



McGrath RentCorp
Corporate Sustainability Report
June 2023

Introduction

At McGrath, we take environmental stewardship, corporate social responsibility, and fundamental good corporate citizenship seriously. Our Values are deeply rooted in a company culture of ethics and integrity.

As a business-to-business rental company, we are an inherently environmentally sustainable business. By providing our customers with reusable equipment there is less need to make a purchase, thereby saving resources. Reuse increases the intensity of the use of the resource and also decreases the need to manufacture and distribute new equipment. We help our customers decrease their ecological footprint. We provide energy-efficient and environmentally conscious building solutions, among other products and services. We promote goals of environmental stewardship in our own ecological footprint, with attention to minimizing our own greenhouse gas (GHG) emissions, water usage, and generation of waste.

We empower our employees in an environment that values equal opportunity, diversity, non-discrimination, and anti-harassment. We support our team members in individual training and professional growth. We encourage active involvement in the communities where we live and work, through volunteer service to charitable, civic, and public service organizations.

Additional details of our company policies and sustainability performance are provided on our [Corporate Responsibility](https://investors.mgrc.com/corporate-responsibility) website. <https://investors.mgrc.com/corporate-responsibility>



(a) Full year 2022, includes Adler Tank Rentals
(b) Adjusted EBITDA defined in 2022 10-K
(c) Based on 1984 IPO through 12/31/22 assuming reinvestment of dividends

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About McGrath

McGrath RentCorp (Nasdaq: MGRC) is a leading business-to-business rental company in North America with a strong record of profitable business growth. Founded in 1979, McGrath's operations are centered on modular solutions through its **Mobile Modular** and **Mobile Modular Portable Storage** businesses. In addition, its **TRS-RenTelco** business offers electronic test equipment rental solutions. The Company's rental product offerings and services are part of the circular supply economy, helping customers work more efficiently, and sustainably manage their environmental footprint. With over 40 years of experience, McGrath's success is driven by a focus on exceptional customer experiences. This focus has underpinned the Company's long-term financial success and supported over 30 consecutive years of annual dividend increases to shareholders, a rare distinction among publicly listed companies.

Under the trade name Mobile Modular, the company rents and sells relocatable modular buildings to fulfill customers' needs for temporary and permanent classroom and office space needs. In addition to Mobile Modular Management Corporation and Mobile Modular Portable Storage, Enviroplex, Inc. manufactures a broad variety of building types including libraries, childcare facilities, administrative buildings, and architect-approved modular classrooms for schools in California. In 2021, the company acquired Design Space, a leading modular building and portable storage provider in the Western U.S., with a network of 15 branches that serve diverse end markets, including construction, government, education, and commercial. That same year, the company also acquired Kitchens to Go, a leader in both interim and permanent modular solutions for foodservice providers that require flexible facilities to continue or expand operations. Subsequent to the year-end 2022, on February 2, 2023, McGrath announced a transformational transaction to significantly grow this business under which it acquired Vesta Modular ("Vesta") and sold Adler Tank Rentals ("Adler"). Both transactions were completed simultaneously on February 1, 2023. This transaction accelerates McGrath's strategic growth priorities by increasing exposure to the modular business.

Vesta is a leading provider of temporary and permanent modular space solutions. The company operates two divisions – (i) Modular Space Leasing whereby it leases units from its owned fleet of approximately 6,000 units to customers across a diverse range of end markets and applications, and (ii) Modular Construction Services whereby it facilitates the design, manufacturing, logistics, and installation of modular buildings. Vesta's core end markets include education, industrial, construction, government, municipalities, and retail sectors. Vesta serves over 900 customers. In addition to its Southfield, MI headquarters, it operates strategically located branches in a number of the nation's fastest-growing markets, such as Atlanta, Houston, and Miami.

TRS-RenTelco is one of the leading rental providers of general-purpose test and measurement equipment for electronic, environmental, and other applications, as well as telecommunication test equipment in the Americas.

A Message from our President and CEO

Corporate Responsibility and Sustainability are long-standing hallmarks of our company and remain at the forefront of everything we do. Our long-standing commitment to and reputation for strong governance, ethics, and leading with integrity provide a strong foundation for our internal teams, external relations, and market position.

