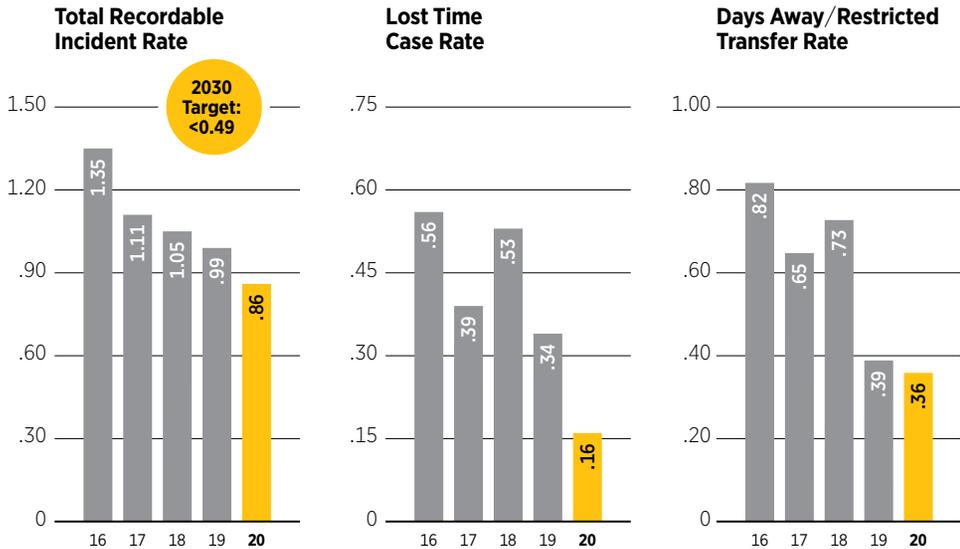
- Instructing team members on new safety and health protocols and apprising them of benefits and other policies in the event of an extended location shut down or required quarantine period.
- Procuring essential cleaning materials, protective gear and disinfectants.
- Implementing additional cleaning procedures for branch operations and returned equipment.
- Providing frequent organizational communications, including COVID-19 bulletins regarding adjusted safety and standard operating procedures based on updated CDC guidance and overall increased frequency of communications at all levels of the organization through multiple channels.

We intend to improve TRIR annually with the goal of reaching 0.49 or less by 2030.

### Improving Safety Performance

We expect to achieve annual safety performance levels equal to or better than the industry average and are committed to improving our safety metrics annually.

Our Total Recordable Incident Rate (TRIR) in 2020 fell to 0.86, a continuation of improving trends since 2016, our first year as a public company. There were no employee fatalities reported in any of our locations in 2020 and rates were based on a total number of hours worked of 11,140,036. The improvement in 2020 is substantial, particularly considering the challenges of COVID-19 in 2020 and our participation in work activity associated with supporting multiple natural disasters across North America.



**Our information security policy provides a framework for the establishment, operation and management of information security programs to protect Herc Rentals' assets from a wide range of threats.**



## **Maintaining Privacy and Cybersecurity**

Customer information and information systems are critical assets to Herc Rentals' operations and our ability to achieve our strategic objectives. As a result, protecting the confidentiality, integrity and availability of this information is imperative to our business success. Our information security policy provides a framework for the establishment, operation and management of information security programs to protect Herc Rentals' assets from a wide range of threats and effectively lower our risk profile.

Cybersecurity is potentially a significant risk to our business and is increasingly becoming a greater risk to government, corporate and other enterprises. Our cybersecurity program is headed by an internal cybersecurity team and overseen by the Board, Audit Committee, Risk and Compliance Committee and senior management.

Our information technology policy applies to the use of information, information systems, electronic and computing devices, applications, and network resources used to conduct business within Herc Rentals and applies to employees, contractors, consultants, temporary and other workers at Herc Rentals, including personnel affiliated with third parties.

The cybersecurity team is responsible for building security capabilities, security awareness and a holistic program to protect the business. They develop information security policies and standards, provide security advice and recommendations to the business and IT, and are an overall enforcement agent of policies and standards.

The company's cybersecurity activities are aligned to three service lines: governance, risk, and compliance (GRC); security operations; and security architecture and engineering. Across these service lines, the cybersecurity program ensures that the business has information security policies and standards, continuous monitoring of its IT assets, security incident response support, strategies and standards for risk mitigation, and a security awareness and training program.

Employees complete mandatory cybersecurity training annually and all personal records are protected with two-factor authentication. Also, regular phishing tests and virus scans are conducted on all computers.

Herc Rentals takes proactive steps to protect the privacy of our customers and employees. Both internal and external teams will investigate any formal complaints regarding the safekeeping or breach of customer data. To date, there are no known substantiated reports of violations of Herc Rentals customer data.

**HercRentals**<sup>®</sup>

**Human Capital —  
Team Herc**



# Human Capital – Team Herc

Our goal is for Team Herc to reflect the customers and communities we serve. Our vision is to be the employer of choice in our industry.

To fulfill this vision, we are investing significant time, effort and resources into recruiting top talent, developing our employees and providing a positive, inclusive and supportive environment.

Our Chief Human Resources Officer (“CHRO”) is responsible for managing employment-related matters, including recruiting and hiring; onboarding and training; compensation planning; performance management; and professional development. In addition, the CEO and CHRO regularly update our Board of Directors and its committees on the operation and status of human capital trends and activities.

Herc Rentals embraces diversity and respects the value that a diverse population brings to individuals, the company’s workforce, and the business.

### Building an Inclusive Team

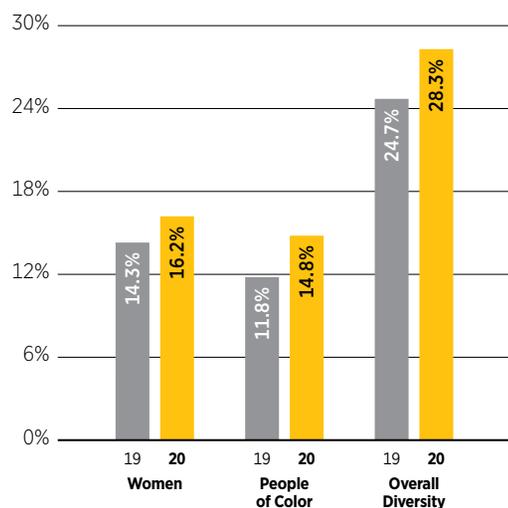
Herc Rentals is committed to recruiting diverse candidates and maintaining a culture of inclusion. To support this goal, two of Herc Rentals’ professional recruiters earned AIRS Certified Diversity Recruiter (CDR) certification in 2020.

In 2020, people of color represented approximately 29% of Herc’s overall workforce, about 15% of managerial roles at the company, and 11% of the Herc Rentals Senior Leadership Team (SLT).

In keeping with our commitment to diversity and inclusion, we seek to advance opportunities for women in our company and, by extension, the equipment rental industry. As of the end of 2020, women represented nearly 12% of our workforce and 16% of all managerial roles. At a senior level, women now account for 37% of the SLT and three women (30%) serve as independent, nonexecutive members of Herc Holdings Inc.’s Board of Directors.

