



Sustainably Equipped,
Sustainability Engaged

This report was approved by the Board of Directors of Toromont Industries Ltd. (“Toromont,” the “company” or “we/our”). It outlines our approach to sustainability as well as our performance and progress against the sustainability focus areas we consider to be the most important to our business and stakeholders. It covers the calendar year ended December 31 2021, the same as Toromont’s financial year. Information herein covers 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 at the end of this document. All figures are in Canadian dollars and/or use the Canadian metric system unless otherwise noted.

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A Message to All Stakeholders

At Toromont, we recognize the ever-increasing importance of operating in and contributing to a more sustainable society. In addition to the clear business and social imperative of doing so, action on sustainability is fundamental for the continued long-term growth and success of our organization and its stakeholders.

For these reasons, a sustainability mindset is integrated in how we conduct our business, from protecting and developing our workforce and reinvesting in our assets and communities, to the innovative solutions we provide customers to support *their* sustainability goals. It is an important consideration in our daily operations and facilities management.

Our almost 30-year partnership with Caterpillar, a global producer of energy-efficient machines and alternative energy technologies, is a proud example of a sustainable approach to business.

To determine our sustainability focus areas, our Board of Directors and senior leaders assess sustainability risks and opportunities in the context of our business model, corporate strategies, individual business operations and customer markets. We also engage with our stakeholders, including customers, investors, employees and the broader community, to understand their perspectives and priorities. Through these processes, we identified the following areas of importance within each ESG dimension:

We report on these topics in this report along with the ESG framework we employ to drive sustainability forward. Toromont's sustainability programs have strong support at the Board, executive and business unit leadership levels. Of greater significance, our 6,400 talented employees across Canada and the United States are actively engaged. It is their mindful day-to-day actions that make all the difference in building a sustainable organization for the benefit of all stakeholders.

We are proud of our progress on sustainability matters in 2021 even as we navigated through the COVID-19 pandemic. We continued to improve on the safety of our people, expand our skilled and diverse workforce, provide training and development opportunities, and further strengthen our culture of alignment and accountability. We expanded our sustainable product and service sales and offerings to customers and responsibly managed our environmental footprint. We also continued our support of Indigenous communities, including through our joint venture relationships.

Environment

- Safety
- Operational footprint
- Sustainable products & services

Social

- Training & development
- Recruitment & retention
- Diversity, equity & inclusion
- Indigenous engagement

Governance

- Executive compensation & accountability
- Code of Conduct
- Paying our fair share of taxes

A Message to All Stakeholders (cont.)

Looking ahead, the Board will guide the company to continuously improve our approach to sustainability and drive stakeholder returns and value. Current priorities in our journey include advancing our approach with an enterprise-wide lens, validating the assessment of our key risks and opportunities, confirming and setting our sustainability strategies and goals and enhancing communication of our strategies and progress. We will also work to establish new baselines incorporating our expanded territory, acquired businesses and newly opened facilities.

We believe our approach will align well with the anticipated introduction of ESG reporting guidelines by the Canadian Securities Administrators together with the recently formed International Sustainability Standards Board. ISSB's prototype standards in the four pillars of governance, strategy, risk management and metrics/targets will provide a framework for reporting on significant sustainability topics in a transparent and comparable manner.

Toromont understands there is no endpoint to sustainability. To continuously advance and improve, we must apply constant focus and effort, ensure that our team is always aligned with and understands what is important to the long-term sustainability of our business and our stakeholders, and measure and reward outcomes that reflect our values. This is our legacy and our pledge for the future.



Yours sincerely,

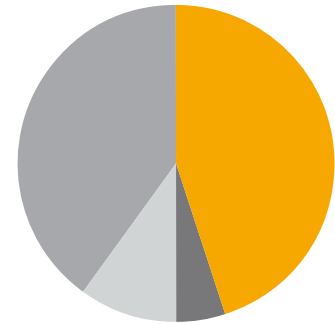
Peter Blake
*Chair, ESG Committee
of the Board*

Scott Medhurst
*President and
Chief Executive Officer*

Business Profile

Toromont (TSX:TIH) creates value by serving the specialized equipment and lifetime product support needs of thousands of customers in essential industries. We are differentiated by our skilled workforce, market-leading equipment brands, extensive parts, service, technology and remanufacturing capabilities, disciplined adherence to our corporate values and the empowerment created by our decentralized business approach. By maintaining strength in our operations and adhering to our business purpose in a principled manner, we equip ourselves for sustainable actions today and tomorrow.

