

CONNECTING TOGETHER



Corporate profile

Toromont Industries Ltd. serves the specialized equipment and product support needs of a diversified customer base from six business units and 160+ locations.

Our company listed on the Toronto Stock Exchange (symbol TIH) in 1968 and is a member of the S&P/ TSX Canadian Dividend Aristocrats®.

For more information, please visit www.toromont.com.

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About this report

This report covers Toromont's financial year (12 months) ended December 31 2023, incorporates substantially all business lines in our two countries of operation (Canada and the United States), is based on management's estimates and analysis and is unaudited. The report also contains forward-looking statements that are subject to risks and uncertainties. Please see Toromont's caution regarding forward-looking information on page 34. All figures are in Canadian dollars and/or use the Canadian metric system unless otherwise noted. Product names referred to in this report, including those manufactured by Caterpillar, appear under license as registered trademarks.

Review and approval

Toromont's sustainability initiatives, including the production of this report, are overseen by the Environmental, Social and Governance Committee of our Board of Directors. This report was reviewed and approved by the Board as a whole.

Our ESG Framework

Governance, strategy and risk management

Board of Directors oversight through ESG Committee

Executive and Business Unit Leadership accountability

Sustainability Committee – working group and subject matter experts

Risk assessment and strategy setting

- › Informed by strategic and operational assessments and stakeholder engagement
- › Integrated with
 - › Enterprise Risk Management
 - › Strategic Planning
 - › Annual Planning

Sustainability pillars and actions

ENVIRONMENT

Operational footprint

- › Reduce GHG emissions
 - › Fleet and facilities
- › Water and waste management
- › Supply chain sustainability

Sustainable products, services and technology

- › Cleaner fuel and alternative energy equipment sales and support services
- › CIMCO – thermal management systems and support to customers on the Path to Net Zero

Circular economy

- › Remanufacturing
- › Machine rebuild program
- › Rental and used equipment

SOCIAL

Health and safety

Building capacity

- › Recruitment
- › Learning and development
- › Retention and engagement
- › Diversity, equity and inclusion

Community

GOVERNANCE

Accountability and executive compensation

Code of Conduct

Cybersecurity and data protection

Paying our fair share of taxes

2023 ESG actions and key accomplishments



Governance, Strategies, and Risks

- ✔ Prepared for ISSB S1 and S2
- ✔ Engaged with stakeholders to validate our key ESG risks and opportunities
- ✔ Set strategies for ESG focus areas as part of *Connect 26* - our next 3-year strategic plan
- ✔ Maintained high-performance, decentralized culture in alignment with our corporate values
- ✔ Continued to link executive incentive compensation to goals including sustainability matters



Managing our Operational Footprint

- ✔ Continued focus to reduce Scope 1 and 2 emissions
- ✔ Undertook opportunities' assessments to manage our carbon footprint
- ✔ Engaged outside consultant to help assess controls for enterprise wide GHG emissions measurement



Sustainable Products, Services and Technology

- ✔ Broadened product/service offerings to address the transition to new forms of clean energy
- ✔ Increased number of connected assets
- ✔ Invested in new Remanufacturing Centre
- ✔ Grew remanufacturing and equipment rebuild business



Social

- ✔ Improved safety performance
- ✔ Increased training and development
- ✔ Provided mental health support training for leaders
- ✔ Monitored employee engagement
- ✔ Grew workforce and apprenticeship positions
- ✔ Issued first Modern Slavery Report and evaluated suppliers
- ✔ Named United Way Local Leader



What's next

- Continue to execute on ESG strategies and focus areas
- Prepare for ISSB standards
- Assess GHG measurement processes to align with future reporting
- Expand products, technologies & services, including opening new Remanufacturing Centre
- Continue strategies to deliver continuously improving health and safety, training and development, recruitment and employee engagement
- Offer ongoing support to our communities

Message to all stakeholders



Peter Blake
Chair, ESG Committee
of the Board

Mike S. H. McMillan
President and Chief
Executive Officer

Welcome to our annual Sustainability report. Here, you will find insights into our governance framework, the approach we use to identify, assess and monitor ESG risks/opportunities and the strategies we use to achieve our objectives. More than this, you will see practical examples of how we are positioning Toromont to be a responsible and capable contributor to our own sustainability journey and that of our customers as we embark together on a transition to a lower carbon economy. We summarize recent highlights below.

Toromont once again validated its ESG risk and opportunity focus areas.

As part of *Connect26*, our new three-year business plan, and in alignment with our Enterprise Risk Management approach and stakeholder engagement process, Toromont reaffirmed its key ESG focus areas (see page 10). Gathering the views and priorities of customers, employees, business partners, institutional shareholders, and regulators helped to inform our actions.

We broadened our offerings to help customers meet their sustainability goals.

The greatest contribution Toromont makes to a sustainable world is providing customers with products, services and technology to improve productivity, efficiency and safety while lowering or eliminating carbon outputs. As customers navigate the complexities of lowering their carbon footprint and transitioning to the use of different forms of energy, they look to Toromont for assistance for several reasons. We represent Caterpillar, a world leader and

continuous innovator in electric, alternative energy, fuel-flexible and autonomous machine development. We bring additional value by knowing how to match machine to application and by operating product support infrastructure to keep advanced equipment performing at peak levels. Through CIMCO, our thermal management solutions business, we enable customers to reduce their energy consumption and

emissions and use natural refrigerants. Pages 17-21 describe our future-ready solutions. These include technology and services customers use to assess their total cost of equipment ownership (now including carbon taxes), track machine health, efficiency, and fuel consumption, model GHG emissions' and, in the case of CIMCO, identify opportunities to qualify for clean-energy incentives and meet regulatory requirements.

We continued to invest in our resources to enhance Toromont's sustainability, grow our contribution to the circular economy and reduce our energy use and emissions.

On pages 23-28, we report on Toromont's annual investments in recruiting, training, developing, empowering and protecting our employees. Across various 2023 performance metrics, including workplace safety, Toromont made progress. On page 15, you will find details of Toromont's \$70 million investment in a new component Remanufacturing Centre that will open in the second quarter of 2024. It will expand our contribution to the circular economy and do so with capabilities designed to reduce our environmental impact.

Page 15 reports on the approaches used to reduce our own direct GHG footprint including through service vehicle fleet optimization and investments in energy conservation within branches, plants and stores. In 2023, we engaged with third-party experts in both areas to identify additional opportunities to reduce emissions and lower fuel and utility costs. In 2024 and beyond, we will use these insights to develop a comprehensive multi-year work plan to prioritize capital allocations.

We made preparations to meet future sustainability disclosure standards now under development by Canadian regulators.

With 2023 issuances of ISSB S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and ISSB S2 (Climate-Related Disclosures), the world is moving closer to implementing generally accepted ESG reporting standards. As regulatory bodies work to develop made-in-Canada S1 and S2 standards that will provide clarity, consistency and confidence in public company reporting, Toromont is readying itself for compliance. To advance our program, we recently submitted Toromont's GHG collection methodology and processes for expert third-party review. We expect to receive an analysis of our approach in 2024. This will help Toromont to confirm that its monitoring and reporting systems produce accurate and consistent GHG emissions data and prepare for anticipated regulatory standards. This is a methodical and diligent approach, which is both necessary and appropriate to ensure Toromont has control systems in place to achieve what our stakeholders expect.

We published our first Report on Modern Slavery.

To respond to Canada's new Fighting Against Forced Labour and Child Labour in Supply Chains Act, and as a demonstration of our commitment to Human Rights, we issued our first annual [Report on Modern Slavery](#). To support this report, we assessed our supply base enterprise-wide to identify core suppliers and evaluate their respective approaches to modern slavery, including within their supply chains.