We were pleased to observe overall diversity as a percentage of total employees improved to 37% and for managerial roles to 28% in 2020; a reflection of our continued focus on diversity and inclusion.

Percentage in Managerial Roles



**Our commitment to inclusion and diversity ensures a culture that enables people of all backgrounds to achieve their personal and professional aspirations a part of Team Herc.**

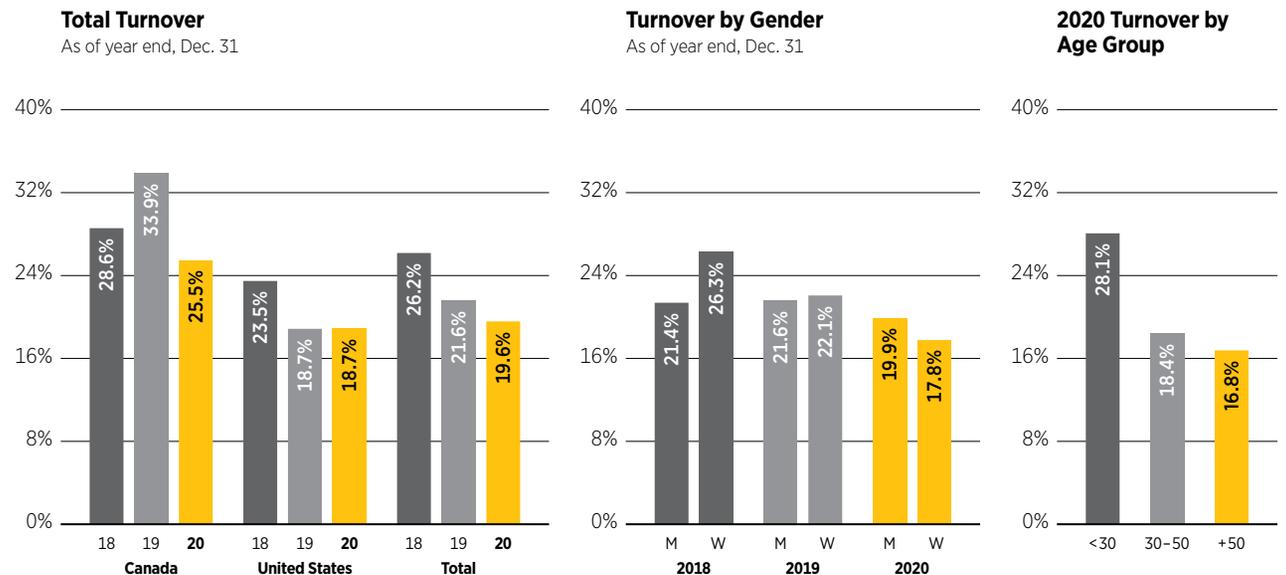
## New Employees/Recruiting/Turnover

At Herc Rentals, we recognize that a new hire’s onboarding experience—from the start of the recruiting process through the first 90 days and beyond—is critical in establishing the foundation for a positive, successful, and lasting relationship between the individual and the company. To this end our team is committed to continuous improvement of the onboarding program.

One of our most powerful recruiting tools is the Employee Referral Program, which serves to expand the talent pipeline for the company while also recognizing referring employees through monetary rewards. The majority of Herc Rentals employees are eligible to receive a referral bonus for any role within the company, provided that the referred team member remains with Herc Rentals for at least 90 days. In 2020, 284 new hires involved an employee referral, representing 42% of new hires for the year.

## Recruiting Initiatives

A major focus of Herc Rentals’ recruitment strategy is on recruiting early-career individuals, including recent and soon-to-be college graduates who are looking to pursue a career in sales or operations. The company’s dedicated Campus Recruiting team networks with colleges, universities, and trade schools to gain direct access to high potential candidates. Recruiters attend career fairs and sales competitions, and are often invited to present as guest speakers or participate in panel discussions. While college graduates may not immediately think of the equipment rental industry as a top choice for job prospects, Herc Rentals’ campus recruiters have the opportunity to share the benefits, possible career paths, and growth potential that a career in the industry—specifically with Herc Rentals—provides.



**Our people are the critical element of our company's culture, and the power of the Herc Rentals brand wherever we do business.**



The company goal for 2021 is to hire at least 100 new employees through the Campus Recruiting program. We have also established relationships with several Historically Black Colleges and Universities (HBCUs) and are leveraging new campus digital recruiting platforms, enabling us to have a more inclusive early career hiring process focused on attracting and hiring more diverse talent. Upon hire, all campus recruits are enrolled in the Black & Gold Early Career Academy, which provides immediate learning and development opportunities with the support of peers and leadership from all levels of the organization.

### **Employee Retention**

While recruiting the right talent is critical, retaining our employees is equally important. We recognize that people are the company's most precious resource and we are committed to increasing retention each year. There is no doubt that 2020 was a unique year with many different challenges, but the company was able to report year-over-year reductions in total turnover. This is significant considering that many of our employees are in roles where demand remained high in 2020, such as professional drivers and technicians.

### **Health and Well-being – Employee Benefits**

The health and well-being of our employees and their families is a top priority for Herc Rentals. In alignment with our mission to be the employer of choice in our industry, Herc Rentals offers an array of benefits to our full-time employees, including health and wellness benefits; financial benefits; benefits designed to protect employees and their families from the impact of significant life events; and benefits that support the life and work harmony of our employees and their families. Benefits vary based on country of residence or union membership. A list of benefits offerings can be found on the Herc Rentals website:

[https://careers.hercrentals.com/content/benefits/?locale=en\\_US](https://careers.hercrentals.com/content/benefits/?locale=en_US).

In addition to traditional health and financial benefits, Herc Rentals seeks to provide employees with voluntary benefits and optional services that support total wellness, including physical, mental, and financial wellness. To align with our goal to support the whole person, the company offers the following:

- **Life Planning Account** — Introduced in 2020, Herc Life provides employees with limited reimbursement for items such as wellness activities, fitness gear, students loans/education, and financial planning.
- **Employee Assistance Program (EAP)** — Herc Rentals' EAP is available to all employees at no cost for a specific number of services. This confidential, around-the-clock service provides resources and assistance for both everyday issues, such as work pressure and relationship challenges, and highly impactful issues, such as loss or disability. The availability of this service is especially valuable considering the additional stress, anxiety, and varying emotions that many people feel in relation to the global pandemic and other current events.
- **Real Appeal** — Real Appeal is an online weight loss program that motivates participants and provides support through online group sessions and individual coaching sessions. Through this program, employees are encouraged to develop and continue habits that support a healthy lifestyle.
- **Healthy Food Options** — The Herc Cafe, located at the Field Support Center and operated by FLIK, offers a variety of healthy menu options under the FIT menu. To be classified as FIT, the item must meet specific criteria for calories, saturated fat, and sodium.



**Our learning and development opportunities are available to all team members across all job roles and stages of career progression.**

- **Biometric Screening Events** — Herc Rentals’ Field Support Center hosts biometric screening events twice annually, which are open to any team member enrolled in one of the company’s medical plans, as well as their covered family members. These events provide a convenient opportunity for employees to complete screening and discover more about their health. Flu shots are also available at these events on a seasonal basis.
- **Livongo** — In 2021, Herc Rentals added the Livongo program, which is designed to empower our employees and their family members living with Diabetes (or Pre-Diabetes) and/or Hypertension to live better and healthier lives. The program provides access to glucose tracking devices, medical supplies used for Diabetes management, and expert health coaching. The program is available in the U.S. to medically eligible employees enrolled in one of Herc Rentals’ medical plans as well as covered family members who are medically eligible.