Founded in 1979, McGrath has grown our diversified business-to-business company for over 40 years.

Our values have enabled us to weather many economic cycles through the decades, while always keeping our eye on the horizon to strive for long-term sustainability, performance progress, and financial success. We pride ourselves in our unwavering commitment to all of our stakeholders - customers, investors, and employees.

We take Environmental, Social Responsibility and Governance (ESG) factors seriously. As a diversified business-to-business rental company that rents and sells modular buildings, storage containers and offices, and electronic test equipment, we understand the benefits that our businesses can have on the environment –in providing environmentally innovative product designs, temporary storage and structures to our customers and in our own operations. We continually seek opportunities to improve our environmental performance.

We empower our employees in an environment that values equal opportunity, diversity, non-discrimination, and anti-harassment. Furthermore, we take pride in our employees' success and commitment to being good corporate citizens in the communities in which we work and live. Our personal best is put forth in everything we do.



Joseph F. Hanna

Joseph F. Hanna
President, Chief Executive Officer
McGrath Rentcorp



ESG Governance and Leadership

Our McGrath Environmental, Social, and Corporate Governance (ESG) management committee leads McGrath's sustainability efforts and is responsible for the development and oversight of ESG policies, best practices, and operational controls of environmental, health and safety, and social programs. In addition, the committee is responsible for assessing and reporting on the progress of its ESG initiatives, as well as updates on climate-related risks and opportunities.

The ESG management committee is composed of Director and Vice President level individuals. In 2022, the committee met at least monthly with all members attending (100% attendance). Our ESG management committee reports directly to the CEO and to the Board of Director's Governance Committee. Through this reporting relationship, the Board oversees the management of climate-related opportunities and risks. As described in our Corporate Governance and Nominating Committee Charter, which is also available on the Corporate Governance page on our website, the Governance Committee is the Board Committee specially designated to review ESG issues. <https://investors.mgrc.com/corporate-governance/governance-overview>

Commitment to Health and Safety

People are the most vital part of our business. Providing a safe, healthy, and sustainable working environment for our employees is of fundamental importance.

As part of our commitment to safety, we encourage and expect all employees to report injuries, regardless of severity. Our Environmental, Health, and Safety (EHS) Management System is designed to reinforce the McGrath Core Values, integrate a culture of safety, and engage all organizational stakeholders in our safety program. Our EHS Management System is ultimately overseen by our Chief Executive Officer. McGrath has had zero work-related fatalities in the over 40 years it has been in business and drives toward always attempting to reduce any employee injuries as we continuously seek out opportunities to keep our employees safe.

Our EHS Management System outlines McGrath's business processes and controls for setting objectives and targets for our company and business units, establishing expectations, and monitoring and reporting results. Our management system details the roles and responsibilities that all employees play in the successful implementation of the EHS program for all operations and facilities.

Over 1,200 McGrath employees are involved in a wide range of manufacturing, construction, maintenance, repair, service, and transportation activities at over 40 locations. In addition to our inventory centers and branches where we clean, repair and refurbish modular buildings and containers, in 2022, our team of drivers safely operated over 400 motor and service vehicles throughout the country.

Our employees are engaged in the safety program through onsite safety committees. Committees meet monthly to review incidents, discuss opportunities for improvement, and conduct facility inspections. Additionally, employees are encouraged and expected to report near misses, unsafe conditions and behaviors, and any opportunities for improving workplace safety.

As targets are developed to challenge our organization to continuously improve, we track our performance with both leading and lagging indicators. Our EHS KPIs change annually; however, they generally include numerical targets for:

- Safety incident rates (Total Recordable Incident Rates)
- Motor vehicle accidents
- DOT Roadside inspection performance
- Corrective action resolution
- Compliance training completion



We have identified three injury focus areas that we concentrate our efforts and resources to address. We call this program The Focus 3.