Going forward

In 2024, our *Connect26* business plan commits us to growth and improvement targets, including those related to environmental and social sustainability, that we will pursue vigorously but also pragmatically, in keeping with Toromont's long-standing corporate values.

We look forward to equipping our customers, our employees and facilities with tools to build a more sustainable future and in so doing, deliver good results for our shareholders.

Yours sincerely,

Peter Blake
Chair, ESG Committee
of the Board

Mike S.H. McMillan
President and Chief
Executive Officer

Companion disclosures and new reports

These reports are all available at www.toromont.com/sustainability

2023 Indigenous Engagement Report

We work to build sustainable, mutually beneficial and collaborative relationships with Indigenous communities in a variety of ways outlined in this annual report.

2023 Modern Slavery Report

This report describes how Toromont assesses its supply base for modern slavery risks and reviews the measures supply partners take to mitigate risks and comply with applicable legislation including the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

Management Information Circular

Our approach to governance, including executive compensation, as well as profiles of our Directors and Named Executive Officers are found in this report.

Annual Information Form

This document provides further details on environmental and safety matters.

Code of Conduct

Our Code enshrines Toromont's corporate values and behavioural expectations for all Directors, officers and employees.

Human Rights Statement

This document codifies our approach to respecting Human Rights – an approach guided by internationally accepted principles found in the United Nations Global Compact on Human Rights.

Environmental Policy

This longstanding policy promulgates our standards for environmental stewardship including compliance with all applicable laws in the jurisdictions in which we operate.

Our sustainability pillars



ENVIRONMENT

- › Operational footprint
- › Sustainable products, services and technology
- › Circular economy

Pages 11 and 14–23



SOCIAL

- › Health and safety
- › Building capacity
 - › Recruitment
 - › Learning and development
 - › Retention and engagement
 - › Diversity, equity and inclusion
- › Community

Pages 12 and 24–29



GOVERNANCE

- › Accountability and executive compensation
- › Code of Conduct
- › Cybersecurity and data privacy
- › Paying our fair share of taxes

Pages 13 and 30–32

Governance and ESG framework

Our Board of Directors uses a governance framework that creates value for all stakeholders, enhances long-term corporate sustainability and enterprise value and reduces business risk.

Our Environmental, Social and Governance approach starts with our Board but accountability for sustainable business practices is shared company wide. The Board operates with three committees: Audit; Human Resources & Health and Safety; and, Environmental, Social and Governance (“ESG”). Each committee contributes to Toromont’s sustainability but responsibility for comprehensive ESG oversight rests with the ESG committee. For the purpose of this document, the framework below refers to the ESG committee.

Board of Directors

Oversees overall risk, strategy, corporate governance, succession planning and Board and Director effectiveness.

Environmental, Social and Governance Committee of the Board

Provides dedicated focus on ESG matters, oversees governance and sustainability frameworks, strategies and outcomes, manages Board and committee composition, recruits directors, monitors changes in regulations, and best practices, and is solely comprised of independent directors.

Executive Team

Establishes corporate strategy and objectives, provides leadership to embed corporate Values, fosters relationships with stakeholders and scrutinizes results. Sets Toromont’s ESG strategies and goals, supports initiatives and monitors progress. Leads risk and opportunities assessment and stakeholder engagement.

Business Unit Leadership

Sets objectives aligned to ESG strategic priorities, allocates resources to achieve performance objectives, delivers human capital strategies, environmental management, and community programs, grows customer, business partner and community relationships. Participates in risk and opportunities assessment and stakeholder engagement.

Sustainability Committee and Working Groups

Comprised of accountable executives and business unit leaders, as well as those with operational responsibilities and subject matter expertise to help assess, develop, implement and monitor ESG strategies, risks and opportunities assessments, goals and initiatives.

Operating within our corporate Values and Code of Conduct

2023 Board Governance Snapshot

Size of Board	9
Separate Chair and CEO Roles	Yes
Percentage of Independent Directors	89%
Code of Conduct for Directors, Officers, Employees	Yes
Director Stock Ownership Guidelines	Yes
Policy on Share Trading and Hedging	Yes
Comprehensive Board Assessment Process	Yes
Average Age of Directors	63 Years
Average Board Tenure	6.6 Years
Board and Management Succession Plan	Yes
Director Education Program	Yes
Board Diversity & Leadership Policy	Yes
Number of Women on the Board	3
Say on Pay Advisory Vote	Yes
Majority Voting Policy	Yes

Please see our annual [Management Information Circular](#) for complete details on the Board’s corporate governance practices and committees.

Sustainability focus areas

Based upon our sustainability risk assessments conducted as part of our strategic planning, annual business planning and enterprise risk program, we have identified the most important risk and opportunity areas that we currently believe will have the greatest impact on Toromont's long-term sustainability and growth.

These processes are informed by our own operational analysis, leveraging professional expertise as appropriate. We also engage with our key stakeholders including customers, suppliers, employees, shareholders as well as governance advisors and regulators to understand their perspectives and priorities. These areas are outlined in the tables and sections that follow.

We are committed to advancing our approach in each area as part of our journey to continuously improve how we assess, articulate and make progress.

Values

Our sustainability approach is grounded in Toromont's values:

- › Safe and respectful workplace
- › Social responsibility
- › Uncompromising integrity
- › Empowerment at all levels
- › Growth of the individual and enterprise
- › Returns to all stakeholders

Our Board sets the tone for responsible management and behaviours that are aligned to our values by providing guidance and active oversight of our approach to sustainability.

Sustainability risks and opportunities

› Climate change and environment

Toromont has an opportunity to meet customers' needs for environmentally sustainable products and services including energy-efficient equipment as the world transitions to a lower carbon economy. We also face risks as demand for certain existing products and services may change and diminish over time. Toromont is responding through the expansion and evolution of product and services offerings that address changing customer needs and preferences.

Toromont faces climate change regulatory risk that could impact our operating costs. This includes but is not limited to carbon pricing. Toromont's current costs of compliance, including under Federal and Provincial carbon tax regimes are not material and we do not currently anticipate any material expenditures will be necessary to ensure future compliance with more stringent GHG regulations. Toromont also faces compliance risk related to environmental laws and regulations which vary across our territories. We manage risks through our compliance efforts. To the extent more stringent regulations are enacted, Toromont intends to continue to address them in a proactive manner.

Climate-change events can pose physical risks to our operations – which serve markets throughout North America – and to the operations of our customers. Our footprint of ~160 locations diversifies this risk but does not eliminate it. Accordingly, we operate with business continuity plans. We do not currently expect physical risks to our facilities to add costs that are material to our business.

› People

Toromont's first core value is to maintain safe and respectful working conditions. By doing so, we create the foundation for growth. We depend on skilled labour, professionals and effective leaders to serve our customers and grow our business. Through detailed planning, smart investments, and ongoing communications, we enhance our ability to attract, develop, retain and engage a healthy and committed workforce.

› Governance

Good governance is a requirement for long-term growth, the success of our business, protection of Toromont's assets and ability to contribute to our world in an ethical and responsible manner. Our Board of Directors is focused on providing good governance by understanding and applying best practices, including in the areas of leadership accountability and compensation.

 ENVIRONMENT

FOCUS AREA: Operational footprint (emissions, water, waste, hazardous materials)

WHY IT'S IMPORTANT: Responsible resource use is fundamental to efficient and compliant operations and is a business requirement that is essential to our performance and reputation as an employer, service provider and community member.