## **Training**

Continuous development of employees is key to employee satisfaction, career development, and the overall success of the organization. Herc Rentals is committed to be the employer of choice in our industry, in part by investing in the growth and progress of our employees.

We utilize various methods to facilitate training — including online, digital learning modules, instructor-led sessions (in-person and virtual); and on-the-job training — with an emphasis on learning through practical methods. Much effort is given to creating curriculum and career development programs that will help employees enhance their skills and knowledge in their current roles and provide a clear path for career progression.

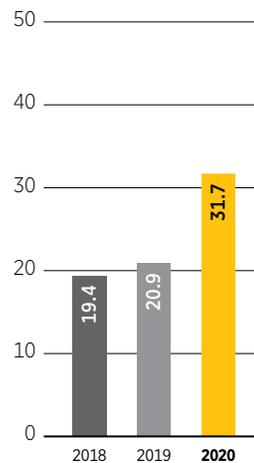
The following are some of the many development programs and training opportunities available to Herc Rentals team members:

- **Black & Gold Early Career Academy** — A developmental program for recent college graduates and other young professionals who are in the early stage of their careers. Participants of this program are grouped into cohorts in which they participate in instructor-led training sessions, complete an extensive curriculum, participate in a job rotation, and complete a capstone project that is concluded by a presentation to senior-level leaders. The program is supported by a network of professionals within the organization, including executive-level leaders. To date, 129 employees have participated in this program and we continue to focus efforts on expansion of the program.
- **ProDriver Academy** — All professional CDL drivers must enroll in Herc Rentals’ ProDriver Academy upon hire. The purpose is to ensure that drivers are able to master the Herc Way of operations and learn critical safety procedures prior to driving solo. The ProDriver Academy is led by professional drivers from Team Herc — either Master Drivers or Driver Trainers. Due to COVID-19, the ProDriver Academy was transitioned to a virtual format for 2020, with an on-the-job coaching component and assessment for the hands-on portion of training.

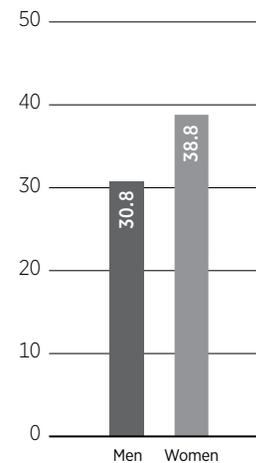


- Sales and Operations Coordinator Development** — Designed to provide a clear progression for sales and operations coordinators, this program incorporates specific curriculum and certifications for each level and requires mastery of skills before progressing to the next level. The curriculum provides the team member with the certifications for a professional sales focus or operations focus.
- Technician Development Program** — Through this program, employees have the opportunity to pursue a career as a professional technician. Participants are granted use of a toolbox that includes the essential items needed to perform in the technician role and receive individual hands-on instruction from an in-house program mentor. Following successful completion of the program and a specified period of time, the participant gains full personal ownership of the toolbox provided at the start of the program.
- 5-Tool Manager** — This professional development program for managers was introduced in 2020 to help equip Herc Rentals managers with the knowledge and skills that they need to successfully lead their teams and manage their operations. It focuses on the 5 tools considered critical to branch managers' success: People; revenue; profit; fleet and policies; and process management. Sessions are instructor-led, with employees from various functional areas serving as instructors.
- Leader Skills Series:** This program provides leader development opportunities for all field leadership. The 2021 program consists of 11 virtual, instructor-led, 60 to 90 minute interactive workshops. Post workshop, participants receive a series of Learning Bursts designed to expand upon concepts learned in the courses to continue to refresh and reinforce the learning. The 2021 courses focus on "People Management: Leading Self, Leading Others, and Leading Teams."

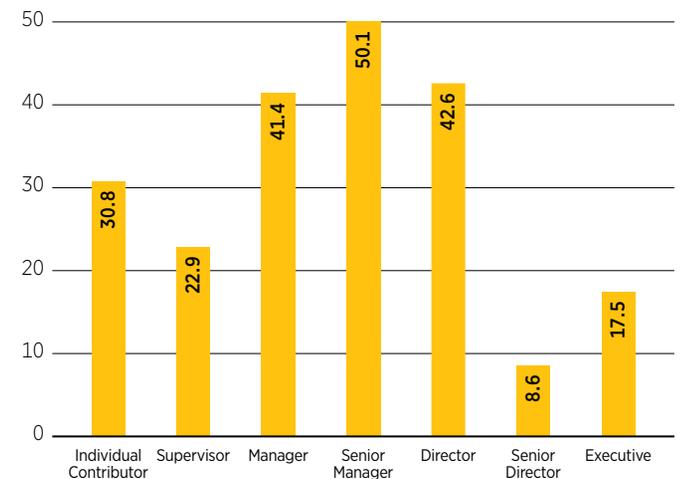
**Average Training Hours by Year**



**2020 Average Training Hours by Gender**



**2020 Average Training Hours by Employee Category**





**Employee resource groups exemplify our commitment to create a safe, respectful and equitable work environment everywhere we operate.**

- **Professional Development Series** — Employees at the Field Support Center can enroll in voluntary professional development courses on a variety of topics that are intended to help them navigate and succeed in the workplace. Typically, two sessions are held each month. Sessions may be held in-person or virtually.
- **On-Demand Digital Learning** — Herc Rentals offers over 5,000 digital courses that are available to all employees. While some courses are required, employees may also choose to pursue topics on their own, with options that include productivity tools; sales and marketing; product training; customer service; leadership skills; and application training on programs such as Microsoft Office.

In 2020, each Herc Rentals team member completed an average of 31.7 hours of training, including required and voluntary training. Herc Rentals' long-term ambition is to increase total training per employee to 40 hours per year. However, it should be noted that a significant emphasis is placed on learning through experience, which is often difficult to quantify. The increased training goal will be achieved, in part, through further expansion and improved accessibility to training and development opportunities. We encourage and support our employees as they seek to increase their knowledge, skills and abilities. We will also continue to emphasize the relationship between training and development, career progression, and business performance.

Herc Rentals provides equal opportunities for training to all employees, though some trainings are job or location specific. By gender, the breakdown of total training hours completed was representative of the current population in the Herc Rentals workforce. By gender, women averaged eight hours of training more than men in 2020, due in large part to their investment in discretionary development activities. In addition, many of Herc Rentals' women employees are in the role of sales and operations coordinator, which offers a defined and robust learning path in the company.

### **Women in Action**

The company's efforts in building an inclusive team also involved the creation of a women's employee resource group called Women in Action, which was launched in 2019. The mission is to attract, empower, support, and develop women by facilitating the exchange of knowledge and experiences through learning opportunities and internal/external networking events. Quarterly events are held to provide networking opportunities and opportunities to learn from guest speakers. These events are streamed virtually to allow company-wide participation. In 2020, guest speakers included: Maria Britt, Major General (U.S. Army, Retired) and author of "Navigate the Climb: Leadership for Life's Journey" and Jean Holley, Herc Holdings Inc. Board Member. Approximately 360 employees participated in the 2020 events.