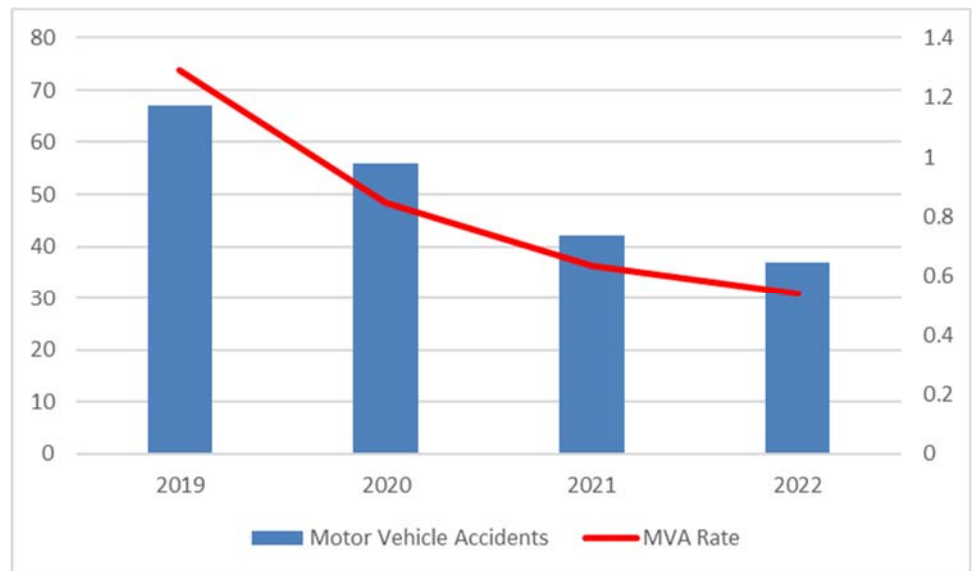
The Focus 3 are:

1. Strains and Sprains: Injuries resulting from lifting, pushing, pulling, and awkward positions.
2. Slips, Trips, and Falls: Injuries resulting from same-level surfaces, elevated surfaces, ladders, or from vehicles or equipment.
3. Cuts, Punctures, and Scrapes: Injuries resulting from an employee being struck by or against objects, lacerations from tools, sharp surfaces, or materials.

Driver and Vehicle Safety

With over 400 vehicles on the road daily, we recognize that driver safety is a critical component of our safety program. We continue to focus initiatives to reduce hazards of our operations to our employees, as well as to other members of our communities.

Our Driver Safety team, made up of a cross-sectional group of EHS team members, is focused on enhancing driver safety. EHS commercial driver training initiatives focused on new driver training, defensive driving, and unsafe driving practices were rolled out to all of our commercial drivers, with additional upgrades planned for additional hands-on training in 2023. We continue to utilize our vehicle telematics system in our commercial motor vehicles, including inward and outward-facing cameras. This provides us with real-time data and video, allowing leaders and drivers to work together to eliminate unsafe driving behaviors. Through this work, we have seen a 45% reduction in motor vehicle accidents since 2019, while driving 30% more miles per year.



Incident and Hazard Reporting

Incidents and hazards are reported, investigated, and appropriate corrective actions are identified and implemented. Our standard process ensures timely reporting of incidents allowing us to learn from our incidents and share those lessons across the organization. All employees have a right and responsibility to report incidents, unsafe conditions, and unsafe behaviors immediately. Leaders report and investigate the incident and are responsible for identifying and completing corrective actions in a timely manner. Some corrective actions that have been identified include the development of new safer processes, better tools, and improved training. Our emphasis on reporting resulted in a 350% increase in proactive reporting from 2021 to 2022.

Training

Employee training is critically important to the success of McGrath's safety programs. Our objective is to help all employees understand what they need to do, as well as why it is necessary. Training is provided through a combination of classroom instruction and online resources. Training calendars are developed annually to ensure that employees receive all necessary training. Training is assigned to all employees at the time of hire, as well as recurring monthly training. All employees receive annual compliance training from a catalog of over thirty different topics depending on the risks associated with their roles. For example, many of our operations personnel complete initial and refresher training in topics such as lockout/tagout, fall protection, and emergency action plans. In 2022, our employees completed over 6,000 training events.

Compliance, Corrective Actions, & Audits

Our EHS department is responsible for validating compliance and safety program effectiveness. Our audit program focuses on areas of greatest compliance risk and evaluates compliance with state and federal regulations as well as company expectations. Audits are completed annually by the team to identify opportunities for improvement, along with the development and implementation of corrective actions. In 2022, 13 of our larger facilities (20 or more employees) as well as several smaller facilities selected using risk factors, were audited. These facilities accounted for over 90% of all McGrath employees. The audits resulted in the identification of further opportunities for improvement; subsequently, action plans were identified and implemented to continuously improve McGrath's safety program.