56,500 co₂
equivalent tonnes (Scope 1 and 2) were emitted in 2023 from measured operations

600+
trees were planted in the Toromont Forest managed by Tree Canada under our One Year One Tree recognition program for new employees

Low waste
programs along with various forms of recycling, and the use of paperless reporting helped to reduce our environmental footprint

Water
recycling systems were employed at 17 Battlefield locations with plans formed to grow these capabilities

FOCUS AREA: Sustainable products, services and technology

WHY IT'S IMPORTANT: Customers are striving to meet their sustainability targets and Toromont needs relevant, reliable solutions in order to grow our business and meet the expectations of all stakeholders as a contributor to a greener planet.

\$1.98B
of revenue was generated in 2023 by providing product support for our customers, 11% more than in 2022

86%
of Toromont Cat's installed base consists of connected assets that we monitor for customers to help them track fuel efficiency, manage GHG emissions and extend lifecycle machine usage

89%
of CIMCO's 2023 capital project order bookings use natural, non-ozone depleting refrigerants

FOCUS AREA: Circular economy

WHY IT'S IMPORTANT: Used equipment and components can be rebuilt, repaired and exchanged multiple times. Similarly, rental equipment can be reused repeatedly. By participating in the circular economy, we can reduce landfill waste and the energy expended in original manufacturing, while addressing customers' business needs and sustainability goals and generating revenue for Toromont.

12%
year-over-year increase in the ratio of remanufactured components to total parts sales in 2023

143,000
sq ft new Remanufacturing facility will open in Bradford, Ontario in the second quarter of 2024

3%
revenue growth was generated from the provision of used and rental equipment in 2023 over 2022

 **SOCIAL**

FOCUS AREA: Health and safety				
<p>WHY IT'S IMPORTANT: We work in industrial sectors where hazards must be safely managed and we believe that taking a holistic approach to the physical, mental and financial health and wellbeing of our employees and the wellbeing of our communities is a key driver of corporate sustainability.</p>	<p>84% of Toromont's locations achieved a Total Recordable Injury Frequency Rate of zero in 2023 and our TRIR improved by 25% over 2022</p>	<p>~150 Toromont leaders now have Mental Health Certification training (including 98 in 2023) to provide coaching to their teams</p>	<p>47% of our workforce participated in the Toromont Employee Share Purchase Plan in 2023</p>	<p>United Way was once again the chief beneficiary of our community outreach and Toromont was recognized as a Local Leader in the Greater Toronto Area</p>
FOCUS AREA: Building capacity				
<p>Recruitment</p> <p>WHY IT'S IMPORTANT: There is a competitive and undersupplied market for the talent that we need to grow our business and serve customers in all geographic territories in which we operate.</p>	<p>7% growth in our technician and apprentice population year over year</p>	<p>7,000+ Our total workforce increased by 5% in 2023 compared to 2022</p>		
<p>Learning and development</p> <p>WHY IT'S IMPORTANT: We need to ensure our workforce remains capable of providing superior customer service and continues to build the knowledge and skills to work with our latest products and technologies.</p>	<p>~110,000 hours devoted to workforce training in 2023 including safety, technical, and professional skills development</p>	<p>TLA or Toromont Learning Academy is our inhouse platform for the delivery of technical training</p>		
<p>Retention and engagement</p> <p>WHY IT'S IMPORTANT: Skilled workers are in short supply, competition for talent is intense and we must sustain our knowledge-based workforce in order to serve customers, grow our business and achieve our ESG aspirations.</p>	<p>~8 years is the average tenure of Toromont employees in 2023 while our workforce grew 5%</p>	<p>12 years is the average tenure of our senior leadership team</p>		
<p>Diversity, equity and inclusion</p> <p>WHY IT'S IMPORTANT: DEI enriches our culture, adds important perspectives, enlarges our accessible talent pool including with Canada's Indigenous peoples, and meets the expectations of all stakeholders.</p>	<p>33% of our Board members are women</p>	<p>23% of Toromont's senior management team members are women</p>		<p>Benchmarking Long-standing participant in the federal government's Employment Equity Program</p>

GOVERNANCE

FOCUS AREA: Accountability and executive compensation

WHY IT'S IMPORTANT: Alignment allows us to effectively execute our strategies and engage/develop employees.

LTIP

our Long-Term Incentive Plan was created in 2022 with 3-year performance targets to further align the interests of public shareholders and Toromont's business leaders

Annual bonus

opportunities for senior leaders are tied to safety results and other important ESG outcomes

FOCUS AREA: Code of Conduct

WHY IT'S IMPORTANT: It provides a framework for ethical, community-building behaviour.

100%

of Toromont employees read and sign our Code of Conduct

FOCUS AREA: Cybersecurity and data privacy

WHY IT'S IMPORTANT: Our employees increasingly interact with customers and partners through information technology and we must protect the security and privacy of those communications to build trust and protect our reputation.

100%

of employees received mandatory training in IT security awareness

FOCUS AREA: Paying our fair share of taxes

WHY IT'S IMPORTANT: Paying taxes ensures we contribute to the development, wellbeing and protection of our society and its critical infrastructure.

26.7%

was our effective tax rate in 2023

Our Code of Conduct provisions include requirements to:

- › act with the utmost integrity at all times
- › respect all human rights in the environments in which we operate, including respecting the rights of Indigenous peoples and the right of employees to collectively bargain
- › uphold all laws including international anti-corruption and trade regulations
- › promote diversity, equity and inclusion
- › protect and positively contribute to environmental stewardship alone and in collaboration with customers and business partners
- › respect that we have a responsibility to the community and make a positive difference in the world through our actions



ENVIRONMENT

Toromont recognizes the necessity of protecting and preserving the natural environment, addressing climate change and positioning our business to help customers achieve their sustainability goals as the world transitions to the use of cleaner sources of energy.

We demonstrate our commitment to environmental sustainability through our governance and management systems. Toromont's Board of Directors, with the dedicated focus of its ESG Committee, oversees environmental matters, including the development and execution of our environmental strategies, while our Executive team, together with our business unit leadership and Sustainability Committee, collaborate to build those strategies, sets meaningful objectives, provides further leadership and oversight and shares responsibility for compliance with our business-unit leaders and all employees.

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Operations

Climate change is a global threat to society, our markets and Toromont. To succeed now and in the future, we must identify, assess, monitor and address related risks and continuously improve the effectiveness of our approach to sustainability.

Our goals are to take steps to mitigate the significant environmental risks facing our business, reduce our environmental footprint and carefully measure the results of our actions. Our Environmental Management Policy enshrines our commitment to good environmental stewardship and compliance with all applicable laws.

Going forward, we intend to continue to advance our environmental sustainability strategies and risk management responses, including preparing to meet future Canadian ISSB S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and ISSB S2 (Climate-Related Disclosures) requirements as adopted by relevant regulators.

Measuring our GHG footprint

We commission annual greenhouse gas (GHG) inventory reports (per the GHG Protocol standard) from a recognized third party that allow us to measure and track our carbon footprint.

To advance our program, we are working on our GHG measurement systems and processes to meet anticipated reporting standards. This includes retaining outside consultants to assess controls and processes for tracking and reporting at all operating divisions, which will allow us to confirm accurate and consistent GHG emissions reporting data.

In 2023, Toromont's approximate Scope 1 and 2 emissions were 56,500 CO₂ equivalent tonnes. Energy sources included natural gas, fuel oil, diesel, biodiesel, gasoline, propane, landfill gas and electricity and were divided into direct emissions (fuel combustion), and indirect emissions (purchased electricity, steam and cooling). Refrigerant emissions are excluded.