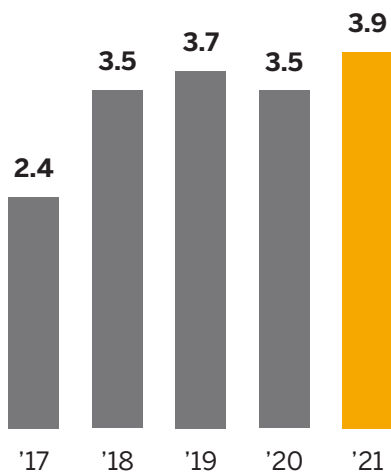
2021 Revenues



- New & used equipment – 45%
- Refrigeration equipment – 5%
- Rentals – 10%
- Product support – 40%

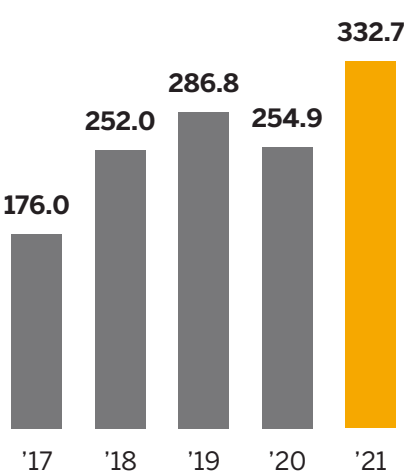
Revenue

\$ billion



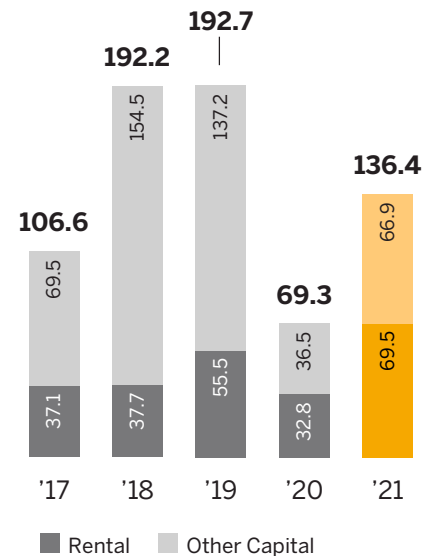
Net Earnings

\$ million



Reinvestment

\$ million



6,400+

Employees

160+

Locations

Our Business Units



Toromont Cat

Toromont is one of the largest Caterpillar dealers in the world with 46 branches across seven provinces and one territory. Through Toromont Cat, we serve the specialized heavy equipment, power generation, heavy rent, used equipment and product support needs of thousands of public infrastructure, construction, demolition, paving, mining, aggregate, waste management, agriculture, forestry, trucking, shipping, transit and data centre customers.



AgWest Ltd.

From six facilities, AgWest serves the year-round equipment and product support needs of Manitoba's agriculture industry as an official dealer of AGCO and CLAAS, two trusted brands for crop and livestock applications.



Battlefield Equipment Rentals – The Cat Rental Store

From 70 stores in our Cat dealer territories, supported by a rapid equipment delivery-to-site system, Battlefield Equipment Rentals addresses the full rental service, purchase and product support needs of contractors, specialty trades and do-it-yourself customers with brand-name machines, tools and supplies.



SITECH Mid-Canada Ltd.

We specialize in providing machine control, site positioning and asset management technologies as well as professional support services as a Trimble and Cat AccuGrade® dealer across eastern Canada.



Jobsite Industrial Rental Services

Across eight locations, Jobsite Industrial Rental Services meets the specialized tool crib rental equipment needs of contractors working in refinery industries, healthcare, automotive, steel and pulp and paper.