### **Military Veterans**

Herc Rentals is a proud supporter of military veterans and their families. In recognition of our dedication to our veteran employees, Herc Rentals was awarded the Military Friendly Employer Bronze Award for 2021. This is the sixth time that Herc Rentals has earned Military Friendly Employer designation and the first time receiving the award at the bronze level. Of note, Herc Rentals scored within the top 30% of employers within our category.

The company has a dedicated military recruiter who specializes in connecting with veteran job candidates and identifying opportunities for them at Herc Rentals based on their unique skill sets.

## President's Award

Each year, the company recognizes outstanding performance for operations, sales, and safety. In addition, a select group of team members are recognized as finalists for the President's Award, which honors one individual for outstanding performance and commitment to the company's values.

### Peer Recognition: Spotlight Awards

Year	# of Winners
2020	465
2019	180
2018	131

At the end of December 2020, Herc Rentals' total identified veteran population was 446 employees, representing approximately 9% of the company's overall workforce.

In 2019, several employees established the Herc Rentals Veterans Resource Group (VRG) with the mission to support and mentor the company's servicemembers and provide opportunities to network with fellow veteran employees. In 2020, the number of participants in the VRG grew to almost 400. Herc Rentals' dedicated military recruiter not only recruits military veterans, but also provides continued support once they join the team. See our veterans-related careers webpage for more information: <https://careers.hercrentals.com/go/Military/7130600/>.

To better assist our employees who are still serving in the armed forces, Herc Rentals issued a revised Military Leave policy for U.S. team members to increase leave pay benefits for service members on leave due to military training. The revision to this policy provides extended support for our employees while they fulfill their commitments to military service.

### Focus on Our Employees

We recognize that to fulfill our vision to be the employer of choice in our industry, we must invest significant time, effort, and resources into recruiting top talent, developing our employees, and providing a positive, inclusive, and supportive environment. The safety and well-being of our employees, as well as their growth and engagement, is a top priority.

- Employee Survey** — Herc Rentals conducted its third annual Team Member Survey at the end of 2020. In 2018, 54% of employees participated in the company's first engagement survey; in 2019, the participation rate significantly increased to 84%; and in 2020 we achieved 88% participation. This high participation rate provides Herc Rentals with invaluable data as a large majority of our employees allowed their voices to be heard through this process.
 

One of the most meaningful takeaways from our survey was that employees rated their general sense of well-being from a range of 0 to 100%; where 100% represented the best sense of well-being, our employees averaged 78%. In terms of satisfaction with their job, where 100% reflected completely satisfied with their job; Herc Rentals employees averaged 78%. Additionally, employees reported a 5-percentage point year-over-year increase in overall well-being, a measure which includes improving employee sentiment for belonging and work/life harmony. These scores were above the external average benchmarks. We will continue to monitor and survey our employees' sentiments annually.
- Performance Feedback** — Providing thoughtful and substantive feedback to employees is crucial to their career development. In 2020, nearly every Herc Rentals team member received a formal performance review, with very limited exclusions (for example, certain union employees are not eligible for this process).
- Spotlight Awards**—Through the Spotlight Awards program, Herc Rentals employees have the opportunity to recognize other employees for their demonstration of Herc Rentals' core values. Employees are nominated by their peers or leadership, and winners are presented with an award that includes a gift of their choosing.

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**Environmental  
Management**



# Environmental Management



We are committed to minimizing our impact on the environment by implementing programs that incorporate sound environmental policy.

We operate in accordance with all relevant local, state, and federal regulations and will strive to use pollution prevention and best management practices throughout our branches to:

- Handle, store, and dispose of substances that are defined as hazardous material in compliance with local, state, and federal regulation;
- Reduce, reuse, and recycle our waste products as much as possible;
- Minimize water consumption and ensure safe water treatment within our branches by incorporating innovative design of wastewater treatment systems;
- Minimize energy consumption by employing energy-reducing initiatives;
- Conduct regular training for staff working in and around petroleum storage tanks to educate on practices related to hazardous materials stored onsite, as well as regular inspections of storage tanks, dispensers, and critical safety devices;
- When required by local, state, and federal regulations, develop and maintain appropriate emergency and spill response programs;
- Whenever possible, purchase products and services that do the least damage to the environment and communicating this commitment to our vendors;
- Monitor the environmental impact of our business practices and review our progress on a continual basis; and
- Promote environmental stewardship and best management practices to our customers when using our rental equipment.

**Our large operational footprint means that every small thing we do to reduce our environmental impact will benefit every community we call home.**

## **Focused ESG Effort**

We seek reductions in our use of electricity, natural gas, water usage, wastewater and hazardous waste across our facilities. Year-to-year changes in these areas are subject to several variables, including net change in the number of our facilities; rental volume and velocity; customer and product mix; and weather.

In 2020, we established an environmental ESG workstream to review our current metrics and to improve analysis of those metrics. This allowed us to gather a fuller picture of our energy consumption, which we incorporated as our 2019 baseline to determine longer term goals for environmental sustainability.

We have primarily reported on total electricity, natural gas, and water consumption, and now include fuel usage for a total account of energy consumption and greenhouse gas emissions within the organization (Scope 1 and 2) and best estimate for outside the organization (Scope 3). See the Appendix.

Responsibility for managing the environmental and sustainability policy is outlined in our environmental procedures and adhered to by branch operations. The policy is reviewed by district managers and regional vice presidents on an annual basis and assisted by the Field Support staff, which includes procurement for supplier selection, environmental program support, and facilities and construction management.

Our environmental policy and procedures are reviewed annually by the Environmental Affairs Manager, the Chief Operations Officer and Executive Team. Performance against our ESG targets are evaluated annually via the ESG workstream and an annual report to our Executive Team and Board of Directors.

We utilized GRI standards to structure the reported metrics and to compare our performance with other companies. This is the first year we are aligning to the GRI standards and we are establishing 2019 as our baseline reporting year. We look forward to reporting on our progress going forward.

Our commitment in reducing the impacts of our business on the environment includes all waste streams and is expected to take a systematic approach involving all functional groups of our organization from supplier to disposal. As data becomes available, we plan to incorporate supply chain analysis of emissions that impact the environment but are outside of the organization.

**Our goal is to reduce the impact of Scope 1 and Scope 2 GHG emissions intensity by 25% by 2030.**



## Energy and Greenhouse Gas Emissions (Scope 1 and 2)

2020 was an unusual year in many respects. Lower volumes reduced total energy usage and total Scope 1 and 2 GHG emissions by 11%. The impact of lower revenues compared to the prior year had a minimal impact year-over-year in our intensity ratio (calculated using revenue as the denominator). Energy and GHG intensity by branch both declined 12% while GHG intensity by employee declined 5%. As revenue improves going forward, along with our improvements in efficiency and conservation initiatives, the intensity ratio as measured by revenue is expected to return to a more measured difference — and continue on track with meeting our 2030 goal to reduce GHG emissions intensity by revenue by 25%.