In a typical year, including in 2023, the greatest source of Toromont's greenhouse gas emissions is fossil fuel combustion in fleet vehicles, followed closely by natural gas, electricity and fuel oil combustion (in that order) in our buildings. All forms of energy use are monitored and managed with a conservation mindset and goals are set for continuous improvement.

Managing our fleets

Recognizing that our fleet of service vehicles is Toromont's primary source of direct GHG emissions, we engaged with a third party in 2023 to assess our fleet for opportunities to reduce our carbon footprint including investigating the use of smaller, more energy-efficient and alternative energy vehicles.

In managing fleets, we use intelligent software to optimize dispatch and maintain an anti-idling policy for all company vehicles and vehicles on our properties. We employ Auxiliary Power Units on service trucks to alleviate the need to burn fuel. We provide training and employ telematics to monitor and encourage responsible driver behaviour and awareness of the value of conserving fuel to reduce emissions. Taken together, we expect to use these strategies to help us achieve our future goals.





Managing our facilities

In managing our facilities, we track fossil fuel, electricity and water consumption with the help of software that enables us to identify usage anomalies and directly target areas for improvement.

With a focus on priority facilities producing the most emissions based on our energy audits, we recently began applying specialized modeling software to forecast the impact of actions we can take to reduce our footprint and lower utility costs. From these insights, we are now building a multi-year capital plan to prioritize emission reduction investments.

In 2023, investments continued in energy-efficient LED lights across our real estate portfolio as part of facility renovations/upgrades. Planning for future Toromont facilities involves assessing opportunities to employ alternative energy sources and integrate smart building designs to reduce heating and cooling needs. Our new Remanufacturing Centre showcases the benefits of our planning (see page 22).

To minimize the release of nitrogen oxides and sulfur during generator and engine testing, we continue to employ selective catalytic reduction equipment and optimize run-times at our Power Systems and Remanufacturing operations in Ontario.

Water recycling and steam cleaning methods for equipment help us to conserve water as do ongoing investments in low-flow toilets. Among 2023 actions taken was the addition of a washbay recycling system at our new Battlefield Equipment Rentals store in Sherbrook, Québec, bringing the total number of such installations to 17.

Through various programs, we work to reduce waste production and divert materials from landfill. Recycling efforts for oil, tires, paper, printer toner, battery and electronics add to our stewardship efforts. We have also moved intentionally over the years to paperless reporting systems that now include Job Hazard Assessments completed thousands of times annually by our technicians. Toromont's HR information systems, invoicing and Battlefield's InsideTRAC for customers include paperless options.

Consistent with our Environmental Management Policy, we provide employee training on safely shipping, receiving, handling, using, storing and disposing of hazardous materials at our facilities.

Improving procurement

Through a new alliance with a leading Canadian university's Master of Supply Chain Management program, we will work with student teams in 2024 to develop tools and metrics that we can incorporate to enhance Toromont's procurement processes with a focus on sustainability. We look forward to improving our approach and giving students opportunities to advance their knowledge in a complex business environment.

Stewardship

To underscore our stewardship efforts and celebrate each Toromont Cat employee's first anniversary with the company, we ask Tree Canada to plant a tree in the Toromont Forest. In 2023, this program led to the addition of 600+ new trees.



Sustainable products, services and technology

Toromont and our partner OEMs are well positioned to meet the evolving demands of sustainability, productivity, and safety well into the future. We continue to make significant investments in our infrastructure, processes and people as the business environment and customer expectations change.

Toromont's strategies and execution help our customers and partners meet their sustainability goals, while mitigating the risks of a market transition to new and innovative forms of energy use.

Products

As the world embarks on an energy transition, Toromont works with our suppliers, including Caterpillar, to expand our portfolio of diesel electric, fully electric and power assist technologies that support energy conservation, efficiency and cleaner operations.

Caterpillar, in particular, has a clearly stated objective that 100% of its new products through 2030 will be more sustainable than the previous generation. This allows Toromont to continue to expand our sustainable equipment offerings. Among many developments are introductions of battery-powered machines such as the Cat R1700 XE for mining operations. This fully electric model is powered by lithium-ion batteries and provides the same or better breakout force than equivalent diesel machines – with zero exhaust emissions. These advantages are now enjoyed by customers worldwide, including in our territories where the Cat R1700 XE has already successfully accumulated over 13,000 fleet operating hours. Today, we support one of the largest installed Cat fleets of electric drive hydraulic mining shovels and service a large installed base of electric-drive rope shovels and drills.



Another way we help customers to address their energy conservation and transition needs is the provision of diesel electric equipment that combines electric drivetrains with fuel-efficient diesel engines. In construction and mining applications, Toromont customers are lowering their total carbon footprint per tonne moved by using diesel electric machines like Cat 988K XE wheel loaders, Cat R2900 XE underground loaders and Cat 798 AC electric drive trucks.

Toromont Material Handling provides electric machines including forklifts, lithium-ion batteries, and fast and smart chargers, as well as hybrid lift equipment.

For Battlefield Equipment Rentals – The Cat Rental Store, 2023 brought an expansion of its Green Leaf line of products powered by alternative energy. Among many choices, customers can now rent equipment such as Cat 300.9D VPS with HPU300 mini excavators capable of running on electric and diesel power – Terex Genie Z45FE & Z60FE hybrid lifts and Hybrid Light Solutions' hybrid light towers. Most recently, we added ANA Energy Boss hybrid generators that use batteries to reduce fuel consumption, emissions and maintenance costs.



The energy conservation and transition journey is also evident in the markets served by Toromont's power systems business. To support this journey, Toromont provides sophisticated power generation solutions to help customers build energy resilience, lower costs and reduce GHG emissions. Many of our long-standing sustainability collaborations with customers and Caterpillar are in the areas of combined heat and power (including in remote communities and mining applications), landfill gas-to-energy and wastewater treatment where we provide dual-fuel equipment such as Cat 3600 generators to harness emitted gas.



Hamilton Health Sciences (HHS) recently modernized its combined heat-power (CHP) system with 13 Cat G3516 CHP generators supplied by Toromont. By using this equipment at peak times, our customer reports that they can generate 26MW of power, capture the energy to supplement heating and cooling of HHS facilities and reduce their carbon footprint by 50%. All of this while supporting the local grid network and Global Adjustment initiatives.

Toromont is also able to leverage Caterpillar technology to offer generators capable of running on 100% hydrogen fuel. In cases where customers would like to remain flexible for the future, they may elect to deploy Cat G3500 series generator sets that can be retrofitted to accept up to a 25% blend of hydrogen.

Peak shaving is a method used by customers to reduce reliance on the electricity grid during peak periods of energy usage and reduce their costs. Toromont provides specialized equipment, technology, solutions and the parts and services to enable peak shaving in all jurisdictions that we serve. In Ontario, we enable customers to participate in the Global Adjustment (GA) program.

Looking ahead, new and developing products offered by Toromont will address the needs of customers in the growing renewable energy space. This includes exploring opportunities in the areas of Battery Energy Storage Systems (BESS) for both on-grid and off-grid applications. In 2024, additional sustainable products are coming to our power systems rental fleet, including BESS that can be used in peak-shaving applications and create the potential for selling energy to the grid at optimal times. As our customers strive to achieve their environmental and business sustainability goals, we are positioning ourselves to be a trusted energy advisor and integrator with access to proven products and technology that will address their energy goals.