Safety Performance Progress

Over the last five years (2018 - 2022), we have seen a 25% reduction in total injuries. Our Total Recordable Incident Rate (TRIR) for 2022 was 1.06. The TRIR describes the number of "recordable incidents" (injuries defined by OSHA) that a company experiences per 100 full-time employees in any given period. Our TRIR was 38% below the 2021 industry average (1.7). Additionally, the severity of our injuries has continued to improve, with a 65% reduction in lost workdays as compared to 2021.

Safety Policy

McGrath's management is fully committed to the principle of "Safety First" and providing employees with a safe working environment. "Safety First" means that no job is more important, and no order is more urgent, that it takes precedence over the safety of our employees and workplaces. Our safety performance is measured and reviewed quarterly by the Board of Directors to ensure our continued commitment to the "Safety First" principle.

Our supervisors are responsible for emphasizing safe working practices and behaviors and helping to ensure a safe operation at all McGrath locations and job sites, at all times.

All of our employees are responsible for compliance with this policy. Our employees must always act in a safe manner, observe all rules of safety and health, and utilize proper safety equipment and techniques in carrying out their work assignments.

We also expect our suppliers to demonstrate our same commitment to safety by implementing effective safety management practices and compliance with regulatory requirements.

All of us at McGrath understand that nothing is more important than the safety of our employees, contractors, customers, neighbors, and the public. Incidents can result in serious personal injury and property damage, all of which can cause needless human suffering and financial loss.

Corporate Social Responsibility

Employee Relations

At McGrath, we recognize that our most important assets are our talented and dedicated employees. This is reflected in our core value, YOU matter.

We value you and truly believe that each person at McGrath has great things to contribute and that you are the key to our success. Your enthusiasm and commitment are instrumental to providing an exceptional experience for our customers.

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Our human capital is the engine of growth for our success. Therefore, commitment to our employees is foundational to who we are as a company. We strive to ensure McGrath employees are engaged, motivated, and fulfilled by their careers. For McGrath, investment in diversity and inclusion, professional development, and safety is simply the right thing to do.

Diversity and Inclusion

At McGrath, we are fully committed to providing a diverse and inclusive workplace. The best solutions to challenges come from diverse voices. In order to facilitate diverse voices, we must also cultivate an inclusive culture, where all of our team members feel that they have a seat at the table.

Our Diversity Committee actively works on training and other programs to support diversity efforts and projects. McGrath also has an employee diversity affinity resource group which is comprised of diverse employees from throughout the Company. This group of employees further works towards advancing the Company's diversity efforts. The Committee and resource group partner to develop and deploy training to all employees. As a result, over 250 hours of training were completed in 2022, including roundtable discussions with our managers and leaders to further facilitate and cultivate this culture. Our CEO also hosted fireside chats with all of our employees to further develop a culture of diversity and inclusion at McGrath. Further information about our diversity and human rights efforts and policies can be found in our Labor and Workforce Policy: <https://investors.mgrc.com/static-files/66214905-99ec-40bf-b0be-b3d4704af6b1>

Respect for human rights is an inherently fundamental value of McGrath. McGrath is committed to an equal opportunity workplace that is committed to no discrimination or harassment based on national origin, race, color, religion, gender, ancestry, age, sexual orientation, gender identity, disability, marital status, veteran status, genetic information, or any other status protected by law. Our full Human Rights Policy and our Labor and Workplace Policy are available on our Corporate Responsibility website: <https://investors.mgrc.com/corporate-governance/governance-overview>

Professional Development

We believe our employees are key to our success and we are committed to all of our employees' engagement, training and career development, and personal and professional growth. In order to develop and retain our human capital, the Company provides training in technical and operational/managerial skills and places special emphasis on safety, effective communications, customer service, and employee development. We train all of our employees (both full-time and part-time) through a variety of delivery methods including live/face-to-face, instructor-led webinars, and self-paced e-learning.