## Energy Use

<b>Energy Consumption – Internal Operations (US and CAN)</b>	Baseline Year <b>2019</b>	<b>2020</b>
Number of Branches (unique address)*	273	277
Revenue \$MM USD	\$1,999	\$1,781
Fuel Consumption - Internal Fleet (total MWh)	405,376	359,096
Diesel	298,614	256,916
Gasoline	106,762	102,181
Natural Gas (MWh)	44,117	38,613
Electricity Consumed (MWh)	25,827	25,338
Electricity Normalized by Branch	94.6	91.5
Percentage of Consumed Energy from Grid	5.4%	6.3%
Total Energy Consumption (MWh)	474,650	422,377
Energy Intensity (MWh/\$MM revenue)	237.4	237.1
Energy Intensity (MWh/branch)	1,739	1,525

\*As of December 31

Fuel consumed for internal operations (service, delivery, onsite operations with forklifts and assigned vehicles), electricity at our branches, and natural gas usage at our branches. Solar production of 670 MWh subtracted from total energy consumption. Electricity derived from roughly 30% (or 7,500 MWh) renewable sources estimated from power providers.



## Greenhouse Gas Emissions – Internal Operations

<b>GHG Emissions – Internal Operations (MT CO<sub>2</sub>e)</b>	Baseline Year <b>2019</b>	<b>2020</b>
Scope 1 Emissions (direct)	115,773	102,469
Scope 2 Emissions (indirect, market-based)	10,340	10,139
Scope 1 and 2 Emissions (market-based)	126,113	112,608
GHG Intensity (Scope 1 and 2) by Revenue	63.1	63.2
GHG Intensity (Scope 1 and 2) by Branch	462.0	406.5
Employee Head Count	5,100	4,800
GHG Intensity (Scope 1 and 2) by Employee Head Count	24.7	23.5

Scope 1 Greenhouse Gas (GHG) emissions – direct company operations (fuel and natural gas consumption through company-controlled equipment). Scope 2 GHG = emissions emitted from sources owned by other entities through use of purchased electricity, using a market-based conversion factor. GHG emissions calculated as CO<sub>2</sub> equivalents which accounts for 99.6% of contaminants in our type of emissions. Solar capacity of 275 MT CO<sub>2</sub>e deducted from Scope 2 GHG emissions.

### Solar Initiatives

Ten of our locations are currently equipped with solar panels to help offset the energy needs of the respective branch. We are currently evaluating opportunities to expand our solar initiatives across a select group of locations, prioritized by those located in states with favorable alternative energy tax incentives.

### Energy Reduction Systems

<b>Energy Saving Metrics</b>	Baseline Year <b>2019</b>	<b>2020</b>
Percentage of Facilities with Upgraded Lighting (total)	36%	41%
Solar-Power Production (10 locations) (MWh) Based on Capacity	670.2	670.2
Percentage Solar Renewable Derived Electrical Power	3%	3%

Solar use at branches can yield up to -275 MT CO<sub>2</sub>e GHG emissions avoided at current footprint.



## Water and Wastewater

Total water consumption increased year-over-year by 1.7% in 2020. Our water recycling program is not fully developed, but we are monitoring the overall number of systems and strive to install more recycle water systems as we grow and in areas where water sources and waste water utilities would experience a higher impact from our operations. We are gathering more information annually on the volume of water recycled through installation of meters and estimates of hours of operation.

## Water and Wastewater

Source	Baseline Year 2019	2020
Total Water Consumption (kilogallons)	51,794	52,667
Municipal/Utility Sources of Water Consumed (kilogallons)	50,486	51,364
Groundwater Withdrawal (kilogallons)	1,308	1,303
Water Intensity by Branch	184.9	185.4
Water Intensity by Revenue	25.3	28.8
Wastewater by Source		
Municipal/Utility Sources (kilogallons)	38,021	34,544
Septic Systems (kilogallons, estimated)	2,939	2,650
Wastewater Intensity by Revenue	19.0	19.4

Meters were installed on 37 recycle systems. Water and wastewater intensities are calculated on municipal water and wastewater usage. 2019 water consumption was restated due to a clerical error in last year's report.

## Water Reduction Systems

Water Recycling Systems	Baseline Year 2019	2020
Percentage of Facilities with Recycle-Wash Bay Systems	45%	51%



## Waste Disposal

In 2020 we reduced non-hazardous waste to landfill by 1.3%, compared with the prior year. We plan to reduce non-hazardous waste to landfill 25% by 2030 through improvement in our branch recycling efforts. We need further details to assess what areas in our supply chain can also be reduced.

We had zero tons of hazardous waste sent to landfill in 2020 and will strive to maintain that year-to-year.

## Waste Disposal

Waste (tons)	Baseline Year 2019	2020
Total Waste Generated within Organization (metric tons)	9,186	8,680
Hazardous Waste Generation (total)	18	33
Landfilled	0.48	0.00
Energy Recovery (incinerated)	6	22
Recycled	12	11
Non-Hazardous Waste Generation (total)	9,167	8,647
Landfilled	3,902	3,852
Energy Recovery (incinerated)	102	48
Recycled	5,163	4,747
<b>Material Waste Intensity (landfill only)</b>		
Hazardous Waste (ton/\$MMx1000)	0.241	0.000
Non-Hazardous Waste (ton/\$MMx10)	20	22
Closed-Loop Recycled Oil (gallons)	217,514	220,009
Emissions Avoided from Recycled Oil (MT CO <sub>2</sub> e)	2,178	2,203
Percentage of Emissions Avoided Through Closed-Loop Used Oil Program	1.7%	2.0%

Hazardous waste for the purposes of GRI standardization is classified as federal RCRA hazardous waste. Some states have different hazardous waste classifications and those are excluded as federally classified hazardous waste in our reporting. Waste is summarized from our major vendors for approximately 85% of our operations.

**By 2030, we intend to reduce our non-hazardous waste to landfill by 25%.**



### Scope 3 GHG Emissions

We are evaluating and developing a detailed process and methodology by which we can begin to track Scope 3 emissions. The data below reflects our best estimate at this time, with a reduction of 2.2% in Scope 3 GHG emissions from 2019.

### External Operations Energy Use & Greenhouse Gas Emissions

External Operations Energy Consumption	Baseline Year 2019	2020
Business Travel (airfare) (MWh)	5,104	2,688
Fuel Consumption from Rentals (total MWh)	142,168	141,114
Total Energy Consumption Outside Organization (MWh)	147,272	143,802
Scope 3 Emissions (MT CO <sub>2</sub> e)	40,221	39,335

Business travel from air travel and fuel provided to our customers for rental equipment is included.

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**Responsible  
Supply Chain**



# Responsible Supply Chain

**We are developing a process in which all new suppliers will review and acknowledge our Vendor Code of Conduct as part of their onboarding process.**

Herc Rentals is committed to a policy of fair, honest and ethical business practices and conduct.

That includes all principles outlined in our Code of Ethics, and full compliance with all applicable laws and government regulations wherever we operate. This commitment extends to all vendors and suppliers, who we hold to the same standards and principles by which we operate.

We expressly forbid Herc Rentals' vendors and suppliers from the use of all forms of forced labor, including prison labor, indentured labor, bonded labor, military labor, any form of slavery and any form of human trafficking. We also prohibit vendors and suppliers from hiring or contracting individuals that are under 18 years of age for positions in which hazardous work is required in the production and fulfillment of Herc Rentals' requested goods and services.