Since traditionally powered machines continue to be a foundational component of customer fleets, it is important to note that this equipment has also become cleaner and more efficient. As a matter of compliance, we sell new Cat mobile and power systems equipment that meets Tier IV or higher engine emission regulations that require the use of ultra-low sulfur diesel fuel. These products provide up to a 90% reduction in emissions of nitrogen oxides and particulates compared to US EPA Tier III standards. Making traditionally powered units more fuel efficient and keeping them that way through Toromont product support provides an important bridge for the energy transition journey.



Services

Toromont's customers rely on our product support teams to help them meet their operational needs, keep all of their machines operating at optimal levels, and ensure investments made in our products and services exceed their expectations. This includes expanding support for newly introduced cleaner machines such as diesel electric and fully electric models as well as other new and emerging technologies. Over many years, we have developed the product support infrastructure necessary to serve our installed base. Ongoing investments in training our product specialists and technicians in the use and maintenance of these advanced technologies position us for the future.

Remote condition monitoring is a cornerstone of our value-added solutions. The technology, analytics and knowledge of our condition monitoring teams help our customers maintain peak operating efficiencies, achieve more uptime and identify problems before they become failures or potential safety concerns. For example, we can troubleshoot and, in many cases, update machine software remotely, eliminating the need to dispatch technicians or haul equipment in for repairs. Of all eligible units in Toromont Cat's installed base, 86% were supported by our remote monitoring services in 2023.

The service solutions we provide are also being used in new ways to further our customers' sustainability objectives. For example, Battlefield applies its knowledge and telematics technology to estimate GHG emissions from rental equipment use on customer job sites, based on fuel burn. Additionally, fuel consumption data from customer machines can be used to model GHG emissions, as well as the impact of carbon taxes in total cost of ownership analysis. Customers value this information when monitoring their carbon footprint, contemplating equipment purchases, and operating machines with the goal of achieving peak efficiency.

This combination of capabilities is increasingly contributing to our customers' sustainability goals and helping to manage their total cost of ownership. In 2023, product support revenues increased 11% year over year and represented 43% of total revenue. Along with our various OEM partners, we are focused on delivering an ever-growing portfolio of service solutions.



Toromont's laboratory services analyze machine oil for harmful contaminants that degrade performance and damage wear parts.



Technology

Caterpillar is a world leader in designing and building fully autonomous mining trucks equipped with Cat MineStar™ Solutions. These machines have hauled more than seven billion tonnes of material worldwide across an installed base that now includes machines in Toromont territories. As the development of autonomous vehicles accelerates in mining and other industries, machines can be operated at optimum efficiency and operator-driven downtime events can be reduced, thereby contributing to lower carbon outputs of existing diesel-powered drivetrains. Autonomous machines are programmed to emulate the advanced driving skills of experienced operators, enhancing the safety of people and ancillary equipment on a site.



A Cat® Command 793F autonomous haul truck operating at the IAMGOLD Côté Gold Project in northern Ontario.

The IAMGOLD Côté Gold Project became the first mine in our territories to employ Cat® Command 793F autonomous haul trucks and these machines are now operating and will be accompanied by the next generation Cat® 6060 electric drive front shovels.

In addition to trucks, Caterpillar supplies Cat MineStar™ Solutions for dozers, wheel loaders, underground loaders, excavators, skid steer and compact track loaders. In warehouse and manufacturing plants, Automated Guided Vehicle systems provided by Toromont Material Handling move products safely and efficiently.

We will continue to work with customers to address their needs for technology-enabled solutions, including autonomous machines, and further enhance the technical skills and capabilities of our workforce to support advanced systems in operation.

CIMCO Thermal Management Solutions

Through CIMCO, Toromont engineers, designs, builds and supports thermal management solutions such as heat pump systems. Throughout North America, we serve traditional industrial refrigeration and recreational ice rink markets and recently broadened our heating and cooling offerings to address the needs of municipal and residential markets. CIMCO's solutions enable customers to eliminate refrigerant emissions, optimize energy consumption, harness clean power and meet sustainability requirements such as those legislated in Canada's Net Zero Emissions Accountability Act.

To eliminate harmful refrigerant emissions coming from fluorinated gases that are currently said to be responsible for 10% of the world's GHG emissions, CIMCO uses natural refrigerants in its systems that have ultra-low or no Global Warming Potential (GWP). In 2021, CIMCO eliminated the manufacture of all recreational ice rink packages that use high-GWP refrigerants. Of all CIMCO capital project order bookings in 2023, 89% will feature natural, zero emission refrigerants.

To optimize energy consumption, CIMCO's thermal systems recover heat from the process of cooling and can operate on traditional energy sources, as well as alternative energy sources such as geothermal, solar, wind and biomass.

It was almost two decades ago that CIMCO introduced a heat recovery system to its recreational ice rink customers that reduces their energy consumption and



The first of several CIMCO TF1 systems were recently purchased in Blatchford, Alberta to support the community's decarbonization mission. Once fully installed, these systems will provide zero combustion heating and cooling for 30,000 residents. A global beverage company and a Canadian poultry processor also acquired CIMCO heat pump systems in 2023 to generate high-grade heat for their processes and reduce the use of natural gas.

greenhouse gases while utilizing natural refrigerants (CO₂ and ammonia) in place of climate-polluting CFCs and HFCFs. This innovation, called CIMCO ECO CHILL[®], earned a spot on the Environmental Investigation Agency (EIA) Pathway to Net-Zero Cooling Product List, compiled with the help of Greenpeace. Since its launch, CIMCO has installed more than 265 ECO CHILL systems across North America. By our own estimates based on anticipated customer usage, ECO CHILL's installed base has the opportunity to offset approximately 1.5 million tCO₂ to date.

In 2023, we unveiled CIMCO's Green Series brand that includes the Thermal Force One (TF1) heat pump, and with it, showed our ability to address the energy transition needs of traditional users of our equipment and stretch beyond to support new markets and applications such as residential heating and cooling. TF1 eliminates the need for fossil fuels in heating systems with 100% conversion of waste heat and has integrated thermal storage capabilities.

To help refrigeration customers transition to Net Zero, CIMCO created its Pathway to Net Zero roadmap to show customers how they can eliminate refrigerant emissions, optimize energy consumption and harness green power. As part of this effort, we formed a thermal decarbonization team in 2023 to further support our customers with building-load analysis, energy management advice and insight into available government grants. We also partnered with more than 100 Canadian municipalities to conduct carbon emission studies of their buildings. These studies are a practical first step that municipalities can take to establish carbon emission baselines and identify ways they can achieve their 2030 and 2050 GHG reduction goals.

Circular economy

Many companies embrace the circular economy to meet their environmental and social targets. In such an economy, materials are not just used once and landfilled, they are reused multiple times in a circular flow. By giving machines a second life, it maximizes their lifecycle value and minimizes the need for raw materials. Toromont, Caterpillar, our largest business partner and our customers are part of this virtuous cycle.

Remanufacturing

Toromont provides customers with remanufactured components for prime products. Through our dedicated remanufacturing facilities, we clean, rebuild and recondition highly worn core engines, transmissions, drive trains, suspension groups, hydraulic cylinders and other equipment parts up to four times over their product lifecycles. This is made possible because Caterpillar engineers components with remanufacturing in mind.

Additionally, we install the latest engine control software, and emission test remanufactured engines according to factory specifications to ensure compliance. For underground mining equipment, we often repower machines with upgraded engines that meet more stringent emissions regulations. Through piece-part changes to turbochargers and injectors, as well as Cat-certified software upgrades that modify fuel mapping, we reduce emissions and extend the productive use of equipment by customers. All replaced parts are recycled in accordance with best industry practices.