CIMCO Refrigeration

CIMCO serves the North American food, dairy, cold storage, beverage, pharmaceutical, automotive, chemical, petrochemical, mining and recreational ice rink markets as a leading supplier of refrigeration equipment and product support services.



Toromont Material Handling

From 15 locations across eastern Canada, Toromont Material Handling serves ports and terminals, paper producers, automotive parts manufacturers, beverage companies, hardware retailers and government agencies by selling, renting and supporting brand name lift trucks, container handlers, industrial batteries, chargers and racking systems.

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.



Governance & ESG Framework

Toromont’s Board of Directors built a strong governance framework that creates value for 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 alone.

1. Board of Directors	Oversees overall risk, strategy, corporate governance, succession planning and Board and Director effectiveness.
2. Environmental, Social and Governance Committee of the Board	Provides dedicated focus on ESG matters, oversees governance and sustainability frameworks, strategies and outcomes, recruits Directors, monitors changes in regulations, and best practices, is solely comprised of independent directors.
3. Executive Team	Establishes corporate strategy and objectives, provides leadership to embed corporate Values, preserve the business model and manage risk, fosters relationships with stakeholders, and scrutinizes results.
4. Business Unit Leaders	Sets objectives aligned to corporate strategic priorities, allocates resources to achieve performance objectives, delivers human capital strategies, environmental management, and community programs, grows customer, business partner and community relationships.

Operating within the foundation of our Values and Code of Conduct

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



2021 Board Governance Snapshot

Size of Board	10
Separate Chair and CEO Roles	Yes
Percentage of Independent Directors	90%
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	8 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

Sustainability Focus Areas

Based upon our sustainability risk assessments conducted as part 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.

Area of Long-Term Focus	Link to our Values	Why this is Important	2021 Highlights
Environment			
Safety	<i>Safe and respectful workplace</i>	We work in the industrial sectors where hazards must be safely managed A workplace that safe is productive and keeps/attracts employees It contributes to our reputation and ability to serve customers	80% of locations achieved a TRIR of 0 Tied variable compensation of senior leaders to TRIR improvement
Operational footprint (emissions, water, waste, hazardous materials)	<i>Returns to all stakeholders</i> <i>Social responsibility</i>	Responsible resource use is fundamental to efficient and compliant operations It is a business requirement that is fundamental to our reputation	Total GHG emissions at 77,207 CO ₂ equivalent tonnes (Scope 1, 2 and limited 3) at monitored locations
Sustainable products/ services/ technologies	<i>Returns to all stakeholders</i> <i>Social responsibility</i>	To meet customer demands and grow our business To engage employees and meet the expectations of all stakeholders Our most significant contribution to a greener planet	Partnered with Caterpillar to advance the development and use of new technologies including battery electric vehicles in mining Increased the number of connected assets in our territory Rebuilt 90 machines, remanufactured 4,400 components Introduced CIMCO Net Zero Naturally family of energy reducing, carbon offsetting refrigeration systems with natural refrigerants Discontinued CIMCO sales of all high GWP (global warning potential) refrigerants
Social			
Training & development	<i>Growth of the individual and enterprise</i> <i>Empowerment at all levels</i>	We need skilled, knowledgeable employees to serve customers, address complex machine technologies and grow our business To engage and develop employees	Delivered 100,000+ hours of learning and development

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.