Herc Rentals is a federal contractor that complies fully with all federal laws and regulations and, accordingly, requires its vendors and suppliers, as well as their contractors and subcontractors, to comply with all applicable laws and regulations in the production and fulfillment of Herc Rentals' requested goods and services.

Herc Rentals requires an active commitment to, and personal accountability for, safety and safety compliance from all employees and contractors. Because safety is our most important priority, Herc Rentals expects its supplier and vendor representatives to adhere to all company safety requirements and applicable state and federal safety regulations while visiting company facilities. To support that expectation, Herc Rentals' Contractor Safety Guide stipulates specific safety practices and actions that all contractors must follow. Failure to comply with Herc Rentals' safety requirements will result in contractor representatives being asked to leave the company's premises.

Herc Rentals is committed to minimizing the impact of its equipment rental operations on the environment by implementing programs that incorporate sound environmental policy and best management practices and by operating in accordance with all relevant local, state, and federal/national regulations everywhere we operate. The company expects all its vendors and suppliers to operate with the same accountability related to sound environmental practices and, where applicable, will seek documentation from vendors and suppliers certifying the existence of an environmental management system governing the production and fulfillment of Herc Rentals' requested materials and goods.



**In partnership with our suppliers, we are increasing the number of energy-efficient and hybrid products in our fleet, with some categories offering up to 50% greater fuel efficiency than legacy products.**

## Sustainable Equipment

As one of the largest equipment rental companies in North America, Herc Rentals supplies a broad range of equipment including material handling, aerial, earthmoving, transportation, power generation, climate control and remediation, landscaping and lawn care, building maintenance and lighting equipment. We help customers optimize their efficiency by providing equipment when they need it, and optimize the utilization of our broad range of equipment through multiple rentals to diverse customers.

Over 95% of our applicable equipment rental fleet is Tier 4 compliant. Tier 4 refers to the emission milestone established in 2014 by the U.S. Environmental Protection Agency and the California Air Resources Board applicable to new engines found in off-road equipment including construction, mining and agricultural equipment, marine vessels and workboats, locomotives and stationary engines found in industrial and power generation applications.

Tier 4 compliant engines significantly reduce emissions of particulate matter (PM) and oxides of nitrogen (NOx) to near zero levels. Relative to previous emissions standards, Tier 4 compliant engines reduce emissions by over 95% for most agricultural and construction equipment and just over 86% percent for much larger applications like locomotives and marine vessels.

As of January 1, 2014, these emissions standards applied to new engines that power equipment commonly found in most construction and agricultural applications while new engines manufactured for much larger applications including marine, locomotives must have met the standard by January 1, 2015. These emissions standards applied to new and remanufactured engines and do not apply to older engines.

Herc Rentals made an early commitment to buy new Tier 4 compliant equipment, even when there was the opportunity to refurbish older equipment at a lesser cost, so that our customers would have the most efficient and environmentally friendly equipment on the market. We are committed to maintaining a fleet of equipment that does the least damage to the environment.

In partnership with our suppliers, we are increasing the number of other energy-efficient and hybrid products in our fleet, with some categories — such as telehandlers and light towers — offering up to 50% greater fuel efficiency than legacy products. Our environmentally friendlier fleet includes LED-light equipped and solar-powered portable light towers, electric-powered industrial forklifts, a range of battery-powered and hybrid aerial equipment, and electric air compressors. We continuously look for opportunities to add fleet with zero emissions, as several leading OEMs develop extended-life battery-powered, hybrid and fully electric solutions.

We are transitioning our fleet of rental and internal-use half-ton pick-up trucks to be equipped with six-cylinder engines and our rental half-ton pickup trucks to the most fuel-efficient eight-cylinder engine available. These changes improve fuel economy by approximately 13% from the trucks they are replacing. We have continued to increase the percentage of battery or self-powered handling products, such as self-powered warehouse stackers, warehouse forklifts, and high capacity straight mast forklifts and cranes. In 2020, our percentage of fleet of battery powered material handling products increased by 1.8% to 16.4% compared to 2019.



We also continued to increase the percentage of Tier 4 power generators in 2020. Generators are long-lived assets, and our fleet of Tier 4 now comprises about 87% in 2020 compared with 77% in 2019. We are also investing in electric and solar powered light towers — and increased the percentage of the fleet from 19% in 2019 to 22% in 2020.

Diesel-powered light towers equipped with LED technology are 22% more fuel efficient (gallons per hour) than units with Metal Halide bulbs. We increased the percent of light towers configured with LED technology to 23.7% in 2020 from 14% in 2019.

We’re also introducing more battery and electric products to the fleet where available to replace small horsepower engine driven products. While a small part of our overall fleet, lawn and landscape and material handling products are two specific categories that continue to introduce new engines that require less maintenance. We buy hundreds of millions of dollars of new fleet each year and, as our manufacturers move towards zero-emission technology, we will be among the first to invest in it.

**Telematics**

One of the contributing factors to improving our customers’ utilization and efficiency is the application of ProControl, our proprietary telematics application on rolling fleet that tracks utilization or hours in service, service requirements, location, and other key performance metrics. Each year, as we acquire new fleet, we increase the percentage of total applicable fleet that are telematics enabled. This trend is also enhanced by original equipment manufacturers who are increasingly providing telematics on the equipment they produce to better track performance that is compatible with our ProControl system.

**Safety Training for Customers**

Our safety mission extends to helping our customers’ people operate our equipment safely and supporting their worksites’ safe operating practices. We offer training on our equipment; we offer to perform safety assessments at customer worksites and provide suggestions for improvement; we participate in customers’ safety teams as a partner in reducing workplace hazards; and we apply our own required safety protocols whenever we visit a customer worksite.

Fleet Metrics	2019	2020
Percent of applicable equipment with telematics	60%	71%

GRI ID	GRI Disclosure	Additional Information/Omissions	Reference	Page No.
<b>GRI 102: Organizational Profile</b>				
102-01	Name of the organization	Herc Holdings Inc.	<a href="#">Annual Report</a>	10-K: cover
102-02	Activities, brands, products, and services	The company is one of the leading equipment rental companies in North America.	<a href="#">Annual Report</a>	10-K: 1 to 5
102-03	Location of headquarters	27500 Riverview Center Blvd, Bonita Springs, Florida 34134	<a href="#">Annual Report</a>	10-K: cover
102-04	Location of operations	277 locations in 39 states and 5 provinces*	<a href="#">Herc Rentals Locations</a>	
102-05	Ownership and legal form	See Company and Corporate History	<a href="#">Annual Report</a>	10-K: 1
102-06	Markets served	We have approximately 3% market share by revenue and 277 locations in 39 states and five provinces in the U.S. and Canada.* 10-K	<a href="#">Annual Report</a>	10-K: 1
102-07	Scale of the organization	4,800 employees in 277 locations, with rental equipment including the following categories: aerial, material handling, earth moving, trucks and trailers, and other types of equipment. Total of \$3.6 billion of equipment available for rental.*	<a href="#">Annual Report</a>	IFC, 10-K: 3
		We provide equipment rental services to customers in a wide variety of large markets, including contractors in commercial and residential construction, specialty and remediation and environmental sectors; industrial, including energy, chemical processing and manufacturing; infrastructure, such as highway and bridges, railroads and sewer and waste disposal; and other industries such as facilities management and entertainment production and services.	<a href="#">Annual Report</a>	10-K: 2 to 3
102-08	Information on employees and other workers	Partial data disclosed.	<a href="#">Annual Report</a>	10-K: 6
<b>GRI 102: Strategy</b>				
102-10	Significant changes to the organization and supply chain	5 greenfield locations opened in 2020 and 4 locations acquired in 2020, first multi-location acquisition since going public	<a href="#">Q4 2020 Earnings Presentation</a>	10
102-13	Membership of associations	The company is a member of the American Rental Association and company representatives serve on the safety and tax committees		
102-14	Statement from senior decision-maker	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	2 to 5
102-15	Key impacts, risks, and opportunities	Climate Change Risk Statement	<a href="#">Annual Report</a>	10-K: 15
<b>GRI 102: Ethics and Integrity</b>				
102-16	Values, principles, standards, and norms of behavior	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	1, and 2 to 5
102-17	Mechanisms for advice and concerns about ethics	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	4