To enable this circular flow, we use an exchange program whereby customers return used components (referred to as a core) and receive remanufactured products.

In 2023, the ratio of revenue generated from remanufactured components to total parts sales increased 12% over 2022 as our customers embraced Toromont's capabilities. To respond to this customer demand, we will open a 143,000 sq. ft. Remanufacturing Center in Bradford Ontario in the second quarter of 2024. This \$70 million facility will enhance our capacity and efficiency as a circular-economy contributor and do so with advanced environmental and contamination controls including a robotic soda cleaning station. Soda blasting is an environmentally friendly alternative to caustic cleaning prior to component disassembly. Recycled water will be used to cool engines during closed-loop dynamometer testing. A CIMCO thermal system will control temperature and humidity in the facility. This system will use a natural refrigerant with zero GWP and achieve an approximate 30% improvement in energy efficiency over conventional equipment. At start-up, the plant will employ 160 people, with the majority transferring from nearby facilities.



An artist's rendering of Toromont's new Remanufacturing Centre opening in the second quarter of 2024 in Bradford, Ontario.



Machine rebuild program

Toromont's Machine Certified Machine Rebuild program provides customers with a second life for their products. This program is another important contributor to the circular economy as it expands the life of equipment and thereby reduces waste and use of materials needed to produce machines and new parts.

Our expert technicians inspect each part of the machine and use stringent reuse and salvage guidelines to maximize existing part content. Parts that don't comply with the specifications of a second life are replaced. If these parts are major components, they can be replaced with our remanufactured components. If they are individual piece parts, they are replaced with new items.

Once the rebuild is done, we upgrade the machine with the latest software. Each machine is performance tested to comply with factory specifications and leaves our premises with a full one-year warranty, or an extended warranty as an option.

In 2023, 143 machines passed through our Certified Machine Rebuild program, a 6% increase over 2022, and the complexity of the work undertaken also increased. Included in the year's activities was our first-ever certified rebuild of a Cat 988K XE electric-drive wheel loader. In addition to installing a remanufactured engine, we replaced or reconditioned approximately 3,000 parts including batteries and generator, refurbished the drive shaft and made critical engineering updates.

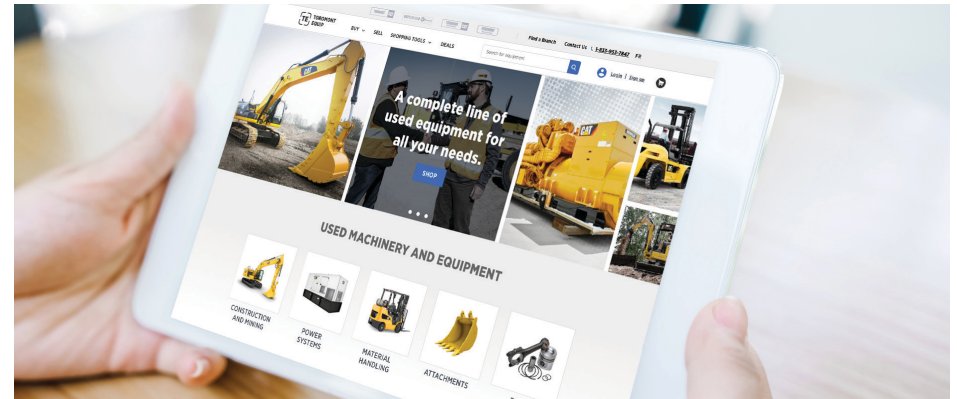


Rental and used equipment

Toromont contributes to the circular economy in other ways. We invest in rental equipment fleets – heavy and light machines as well as generators – to fulfill short- and medium-term customer needs. Renting is a popular option in our markets as it provides customers with the ability to augment the capacity of their owned fleets and/or bid on short-term work without making a capital investment. Because we maintain our rental equipment, we can age it appropriately and extend its life in our fleet before selling it for further reuse.

To make it easier for customers to purchase, trade and consign used equipment including mining and construction machines, attachments, restored parts and generators for commercial and industrial applications, we operate Toromont Equip. Since launching this ecommerce platform in 2022, the site has helped us to expand service to, and convenience for, customers who seek to purchase used equipment or add their used equipment to the circular economy. We bring value to online transactions by giving buyers various options including equipment inspections, warranties, purchase financing and maintenance agreements.

In 2023, revenue generated from rental and used equipment sales increased by 3% over 2022.





SOCIAL

How we address the stakeholder groups that are at the centre of our business – our people, our customers, our business partners, our shareholders and communities – contributes to the long-term sustainability of our business.

For this reason, our Board of Directors considers the social components of our ESG focus areas - including the safety, health and capacity of our people to serve and grow – to be key drivers of Toromont's success and focal points for continuous improvement.

Our social principles, expressed in our corporate values, and grounded in transparency and accountability, inform the way we react to market demands, how we do business, what we believe in and how we behave as an employer, supplier and value creator.

25 Health and safety

27 Building capacity



Health and safety

The success of our organization is dependent upon the ongoing health and wellbeing of our workforce. Cultivating leading health and safety practices and performance by taking a deliberate and holistic approach that benefits from the full participation of everyone at Toromont has long been an organizational imperative.

Safety

Maintaining a safe and respectful workplace is our first core value and a foundation upon which other programs, disciplines and systems are created. Our safety culture permeates every element of the work environment. Our Board of Directors reviews and approves strategies and business objectives. Our senior leaders, working in partnership with our health and safety team, translate these into programs, tools, safety training (including 44,600 hours in 2023 across all roles and divisions) and resources that are given to our skilled front-line workers who make informed, responsible decisions to operate in a safe manner. From our shop floors to our Board, everyone is held accountable for safety performance, with senior leaders' annual at-risk compensation directly tied to safety outcomes.

This steady approach over many years has helped us to improve. In 2023, 84% of our facilities achieved a Total Recordable Injury Rate (TRIR) of zero with overall TRIR improving by 25% from 2022.

As part of our continuous improvement mindset, safety steering teams work to identify opportunities to reduce injuries and engrain safe behaviours while safety conversations with technicians encourage ongoing engagement in our safety culture.

Many Toromont technicians work at customer sites, sometimes on their own. To protect them, we invested in wearable technology that senses falls, lack of movement or the presence of hazardous gas and dispatches emergency assistance when required.

Our commitment to safety extends to protecting our customers. Through operator training programs, we teach equipment users how to stay safe in the field. This extends to offering first-aid training which is part of Battlefield's extensive curriculum.

Mental health

Toromont recognizes that providing support to employees struggling with mental health challenges assists with their wellbeing and the safety of our teams and communities. We are intentional in our approach to help managers and employees identify risks and effectively manage life challenges.

Following up on a commitment we made in 2022, another 98 Toromont leaders completed mental health certification training which equips them to identify and better support employees facing challenges. In all, approximately 150 Toromont managers are now so qualified and able to offer proactive assistance.

We will continue to support the mental health and wellbeing of our employees with ongoing informational workshops to raise awareness, share resources and demystify mental health.





Financial health

Financial health contributes to peace of mind and improves mental health. Financial security is one of the many benefits of working for a stable, sustainable organization. In exchange for great performance, Toromont rewards employees with competitive salaries, a generous benefits program, a matching employee share ownership program and a pension plan with employer contributions to provide financial peace of mind and encourage lifelong employment with us. Toromont prides itself on offering a value proposition that sees employees through to retirement.

Financial planning and personal wealth management workshops ensure employees are fully aware of the variety of benefits and financial programs available.