Area of Long-Term Focus	Link to our Values	Why this is Important	2021 Highlights
Social (continued)			
Recruitment & retention	<i>Growth of the individual and enterprise</i>	Skilled trades and preservation of our knowledge-based workforce are required to serve customers and grow our business Competitive and undersupplied market for talent To engage and develop employees	Maintained average workforce tenure of 10+ years Increased apprenticeship positions by 31% from 2020
Diversity, equity & inclusion	<i>Safe and respectful workplace</i> <i>Growth of the individual and enterprise</i> <i>Social responsibility</i> <i>Returns to all stakeholders</i>	It enriches our culture, adds important perspectives, enlarges our accessible talent pool, and meets the expectations of all stakeholders	Published our first Indigenous Engagement Report
Building relationships with Indigenous communities	<i>Returns to all stakeholders</i> <i>Growth of the individual and enterprise</i> <i>Social responsibility</i>	We serve customers operating in or near Indigenous communities It is our responsibility to build sustainable, mutually beneficial and collaborative relationships with Canada's Indigenous peoples	Maintained joint ventures with Inuit, Innu and Cree First Nations to facilitate local skills' development and investment Targeted recruitment activities
Governance			
Accountability and aligning executive compensation	<i>Empowerment at all levels</i> <i>Growth of the individual and enterprise</i> <i>Returns to all stakeholders</i>	Alignment allows us to effectively execute our strategies and engage/develop employees	Annual bonus tied to personal objectives as well as company objectives including TRIR Developed for introduction in 2022 a Long-term Incentive Plan tied to performance, including TSR and ROCE
Code of Conduct	<i>All values</i>	It provides a framework for ethical, community-building behaviour	Annual confirmation by all employees
Paying our fair share of taxes	<i>Uncompromising integrity</i> <i>Social responsibility</i>	Paying our fair share of taxes ensures we contribute to the development, wellbeing and protection of our society and its critical infrastructure	27.2% effective tax rate

Environment





Safety

Toromont's first core value is to create a safe and respectful workplace. To protect employees, those we work with and the communities in which we operate, we invest to create a strong safety-starts-with-me culture and an extensive safety program designed to proactively mitigate risk.

Our commitment begins at the Board level where detailed strategies and objectives are overseen and regularly reviewed for effectiveness by our Human Resources and Health and Safety Committee. The variable compensation of our senior leaders is specifically tied to safety outcomes measured by Total Recordable Injury Rate ("TRIR").

Dedicated business-unit personnel, supported by external subject-matter experts, ensure safety policies and programs are properly designed and functioning, deliver educational programs for employees, monitor for compliance and, with the full support of our Board and senior leaders, drive continuous improvements so that safety is top of mind at work and a way of life outside work.

While tone from the top is important, safety is everyone's business. Consequently, all employees are accountable for compliance with the safe operating practices including those set out in Toromont's Five Cardinal Safety Rules. Due to the severity and ongoing threat posed by COVID-19, our safety program includes protocols to keep our team safe and healthy, meet customer needs and protect our future.

2021 Key Outcomes and Actions

- reduced TRIR company-wide by 36% over the past 5 years, reduced lost-time injuries by 50% over the same period
- saw 80% of Toromont locations achieve a TRIR of zero
- kept 100% of our facilities operating during the year through various waves of COVID-19
- maintained extensive education, engagement and reinforcement efforts including by:
 - > providing 50,000+ hours of safety training virtually, leveraging technology across the enterprise to overcome the challenges and constraints of COVID-19
 - > improving the effectiveness of our Job Safety Hazard Assessments (JSHAs) completed by technicians by enhancing our JSHA online tool to enable technicians to immediately notify managers when critical elements of a task (including knowledge, tools, procedures, PPE) are not present; and conducting JSHA audits to spur preventative actions and deep-dive explorations of risks and hazards
- reinforced our Safety Starts with Me mindset across Toromont to encourage all employees to recognize the critical role they play in achieving a zero-injury workplace. For example, we:
 - > provided daily Safety Talks to every Toromont employee as part of constant communication to engage and inform

- > issued serious incident bulletins to elevate 'lessons learned' and better prevent incident recurrence
- maintained strict measures to protect our workforce, customers and communities from COVID-19 by:
 - > coordinating company-wide pandemic health and safety measures under the auspices of our CEO-led Critical Incident Executive Response team
 - > conducting COVID-driven virtual facility inspections
- celebrated safe operating practices to reinforce model behaviours by:
 - > recognizing Battlefield Equipment Rental drivers with quarterly and annual awards for safe driving and clean inspections
 - > awarding Toromont Cat branches that surpassed safety indicators with Safety Bucket prizes given to *Windsor Branch (Central Region)*, *Moncton Branch (Atlantic Region)*, *Candiac Branch (Québec Region)* and *Musselwhite (Mining Branch)*
- introduced the ISNetwork Subcontractor Safety Management System at CIMCO to enhance supplier compliance with safe practices
- expanded our efforts to improve the health and wellbeing of employees and their families by launching the *Lifeworks* wellbeing online educational and fitness resources portal

Looking Ahead

We will continue to prioritize and entrench our safety-first culture by: educating and engaging our workforce using multiple communications strategies; targeting specific areas for improvement through management-employee collaborations; auditing for compliance and recognition; leveraging technology for improved outcomes and actioning on real-time safety information; holding each other accountable through our Five Cardinal Safety Rules; and tying the variable compensation of senior leaders to safety objectives.