Training topics include programs aimed at supporting internal upward mobility through training and development, as well as training on such issues as safety, anti-discrimination, and other human resources topics, legal compliance, diversity, fraud, bribery, ethics, anti-corruption, working effectively with others, communication skills, managerial skills, as well as training specific to the particular duties involved in an employee's specific role. The number of training programs each employee receives annually varies by individual employee, given his/her role, and is monitored and evaluated by his/her manager at least annually.

McGrath also offers employees a tuition reimbursement program. Employees may receive reimbursement for tuition and fees for undergraduate or graduate-level academic courses at an accredited two or four-year college or university that may help improve performance in their current job and/or prepare them for advancement.

Environmental Stewardship

At McGrath, we are committed to environmental stewardship. Environmental stewardship is the responsible use and protection of the natural environment through conservation and sustainable practices to enhance ecosystem resilience and human well-being. Not only do we seek out opportunities to reduce the usage of natural resources within our own operations, but we help our customers to do the same, by providing them with reusable equipment.

As part of our commitment to environmental stewardship, we continually assess our processes to identify any situations where we could impact the environment (e.g., use of hazardous materials to clean and maintain equipment, disposal of solid and hazardous wastes, air emissions from fleet operations, and the storage and dispensing of petroleum products) and take the appropriate measures to eliminate or reduce that impact. We are also committed to creating environmental awareness, monitoring our company's environmental performance, and reporting on the same (as illustrated, please see our environmental reporting below). Our environmental work, including oversight of this policy, is ultimately the responsibility of our executive team and Chief Executive Officer.

Biodiversity

As part of our commitment to environmental stewardship and biodiversity, we conduct environmental site assessments through third-party experts prior to moving to new sites. We value the environment and do not intend to open facilities on a site that is a critical habitat. Environmental site assessments for all proposed new facility locations are reviewed and approved by our Legal, Facilities, and Environmental departments, as well as our ESG management committee. All of our facilities are currently located in the US and Canada.

Mobile Modular

Through our Mobile Modular business unit, our modular space solutions incorporate many of the most respected sustainability design features available today, including high-efficiency HVAC and energy systems.

By employing today's latest innovations in energy-saving technologies and systems, our building products save money while helping our customers reduce their impact on the planet's limited energy resources.

Many of our modular building products utilize recycled building materials in their construction. Likewise, we have implemented construction waste recycling programs for wastes generated from our operations for items such as lumber, cardboard, and tires, wherever feasible. While much less frequently used than the other items listed above, chemical wastes are also carefully managed and disposed of in accordance with regulatory requirements.

Cool roofs, skylights, and "green" plumbing are some of the environmentally friendly innovations included in the design of our modular buildings. When feasible, our building

products make good use of natural light, green plumbing systems, and heat from the sun to reduce the building's ecological impact and energy usage.

Our relocatable workspaces are designed and fabricated to provide reliable, efficient service over long product lifespans.

Enviroplex

Enviroplex designs and fabricates environmentally sustainable modular building systems that offer complete compliance with LEED (Leadership in Energy and Environmental Design) certification standards as often as possible. Established and administered by the U.S. Green Building Council (USGBC), LEED certification provides guidance for site planning, water and energy efficiency, indoor environmental quality, and sustainable use of building materials.

The goal of Enviroplex's LEED-compliant building program is to design modular building systems that use resources more safely and efficiently, protect occupant health, and offer long-term environmental sustainability without sacrificing utility or cost-effectiveness.

Each classroom is highly energy efficient, complying with California Title 24 building efficiency requirements that exceed 30 percent in most climate zones. The Daylight Classroom design can expand to 150'x32', providing multiple floor plan options for a variety of learning environments.

At Enviroplex, high performance is delivered in many ways. From sunlit classrooms to gray water restrooms, Enviroplex delivers modular facilities that match an owner's specific functional needs. Maximum energy efficiency, low flow fixtures, and high recycle content are standard options from Enviroplex.

Additionally, many of the materials used in the construction of Enviroplex modular buildings, from steel and lumber to insulation and electrical components, are sourced and purchased in the United States and made of 70 - 95% already-recycled materials.