Community health

We recognize our corporate responsibility to participate in the health and development of the communities where our employees live and where Toromont does business. We encourage our employees to give back through various philanthropic programs. Our employees on their own, and with Toromont's support, are active in their communities.

Once again, the United Way was the largest recipient of financial donations and volunteer hours by our employees. Our annual Day of Caring campaign continued to bring us closer to communities in need while fostering teamwork outside the office. For these efforts, Toromont was again named a United Way Local Leader in the GTA.

To further support our communities, we work directly with Indigenous partners to provide employment and business opportunities. Please see our [Indigenous Engagement Report](#). Consistent with our [Statement on Human Rights](#), Toromont is also doing its part to end modern slavery worldwide through supply chain management. Please see our first [Report on Modern Slavery](#).



Building capacity

To perform for customers and shareholders and grow our business, Toromont must have a workforce with the right capabilities and capacity for today and tomorrow. In recognition of this fact, we use multiple strategies to find, train, and retain talented people and broadly promote careers in our line of work.

As a long-time participant in the Government of Canada's Employment Equity program, and a company that believes in diversity, equity and inclusion, Toromont finds that our efforts to reach and support the program's designated groups are beneficial in many ways, including in building our capacity, skills, talent and perspectives.

Recruitment

Our talent acquisition strategies position Toromont to identify and recruit workers living in all geographic territories where we operate, including Canada's far north. We supplement our outreach by recruiting technicians from other countries, including South America, the UK and Africa in 2023. In 2023, we increased the number of technician positions by 7% compared to 2022. In total, we expanded our workforce by 5% year over year to over 7,000 in support of business growth. Going forward, we will continue to recruit both next-generation and experienced people.

Learning and development

To maintain our best-in-class talent, we have long sought to grow and enable our talent from within. We operate a formal four-year technician apprenticeship – including a specific program to assist international recruits to achieve their Canadian Red Seal Certifications – as well as a two-year Leaders of Tomorrow program for accelerated development of high potential leadership candidates. This multi-disciplinary program

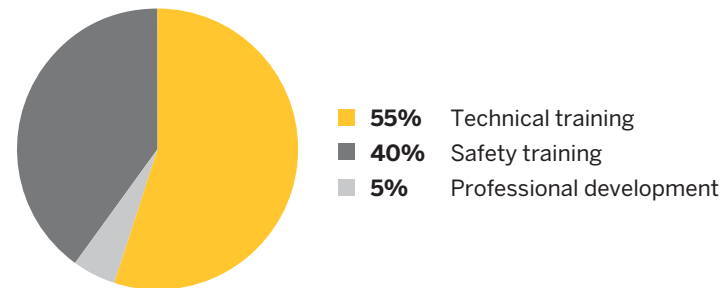
provides opportunities for those with nascent careers to accelerate their skills development, gain direct access to experienced company leaders who serve as mentors and move in future into management positions.

Beyond that, we deliver skills' enablement every year to ensure our workforce remains capable of providing superior customer service and continues to build the knowledge and skills necessary to work with our latest products and technologies.

In 2023, we delivered ~110,000 hours of workforce training (safety, technical and professional development). We hired seven management trainees to add to our leadership development pipeline. As part of our commitment to the development of our workforce, we operate the Toromont Learning Academy (TLA). It delivers technical and professional development training and helps us ensure our employees, including technicians and apprentices have documented learning journeys consistent with building world-class skills to support our customers.

Going forward, we will strive to continuously improve our onboarding process to reinforce our status as a welcoming workplace. We will work to create durable engagement through role-based learning journeys that equip each employee with the opportunity to advance their careers while giving Toromont superior capacity and the agility to pivot to meet evolving business demands. We will also continue to grow and adapt our leadership development program to ensure we build leadership bench strength enterprise wide.

2023 hours of learning and development





Retention and engagement

Employees increasingly seek to work for organizations whose values align with their own, where personal growth is encouraged and financial objectives are met. Toromont understands these expectations and seeks to address them. Employees work together with their managers on an annual basis to document development plans, as well as career objectives. Beyond learning and development opportunities, we are proud of our promote-from-within philosophy, which drives strong engagement and retention rates.

Despite significant additions to our workforce in 2023, consistently low turnover translated into an average tenure of approximately eight years across the general employee population and just over 12 years at the senior leadership level. We are proud to note that 8% of our employees have been with us for more than 25 years.

Employee empowerment and engagement are both features of Toromont's culture, but we do not take either for granted. We employ a variety of strategies to foster employee engagement, including leadership-hosted townhalls at the branch level, employee focus groups, employee surveys and exit interviews to solicit feedback from our workforce, which is used to validate our approach and fuel our Connecting Together mindset. We also closely monitor employee tenure and turnover statistics for further insight and use what we learn from our engagements to improve.

As a sign of engagement and alignment of interests, 47% of our workforce participated in the Toromont Employee Share Purchase Plan in 2023.

Diversity, equity and inclusion

Toromont recognizes that diverse skillsets, experiences and perspectives create additional organizational capability. As a reporting participant in the Government of Canada's Employment Equity (Federal Contractors) program, we work to recruit across all of the program's designated groups: women, Indigenous peoples, persons with disabilities and members of visible minorities. We are active and intentional in our approach to creating employment opportunities for everyone.

We participate in various events to attract candidates from various backgrounds and experiences. In 2023, we expanded our long-standing relationship with Jill of All Trades by becoming a provincial sponsor. This organization hosts career events to help high-school girls learn about skilled trades as they consider post-secondary studies. By recognizing high-potential young women with aptitude and interest, we elevate awareness of skilled trades careers and create a pipeline of future candidates. To create a better sense of community for the women of Toromont, we became a sponsor of the Canadian Women in Construction Association in 2023, which provides mentoring and networking opportunities.





Importantly, Toromont operates in partnership with Indigenous communities and Indigenous-owned businesses, and participates in community job fairs (such as those offered in 2023 by Moose Cree First Nations) to promote career opportunities. We recently added a talent acquisition specialist who serves as a one-stop resource for Indigenous community outreach. Please see our [2023 Indigenous Engagement Report](#).

In 2023, many of Toromont's new hires were recruited from groups designated under Canada's Employment Equity legislation. At year end, underrepresented groups comprised 20% of our Leaders of Tomorrow management development program.

Knowing that our international technicians – including the 50+ who arrived in 2023 – will need help settling in Canada, we reached out to local community groups to gather information that will help our new arrivals acclimate. Since five of our international technician recruits are women, we created the opportunity for them to work together in our new Remanufacturing Centre – a supporting community within a community.

Recruiting for diversity is an important first step. A truly sustainable approach requires the creation of an inclusive employee culture at all levels of the company, including in leadership positions. Today, 23% of our senior management team members are women.





GOVERNANCE

Toromont is committed to the highest standards of corporate governance and business integrity because we understand that good governance leads to better decisions and better outcomes for our company and all stakeholders.

Our Board of Directors regularly reviews our governance practices and policies for compliance with all applicable laws, and in keeping with best practices to maintain and enhance our sustainability efforts. The Board also oversees the public disclosure of financial and sustainability information including in this report.

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Accountability and executive compensation

Toromont is a decentralized company. Our Board of Directors and executive leadership team set the tone through policies, and corporate strategies and then grant authority with accountability for performance to our business-unit leaders.

In turn, those leaders delegate responsibility outward so that decision making is dispersed and employee empowerment at all levels can take hold. This system of management has been in place for decades and helps every Toromont business make decisions that are highly attuned to the needs of stakeholders in the diversified markets we serve.