Operational Footprint

Toromont recognizes the importance and necessity of protecting and preserving the natural environment, addressing climate change and positioning our business to help customers achieve their sustainability goals.

Why Environmental Management is Important

Climate change presents a risk and challenge to society as a whole, our markets and Toromont specifically. To succeed in future, we must address the related risks in a serious and thoughtful manner and where possible, embrace solutions that create business opportunities for Toromont.

From a regulatory perspective, Toromont is subject to provincial, federal and state laws and regulations relating to emissions into water, air and land, the disposal of waste, and the handling, storage and transportation of hazardous materials and lubricants and fluids in bulk storage tanks. Toromont's current costs of compliance, including under Federal and Provincial carbon tax regimes are not material. Although such costs are expected to rise in future years, we do not currently anticipate any material expenditures will be necessary to ensure future compliance with more stringent GHG regulations. To the extent more stringent regulations are enacted, Toromont intends to continue to address them in a proactive manner.

How We Manage Our Environmental Risks

Our Board, through its ESG Committee, oversees environmental matters, including the development and execution of our environmental strategies. Our Executive Team provides further leadership and oversight, collaborates to set meaningful objectives and shares responsibility for compliance with our business unit leaders and all employees. Management reports regularly to the Board of Directors on environmental performance. Under the auspices of a formal Environmental Management Program, the Toromont Cat environmental team is responsible for developing annual priorities, promoting and enabling environmentally sustainable practices, educating and training our workforce and performing compliance and audit functions.

What We Measure

As part of environmental management program, we commission annual GHG inventory reports (per the GHG Protocol standard) from a recognized third party that allow us to measure/track our carbon footprint. As our largest business, Toromont Cat has the largest carbon footprint, followed by Battlefield Equipment Rentals and CIMCO. Energy sources included natural gas, fuel oil, diesel, gasoline, propane, landfill gas and electricity and were divided into direct emissions (fuel combustion and refrigerant losses), indirect emissions (purchased electricity, steam and cooling) and other indirect emissions (waste disposal, air travel). In a typical year, the greatest source of Toromont's greenhouse gas emissions is fossil fuel usage in fleet vehicles, followed closely by diesel and natural gas combustion arising from our operations. Building energy sources (electricity and oil) represent a smaller percentage of the total and air travel was the smallest contributor. All forms of energy use are monitored and managed with a conservation mindset and goals are set for continuous improvement. For the 2021 GHG report, new operations and locations were added. While the majority of our operations are now captured in our GHG inventory, we continue to work to identify, integrate and validate additional sources of use across our enterprise.

2021 Key Outcomes and Actions

- approximate total emissions for 2021 at 77,207 CO₂ equivalent tonnes (Scope 1, 2 and limited 3), a 2.3% increase from 2020 as we incorporated additional operations and noted a significant increase in business activities in year two of the pandemic with our parts and service revenues increasing by 5% year over year
- continued to manage our fleet emissions by:
 - > optimizing fleet dispatch using intelligent dispatch software and route planning
 - > using telematics to track idling time and monitor for hard accelerations and speeding that are unsafe for our team and hard on the environment
 - > operating with an anti-idling policy for all company vehicles and vehicles on our properties
 - > training to maintain driver awareness of the need to conserve fuel to reduce emissions
 - > employing Auxiliary Power Units on our service vehicles, alleviating the need to idle engines and needlessly burn fuel
 - > assessing fleet additions on total cost of ownership including fuel economy resulting in the purchase of fuel-efficient field-service vehicles
- minimized the release of nitrogen oxide and sulfur during generator and engine testing at Power Systems and Remanufacturing operations in Ontario using selective catalytic reduction equipment and optimizing test run times
- maintained our focus on reducing emissions, energy use and water consumption within our facilities by:
 - > investing in energy-efficient LED lights and low-flow toilets as part of facility renovations/upgrades with Battlefield targeting 15 facilities for 2021 but completing 18
 - > continuing to recycle water at 15 Battlefield Equipment Rental stores
 - > using environmentally friendly steam cleaning methods
- reinforced our commitment to landfill diversion by expanding our Zero Waste programs at Toromont Cat branches, introducing a COVID-19 mask recycling system and maintaining our recycling efforts that include materials such as paper, printer toner, battery and electronics
- expanded the green procurement of office supplies and uniforms
- provided training on safely shipping, receiving, handling, using, storing and disposing of hazardous materials at our facilities