TRS-RenTelco

Our TRS-RenTelco business unit, in its daily business of supplying electronic test equipment solutions, has incorporated several innovative sustainability programs into its regular operations, including, comprehensive materials recycling of production and consumer waste. In addition to recycling all of its cardboard, batteries, and unserviceable electronic waste, TRS-RenTelco participates in a sustainability program that includes recovering and recycling materials used to pack delicate electronics, including waste from when rented equipment is returned from our customers.

In addition to our recycling programs, TRS- RenTelco operations have implemented some of the latest energy-efficiency programs available, such as high-efficiency HVAC control systems, programmable thermostats, and LED lighting which help contribute to reducing the business unit's carbon footprint and ecological impact.

Corporate Office

Our corporate office also participates in and contributes to our environmental commitment through our corporate recycling program. The recycling program includes paper waste, aluminum cans, and toner cartridge recycling.

Our corporate office has eliminated the use of disposable cups, and instead provides reusable cups, further eliminating waste to landfill.

Environmental Policy

McGrath is committed to complying with all Federal and State environmental standards in all our operations and aims to be an environmentally responsible neighbor in the communities where it operates. The products, services, and practices of McGrath companies are designed to promote the goals of environmental stewardship and sustainability.

We are committed to:

- Complying with all applicable federal and state requirements at every location where we operate.
- Employing management systems and procedures specifically designed to minimize the use of hazardous materials, energy, and other natural resources, to minimize the generation of waste, and to enable recycling and reuse of materials.
- Developing and improving operations and technologies to minimize waste, and other pollution, minimize health and safety risks, and dispose of waste safely and responsibly.
- Ensuring the responsible use of energy throughout our business, including conserving energy, improving energy efficiency, and giving preference to renewable over non-renewable energy when feasible.
- Conveying our expectation to our suppliers that they too adopt effective environmental and socially responsible management practices.
- Continually seeking opportunities to improve our environmental performance.
- Ensuring proper governance of our environmental management system through oversight ultimately by our Chief Executive Officer.

Climate Change

McGrath recognizes that climate change is impacting both short and long-term climate trends and presents a risk to our operations. Physical climate-related impacts such as severe weather events, water shortages, and extreme temperatures can all drive volatility within our business. In addition, transitional impacts could affect our business, such as the adoption of new environmental laws and regulations and the potential inability to capitalize on innovative or disruptive technologies.

Physical climate-related impacts:

- Disruption of raw material supply, specifically timber used for building
- Inadequate or unreliable water supply to our facilities in water-stressed areas
- Increased severity of extreme weather events affecting our facilities

Transitional impacts:

- Increasing cost and taxes on fuel and energy
- Changing legislation mandating greater use of renewable energy sources

We regularly incorporate these risks into our planning processes, as well as in the development of our sustainability program. We are tracking our greenhouse gas (GHG) emissions in order to identify potential areas for improvement. We also track our water usage and have completed the WWF's Water Risk Filter Tool to understand the opportunities associated with water stress at our facilities.

We continue to assess our business operations to identify opportunities from the impacts of climate change. While disruption of raw material supplies can present a risk to our own operations, we also realize that this is an opportunity for us, as our customers seek alternatives to traditional construction or purchasing of equipment. The modular buildings that we rent and sell to our customers are a more sustainable alternative that consumes less raw materials than traditional construction methods. We are positioned to provide a more sustainable solution to our customers with our modular buildings. By renting our products, we are able to ensure higher utilization of the raw materials that were consumed to manufacture them.

We are building our sustainability program by capturing emissions and usage data to accurately assess our carbon footprint. We have reviewed our environmental management and reporting process to identify key actions to further improve our sustainability program. We have implemented a more robust data review and calculation methodology to collect raw data from 13 of our largest operations¹, representing over 90% of our total employee population.

¹ Facilities with 20 or more employees

Energy Usage

We are continuing work on implementing an Energy Management System (EMS), which will provide a report on our efforts, and progress, in achieving continual improvement of energy performance, including energy efficiency, use, and consumption.

Our direct energy use (or Scope 1 emissions) accounted for 88% of McGrath's total energy use in 2022, of which over 95% of the 8103 tCO₂e GHG emitted from direct energy use was from the operation of our vehicle fleet. In the *Carbon Emission Reduction* section of this report, we discuss steps we have taken to reduce these emissions using new technology. We are also evaluating opportunities to reduce energy consumption from non-renewable sources, such as increasing the usage of green energy, where available.