Alignment with our business model, values and Code of Conduct is a precondition to the delegation of authority. Accountability is reinforced through our executive compensation program which is designed to: i) attract, motivate and retain superior executive talent by making sure compensation is competitive ii) motivate performance by linking incentive compensation to specific business performance goals, including key sustainability matters such as safety iii) recognize performance and potential by maintaining a high proportion of pay at risk iv) encourage commitment to Toromont and link compensation with long-term shareholder interests.

Toromont leaders receive a base salary and the opportunity to earn three other performance-based incentives:

- › Annual bonus tied to corporate/business unit performance measures including our strategy and operating plans, and individual qualitative objectives which include safety performance measures and other important ESG objectives consistent with leaders' roles and responsibilities
- › Performance Share Grant awards, which are equity-based awards that cliff vest after three years and are tied to three-year average return on capital employed and total shareholder return relative to the S&P/TSX Composite Index
- › Stock options, which vest over a period of five years

To ensure our compensation programs are aligned to the interests of all shareholders, are not excessive and encourage sound and disciplined decision making, our Board pays particular attention to factors related to setting maximum payout amounts, performance measures, pricing, vesting, as well as the dilutive effect of new share issuances.

In 2023, the total compensation paid to our five most senior executives represented 2.0% of our net income.

Annually, Toromont holds a 'say on pay' shareholder advisory vote. In 2023, 92.7% of shareholders voted in favour of the company's compensation program.



Code of Conduct

Toromont's [Code of Conduct](#), developed and approved by the Board of Directors, enshrines our corporate values including values that promote, protect and positively contribute to the betterment of Toromont and society as a whole. The Code applies to all who represent Toromont, including Directors, officers and employees. Everyone at Toromont is required to confirm in writing that they understand and comply with the Code each year. The Audit Committee and the Human Resources and Health and Safety Committee of the Board receive regular compliance reports and the Code is reviewed annually by the Board and amended when appropriate.

The Code encourages employees, customers, suppliers and shareholders to report any suspected violation to the company's General Counsel or anonymously through an independent third-party Compliance reporting system without fear of reprisal. All members of the Toromont team must confirm their adherence to the Code of Conduct. Our Board regularly reviews the Code for relevance and best practices.

Toromont's Supplier Code of Conduct enshrines the key values and principles found in our corporate Code of Conduct. We ask our business partners to embrace our Supplier Code of Conduct as part of contractor qualification and compliance programs. In 2023, we produced our first annual [Report on Modern Slavery](#) reflecting our efforts to combat forced labour and our focus on supply chain compliance.

Cybersecurity and data privacy

Toromont depends on information technology infrastructure and systems, hosted internally or outsourced, to conduct day-to-day operations and for effective operation. Our business also requires the appropriate and secure utilization of sensitive and confidential information belonging to third parties such as our customers and suppliers. While we strive to leverage technology to meet the growing needs of customers and enhance the efficiency of our operations, doing so comes with information security and cybersecurity risks.

The security of the company's data and other information is one of the operational risks overseen by our Board. Two members of the Board have knowledge and experience in technology, including cyber risk. Management reports to the Board regularly on information technology and security matters. To mitigate information security risks, we maintain cyber insurance policies, and undertake preventative measures, including controlling access to network and applications using secure firewalls and limiting access. To identify information security risks, we use various detection methods, including monitoring event logs for firewalls, server, mail systems, and applications. Third-party experts are utilized to perform testing and assessments. We also provide regular information security training to employees as applicable and appropriate.

Taxes

Toromont believes in paying our fair share of corporate taxes. Doing so ensures we contribute to the development and wellbeing of society including its critical infrastructure. Infrastructure includes public transit, roads, ports and airports that are used to move people, and goods throughout our territories – including Toromont employees and products – as well as hospitals, cultural and recreational facilities that are major users of Toromont equipment, technology and services. We acknowledge the mutual benefit of tax-paying activities on our business. In 2023, Toromont paid corporate taxes at an effective tax rate of 26.7%.

Our business units



www.toromontcat.com

We are one of the largest Caterpillar dealers in the world with Toromont Cat branches and field-service operations across seven provinces and one territory. We serve the specialized heavy equipment, power generation, heavy rent, used equipment, product support and component remanufacturing needs of thousands of public infrastructure, construction, demolition, paving, mining, aggregate, waste management, forestry, trucking, shipping, transit and data centre customers.



www.toromontmh.com

We serve ports and terminals, paper producers, automotive parts manufacturers, beverage companies, hardware retailers and government agencies through Toromont Material Handling, which sells, rents and supports brand name lift trucks, container handlers, industrial batteries, chargers and racking systems.



www.battlefieldequipment.ca

We rent and sell brand-name machines, tools and supplies and provide product support to contractors, specialty trades and do-it-yourself customers through Battlefield Equipment Rentals – The Cat Rental Store.



www.jobsiteequipment.ca

We meet the specialized tool crib and rental equipment needs of contractors working in refinery industries, healthcare, automotive, steel and pulp and paper through Jobsite Industrial Rental Services in eastern and western Canada.



www.sitech-ec.ca

We specialize in providing machine control systems, site positioning software and asset management technologies as well as professional and data support services through SITECH Eastern Canada Ltd., a Trimble and Cat AccuGrade® dealer.



www.cimcorefrigeration.com

We serve industrial, recreational and commercial markets through CIMCO, one of North America's leading suppliers of thermal management solutions that enable customers to reduce energy consumption and emissions, use natural refrigerants and monitor and control their operating environments autonomously. We support the mission-critical nature of our equipment with dedicated field-service technicians throughout our territories.

Corporate directory

Toromont Cat

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T: 416.667.5511 F: 416.667.5555

5001 Trans-Canada Highway
Pointe-Claire, Québec H9R 1B8
T: 514.630.3100 F: 514.630.9020

www.toromontcat.com

Battlefield Equipment Rentals

880 South Service Road
Stoney Creek, Ontario L8E 5M7
T: 905.643.9410 F: 905.643.6008

www.battlefieldequipment.ca

Toromont Material Handling

425 Millway Avenue
Concord, Ontario L4K 3V8
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www.toromontmh.com

CIMCO Refrigeration

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Burlington, Ontario L7L 6E9
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www.cimcorefrigeration.com

Annual and Special Meeting

Thursday, May 2, 2024 at 10:00 a.m. (EDT)

Visit www.toromont.com for more details.

How to get in touch with us

T: 416.667.5511 F: 416.667.5555
E-mail: investorrelations@toromont.com

How to reach our transfer Agent and Registrar

Investors are encouraged to contact TSX Trust Company (Canada) for information regarding their security holdings.

TSX Trust Company (Canada)
P.O. Box 700, Station B
Montréal, Québec H3B 3K3
Toll-Free North America: 1.800.387.0825
Local: 416.682.3860
E-mail: shareholderinquiries@tmx.com

www.tsxtrust.com

Common shares

Listed on the Toronto Stock Exchange
Stock Symbol – TIH

Forward-Looking Statements

Information herein that is not a historical fact is “forward-looking information”. Words such as “looking ahead”, “plans”, “intends”, “outlook”, “expects”, “anticipates”, “estimates”, “believes”, “likely”, “should”, “could”, “will”, “may” and similar expressions are intended to identify statements containing forward-looking information. Forward-looking information in this report reflects current estimates, beliefs, and assumptions, which are based on Toromont's perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. Toromont's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. Toromont can give no assurance that such estimates, beliefs and assumptions will prove to be correct.



TOROMONT

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