\*As of December 31, 2020

GRI ID	Description	Additional Information/Omissions	Reference	Page No.
<b>GRI 102: Governance</b>				
102-18	Governance structure	"Corporate Governance"	<a href="#">Proxy Statement</a>	10 to 15
102-20	Executive level responsibility for economic, environment, and social topics	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	8 to 9
102-22	Composition of the highest governance body and its committees	"Corporate Governance"	<a href="#">Proxy Statement</a>	10 to 15
102-23	Chair of the highest governance body	"Our Board Leadership"	<a href="#">Proxy Statement</a>	10
102-24	Nominating and selecting the highest governance body	"Selecting Nominees to the Board"	<a href="#">Proxy Statement</a>	13
102-25	Conflicts of interest	"Certain Relationships and Related Person Transactions" addresses majority of issues - except (ii) cross-sharing with suppliers and other stakeholders	<a href="#">Proxy Statement</a>	43 to 44
102-26	Role of highest governance body in setting purpose, values, and strategy	Process of oversight of ESG issues are outlined in the Nominating and Governance and Compensation Committee Charters, updated May 13, 2021; sections b, c and d are not addressed.	<a href="#">Governance Documents</a>	
102-31	Review of economic, environmental and social topics	"Corporate Governance and Oversight"	<a href="#">Herc Rentals Sustainability</a>	7 to 8
102-32	Highest governance body's role in sustainability reporting	"Corporate Governance and Oversight"	<a href="#">Herc Rentals Sustainability</a>	7 to 8
102-33	Communicating critical concerns	"Stockholder Communications with the Board"	<a href="#">Proxy Statement</a>	15
102-35	Remuneration policies	"Long-term Equity Incentives" and "Other Compensation Elements" in the "Compensation Discussion and Analysis" section	<a href="#">Proxy Statement</a>	24 to 25
102-36	Process for determining remuneration	"Long-term Equity Incentives" and "Other Compensation Elements" in the "Compensation Discussion and Analysis" section	<a href="#">Proxy Statement</a>	24 to 25
102-37	Stakeholders' involvement in remuneration	Advisory Vote to Approve Executive Compensation	<a href="#">Proxy Statement</a>	16
102-38	Annual total compensation ratio	Pay Ratio Disclosure	<a href="#">Proxy Statement</a>	35
<b>GRI 102: Stakeholders Engagement</b>				
102-40	List of stakeholder groups	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	9
102-41	Collective bargaining agreements	540 out of 4,800 employees belong to collective bargaining agreements, or 11% of our employees	<a href="#">Annual Report</a>	10-K: 6
102-42	Identifying and selecting stakeholders	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	9
102-43	Approach to stakeholder engagement	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	9
102-44	Key topics and concerns raised	Customers may contact Customer Care with questions via the company website at <a href="https://www.hercrentals.com/us.html">https://www.hercrentals.com/us.html</a>  Investors and media may contact the Vice President, Investor Relations or the Vice President, Communications by email or through the contact us feature on the website. <a href="https://ir.hercrentals.com/information-request/contact-us">https://ir.hercrentals.com/information-request/contact-us</a>	<a href="#">Investor Relations</a>	

GRI ID	Description	Additional Information/Omissions	Reference	Page No.
		Employees may contact Human Resources or utilize the many resources on the company's intranet site. Survey conducted annually.		
<b>GRI 102: Reporting Practices</b>				
102-45	Entities included in the consolidated financial statements	Appendix to 2021 Annual Report and 10-K	<a href="#">Annual Report Appendix</a>	
102-46	Defining report content and topic boundaries	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	2 to 5
102-47	List of material topics	Material topics include strategy; ethics and integrity; governance and oversight; stakeholder engagement; reporting practices; environmental assessment of operations including energy, water, materials and waste; sustainable procurement; compliance; health and safety; employee experience and retention; learning and development; training and education; inclusion and diversity; local communities; supplier assessment; customer health and safety; management systems; and privacy and cybersecurity.	<a href="#">Herc Rentals Sustainability</a>	9
102-48	Restatements of information	Water data for 2019 was corrected due to a clerical error	<a href="#">Herc Rentals Sustainability</a>	30
102-49	Changes in reporting	No significant changes		
102-50	Reporting period	Financial information is disclosed for 2018, 2019 and 2020; information in human capital is shown for 2019 and 2020; energy-related information is 2019 and 2020.	<a href="#">Herc Rentals Sustainability</a>	
102-51	Date of most recent report	May 12, 2020	<a href="#">Herc Rentals Sustainability</a>	
102-52	Reporting cycle	Annually	<a href="#">Herc Rentals Sustainability</a>	
102-53	Contact point for questions regarding the report	SustainabilityOffice@HercRentals.com	<a href="#">Herc Rentals Sustainability</a>	8
102-54	Claims of reporting in accordance with the GRI Standards	This report aligns with the GRI Core Standards. We intend to continue to broaden our disclosures in future years.	<a href="#">Herc Rentals Sustainability</a>	
102-55	GRI content index	Only the standards which we align with are listed.	<a href="#">Herc Rentals Sustainability</a>	
102-56	External assurance	The data in this report has been validated by internal audit and financial review but has not been validated externally. We hope to do so in the future.	<a href="#">Herc Rentals Sustainability</a>	
<b>GRI 201: Economic Performance</b>				
103	Management approaches	The Executive Team oversees all aspects of the company's operations and policies, which are reviewed by the Board.	<a href="#">Herc Rentals Sustainability</a>	9
201-01	Direct economic value generated and distributed	Revenues of \$1,781,300,000; Direct operating expense of \$689,200,000; selling, general and administrative expenses of \$257,400,000; and interest expense of \$92,600,000	<a href="#">Annual Report</a>	10-K: 39
201-02	Financial implications and other risks and opportunities due to climate change	"Climate change and legal or regulatory responses thereto may have a long-term impact on our business and results of operations"	<a href="#">Annual Report</a>	10-K: 15
201-03	Defined benefit plan obligations and other retirement plans	"Note 13 - Employee Retirement Benefits"	<a href="#">Annual Report</a>	10-K: 64 to 68
203-01	Infrastructure investments and services supported	In 2020, 18% of revenue was derived from infrastructure and governmental projects and customers.	<a href="#">Annual Report</a>	3