In February 2023, McGrath divested its subsidiary company, Adler Tank Rental, and simultaneously acquired Vesta Modular. The data included in this report reflect the 2022 energy usage and greenhouse gas emissions inclusive of Adler's operations. The addition of Vesta Modular to McGrath's portfolio enhanced and expanded the company's core modular building business. As a result of these two transactions, we expect to increase our energy efficiency and decrease our energy consumption from non-renewable resources.

We continue to reduce our energy usage each year, resulting in a 16% reduction since our baseline year in 2019. Over the same time period, we have seen a 35% reduction in both energy and GHG emission intensity. This metric normalizes the increased production over the time period by revenue. This gives us a more accurate picture of the impact of the emissions reductions over the time period.

Energy Use (MWh)				
Energy consumed w/l our facilities	2019	2020	2021	2022
Natural Gas Used	1592	1643	1515	1522
Mobile Source Gasoline	10011	8456	8846	8391
Mobile Source Diesel	27218	26943	23729	22719
Mobile Source Propane	919	800	519	532
Direct Energy Use	39740	37842	34609	33164
Energy consumed outside our facilities	2019	2020	2021	2022
Purchased Electricity	5236	4684	4516	4604
Electricity from renewable sources ²	1930	1746	1660	1618
Electricity from non-renewable sources ²	3306	2938	2856	2987
Indirect Energy Use	5236	4684	4516	4604
Total Energy Use	44976	42526	39125	37768

GHG Emissions (tCO₂e)				
Scope 1 - Direct GHG Emissions	2019	2020	2021	2022
Natural Gas Used	288	297	274	283
Mobile Source Gasoline	2403	2028	2122	2013
Mobile Source Diesel	6826	6759	5953	5699
Mobile Source Propane	189	162	105	108
Total Scope 1 Emissions	9707	9246	8455	8103
Scope 2 - Indirect Energy Use	2019	2020	2021	2022
Purchased Electricity	1972	1757	1698	1751
Electricity from renewable sources ²	526	474	452	444
Electricity from non-renewable sources ²	1446	1283	1246	1307
Total Scope 2 Emissions	1972	1757	1698	1751
Total GHG Emissions	11679	11003	10153	9854

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Energy consumed w/l our facilities	2019	2020	2021	2022
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Our indirect energy, or energy associated with Scope 2 emissions, is derived entirely from purchased electricity. We do not generate electricity at our facilities, instead, our electricity is supplied 100% from the grid. Our total electrical power intensity is 6.27 (MWh/ revenue \$M US), which is down 14% from 2021. We have utilized information available from our electricity providers to further evaluate the impact of our operations. Through this review, we have identified that just over 25% of our electricity usage is generated using renewable energy (444 MWh).

Energy Intensity (MWh)/ Annual revenues (MUSD)				
	2019	2020	2021	2022
Total Energy Usage (MWh)	44976	42526	39125	37768
Total Sales	570	573	617	734
Energy Intensity by Type	2019	2020	2021	2022
Scope 1 Energy Usage	69.69	66.09	56.11	45.18
Scope 2 Energy Usage	9.18	8.18	7.32	6.27
Total Energy Intensity	78.88	74.27	63.43	51.46

Energy Conservation

In late 2018, we installed LED lighting in our TRS-RenTelco facility in Dallas, Texas (the company's largest consumer of electricity) at a cost of \$249,000. After three years in operation, the lighting project has reduced electricity usage by 35% at the facility compared to the average usage over the three prior years. This translates to a direct reduction of over 850 MWh per year or just over 18% of our total electricity usage for the company since the lighting upgrades. Since then, we have invested over \$200,000 in additional energy conservation projects, such as the installation of energy-efficient roofing materials and lighting upgrades. We continue to seek out opportunities to reduce energy consumption at our facilities, in order to identify additional continuous improvement opportunities. As we construct new facilities, we utilize energy-efficient practices to ensure minimal impact on the environment.

Greenhouse Gas Emissions

McGrath began collecting actual usage data in 2019 for Scope 1 and Scope 2 greenhouse gas emissions from the operation of all fleet vehicles and utility usage at our major locations². (Scope 3 emissions are difficult to accurately and reliably gather, thus we are not reporting Scope 3 emissions at this time.) GHG emissions are measured in metric tons of CO₂ (tCO₂e) in accordance with the Greenhouse Gas Protocol.

GHG Emissions Intensity (tCO₂e) / Annual revenues (MUSD)				
	2019	2020	2021	2022
Total GHG Emissions (tCO ₂ e)	11679	11003	10153	9854
Total Sales	570	573	617	734
GHG Emission Intensity by Type				
	2019	2020	2021	2022
Scope 1 Emission Intensity	17.02	16.15	13.71	11.04
Scope 2 Emission Intensity	3.46	3.07	2.75	2.39
Total GHG Emissions Intensity	20.48	19.22	15.96	13.43

2022 GHG Emissions (tCO₂e)- By Division					
Scope 1 - Direct GHG Emissions	Mobile Modular	TRS Rentelco	Adler Tanks	Enviroplex	McGrath RentCorp
Natural Gas Used	53	117	110	3	283
Mobile Source Gasoline	1465	37	456	56	2013
Mobile Source Diesel	2539	0	3160	0	5699
Mobile Source Propane	58	0	0	50	108
Scope 2 - Indirect Energy Use					
Purchased Electricity	839	676	149	86	1751
Total GHG Emissions	4954	829	3874	196	9854

Carbon Emission Reduction

McGrath is committed to addressing climate change by seeking out and implementing improvement opportunities, not only in our own operations, but also by supporting our customers with environmentally conscious projects and providing sustainable solutions for our customers.

- Our rental fleet of modular buildings utilizes the latest innovations in energy-saving technology, such as high-efficiency HVAC units to further help reduce the impact on energy resources.
- Our Enviroplex business unit also manufactures and sells modular buildings that meet LEED compliance requirements, allowing our customers to minimize energy consumption.

We have implemented several internal initiatives to reduce our own carbon emissions. In particular, we have focused our efforts on our fleet of over 400 vehicles used across the business

² Facilities with 20 or more employees, accounting for more than 90% of total company headcount.

for deliveries, pickups, service, and sales. Our vehicles are a necessary part of our company’s ability to promote the goals of environmental stewardship and sustainability.

We have recently implemented a vehicle telematics system that has helped us identify opportunities to reduce mobile fleet source emissions. Using data reported through the system, we are measuring specific driving behaviors to improve fleet fuel economy, such as idle time, harsh driving, and speed. The use of real-time GPS also allows our dispatchers to optimize routing and reduce travel time. These improvements helped us achieve an almost 5% improvement or over 300 tCO₂e of GHG emissions.

Water

We recognize the impact that water scarcity and clean water have on the environment, the communities in which we operate, our employees, and our business. In many regions where our business operates, water supply is a critical issue. Using the WWF’s Water Risk Filter, we have conducted an assessment of water stress and scarcity of the communities in which McGrath operates and the impact of our operations on these communities. As part of the assessment, we have reviewed future water scenarios and are using this information to develop future plans.

Our California facilities in particular are in areas with higher water scarcity conditions. McGrath has been measuring water withdrawal for opportunities to reduce the impact from our business operations. We have already implemented several improvements to reduce our water withdrawal. For example, multiple facilities have implemented sensor-activated or waterless fixtures to reduce water usage. As such, we experienced a 19% reduction in water usage across the organization since 2019. We continue to evaluate opportunities to further reduce water consumption, through additional water-saving fixtures and more sustainable landscaping alternatives.

The vast majority (~98%) of McGrath’s water supply is provided by municipal utilities, with one of our major facilities operating an on-site well (1213 m³ withdrawal in 2022). Water usage within McGrath consists mostly of standard commercial usage, such as drinking water, use of restroom fixtures, and regular cleaning processes. As such, our company does not produce wastewater discharges, with most water withdrawn being released back to the sanitary sewer. The water released to sanitary sewers does not require additional onsite treatment before discharge.

Water Withdrawal				
	2019	2020	2021	2022
Western Region	33548	35516	32943	25640
Central Region	10156	8107	7698	7553
Eastern Region	3267	2082	2823	4697
Total MGRC water usage (m³)	46971	45705	43464	37890
Water Intensity (m³/MUS \$)	82.41	79.82	75.91	66.17