GRI ID	Description	Additional Information/Omissions	Reference	Page No.
<b>GRI 302: Energy, Water and Waste Disposal</b>				
302-01	Energy consumption within the organization	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	28
302-02	Energy consumption outside of the organization	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	32
302-03	Energy intensity	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	28
302-04	Reduction of energy consumption	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	29
303-03	Water withdrawal	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	30
305-01	Direct (Scope 1) GHG emissions	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	29
305-02	Energy indirect (Scope 2) GHG emissions	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	29
305-04	GHG emissions intensity	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	29
305-05	GHG emissions reductions	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	29
306-03	Waste generated	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	31
306-04	Waste diverted from disposal	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	31
306-05	Waste directed to disposal	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	31
<b>GRI 404: Human Capital</b>				
401-01	New employee hires and employee turnover	Turnover for total employees, by gender, age, and employment category are provided in the Corporate Citizenship Report for 2019 and 2020.	<a href="#">Herc Rentals Sustainability</a>	19
401-02	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Benefit programs are summarized in the 2021 Corporate Citizenship Report with additional information on the Careers portion of the Company's website	<a href="#">Employee Benefits</a>	
403-01	Occupational health and safety management system	A new safety management system is in the process of being implemented in 2021.	<a href="#">Herc Rentals Sustainability</a>	12
<b>GRI 403: Safety</b>				
403-1	Occupational health and safety management system	A safety manual based on ISO 45001 principles was implemented in 2019. An updated version is being implemented in 2021. The system was implemented as a combination of proactive measures and regulatory compliance- US DOL (OSHA), Canadian MOL, US DOT, Canadian MOT, ANSI, and CSA. A list of the guidelines include: ISO 45001 structure, OSHA, MOL, DOT, MOT, ANSI, CSA. All employees, visitors and contractors on Herc Rentals sites are covered as well as employees on customer job sites. Additionally, all Herc Rentals locations.	<a href="#">Herc Rentals Sustainability</a>	12
403-02	Hazard identification, risk assessment, and incident investigation	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	13
403-03	Occupational health services	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	13 to 15
403-04	Worker participation, consultation, and communication on occupational health and safety	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	13 to 14

GRI ID	Description	Additional Information/Omissions	Reference	Page No.
403-05	Worker training on occupational health and safety	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	13 to 14
403-06	Promotion of worker health	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	14, 20, 21
403-07	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	13 to 15
403-09	Work-related injuries	403-9 a.(i) none, (ii) 46, (iii) 84, (iv) Sprains and Strains, Slip, Trip & Fall, (v) 11,140,036; b.(i to v) Not applicable; c. (i) Hazard assessments have been completed and training provided, (ii)Manually handling and slides, trips & falls, (iii) significant actions have been put in place primarily around administrative controls and PPE; d. this is ever-present, on-going process to identify any areas of improvement and apply the hieracy of controls. Additional training (administrative control), substitution and elimination have all be utilized. e. Rates are calculated using 200,000 hours and the OSHA approved formulas. f. Nothing has been excluded. g. All rates are calculated based on OSHA approved formulas.	<a href="#">Herc Rentals Sustainability</a>	15
403-10	Work-related ill health	403-10 a.(i) 0, (ii) 0, (iii) N/A; b.(i) 0, (ii) N/A, (iii) N/A; c.(i) N/A, (ii) N/A, (iii) Monitoring is conducted as needed, new products, new processes, by a certified third party. d. No, e. All monitoring is conducted by certified third parties using approved methodologies and results are measured against regulatory standards.	<a href="#">Herc Rentals Sustainability</a>	13 to 15
<b>GRI 404: Training and Career Development</b>				
404-01	Average hours of training per year per employee	Hours for total employees, gender and employment category hours are listed in the Corporate Citizenship Report.	<a href="#">Herc Rentals Sustainability</a>	21 to 22
404-02	Programs for upgrading employee skills and transition assistance programs	Career and development programs are summarized in the Corporate Citizenship Report.	<a href="#">Herc Rentals Sustainability</a>	18 to 22
<b>GRI 405: Diversity and Inclusion</b>				
405-01	Diversity of governance bodies and employees	Human Capital - Team Herc	<a href="#">Herc Rentals Sustainability</a>	18
<b>GRI 413: Local Communities</b>				
413-01	Operations with local community engagement, impact assessments, and development programs	"CEO Letter" partial disclosures	<a href="#">Herc Rentals Sustainability</a>	5
<b>GRI 418: Customer Privacy and Security</b>				
418-01	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Maintaining Security and Cyber Security	<a href="#">Herc Rentals Sustainability</a>	16

# SASB Index

SASB Code	Topic	Additional Information/Omissions	Reference	Page No.
<b>Energy Metrics</b>				
RT-IG-130a.1	(1) Total energy consumed, (2) Percentage grid electricity, (3) Percentage renewable	(1) Total Energy Consumption 2019: 1,708.7 GJs; 2020: 1,451.0 GJs (2) Percentage grid electricity: 2019: 5.4%; 2020: 6.3%; (3) Percentage renewable: approximately 30% (2021 Corporate Citizenship Report)	<a href="#">Herc Rentals Sustainability</a>	28 to 32
<b>Employee Health &amp; Safety</b>				
RT-IG-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	2021 Corporate Citizenship Report	<a href="#">Herc Rentals Sustainability</a>	15
<b>Fuel Economy &amp; Emissions in Use-phase</b>				
RT-IG-410a.1-1		The company does not report on this metric	NA	NA
<b>Materials Sourcing</b>				
RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	The company does not report on this metric as it is not a manufacturing company.	NA	NA
<b>Remanufacturing Design &amp; Services</b>				
RT-IG-440b.1	Revenue from remanufactured products and remanufacturing services	The company does not report on this metric as it is not a manufacturing company.	NA	NA

SASB Code	Activity Metric	Category	Unit or measure	
<b>Activity Metrics</b>				
RT-IG-000.A	Number of Units	Not applicable - not a manufacturer	NA	NA
RT-IG-000.B	Number of employees	4,800	<a href="#">Herc Rentals Sustainability</a>	1



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This report contains statements that Herc Holdings Inc. believes to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including, without limitation, statements regarding Herc Holdings' future business strategy, targets, and plans and objectives for future operations, are forward-looking statements. Forward looking statements are generally identified by the words "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," "forecasts," and future or conditional verbs, such as "will," "should," "could" or "may," as well as variations of such words or similar expressions. All forward-looking statements are based upon our current expectations and various assumptions and, there can be no assurance that our current expectations will be achieved. They are subject to future events, risks and uncertainties - many of which are beyond our control - as well as potentially inaccurate assumptions, that could cause actual results to differ materially from those in the forward-looking statements. Further information on the risks that may affect our business is included in filings we make with the Securities and Exchange Commission from time to time, including our most recent annual report on Form 10-K, subsequent quarterly reports on Form 10-Q, and in our other SEC filings. We undertake no obligation to update or revise forward-looking statements that have been made to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events.