Looking Ahead

We will continue to improve and advance our environmental sustainability strategies, objectives and monitoring approaches. This will include a resetting of related targets as we come to the end of our current three-year 22+U strategic plan, as well as providing additional climate-related disclosure as we prepare for the introduction of a consistent reporting model through ISSB. We will maintain our focus

on protecting and preserving the natural environment using our established conservation, water, waste and emission reduction programs and invest in energy-efficient service vehicles, building upgrades and water recycling systems. We will also plant one tree in the Toromont Forest for every new employee who joins us.



Sustainable Products & Services

As Toromont’s customers respond to the imperative to embrace environmentally sustainable operations, we anticipate that demand will increase for lower carbon products, as well as for technologies and solutions that support energy conservation, efficiency and cleaner operations. Toromont continues to position itself to anticipate and meet market demands including by partnering with its suppliers and customers in the development, testing and deployment of sustainable products and services.

Examples of Products We Sell to Assist Customers with Sustainability	Examples of Services We Offer to Assist Customers with Sustainability
ECO CHILL, ammonia heat pumps for district heating, natural refrigerant solutions, water treatment and adiabatic condensers	Path to Net Zero consulting, CIMCO building controls recommissioning
Electric rope shovels and electric hydraulic mining shovels	Remote asset and condition monitoring
Battery Electric underground loaders and lift trucks, diesel electric drive trucks compatible with Cat Trolley Assist	Data insights and predictive analytics
Autonomous and semi-autonomous operations of mining trucks, drills, underground and dozing applications	Product support for next-generation equipment
Used equipment	Machine rentals (small and heavy)
Alternative energy, distributed energy and heat recapture packages, micro-grid solutions (battery, solar, wind)	TPaaS subscriptions to machine control systems
Remanufactured engines, drivetrain components, hydraulic pumps, motors and cylinders	Remanufacturing/reconditioning/ventilation modifications, engine control software upgrades/ emission testing to ensure compliance with stringent Tier IV emission standards

How We Help Customers Achieve Their Sustainability Goals: Products

For energy efficiency and emission reduction, we offer a variety of solutions. In addition to selling new Cat equipment that meets stringent Tier IV engine emission regulations that require the use of ultra low sulfur diesel fuel, Toromont partners with Caterpillar to provide machines that run on electric energy. We support one of the largest installed Cat

fleets of electric drive hydraulic mining shovels, service a large installed base of electric-drive rope shovels and drills, and are contributors to field-follow tests of Battery Electric Vehicles (“BEV”) for zero emission underground mining. These pilot tests, along with investments in Toromont’s product support infrastructure, encourage customer adoption of alternative energy systems, improve our knowledge of lifecycle BEV machine servicing and assist in market acceptance and growth.

In our mining territories, Toromont actively engages in developing Cat Trolley Assist opportunities. Cat Trolley Assist allows haul trucks to exit mining pits using electricity rather than fossil fuels, resulting in a smaller carbon footprint. This technology is compatible with the diesel-electric drive Cat trucks we sell.

Autonomous mining vehicles and grade control systems for roadbuilding and construction are also part of our sustainability solutions. As the development of autonomous vehicles accelerates in mining and other industries, shift changes and other operator-driven downtime events will be eliminated or reduced. Production targets can therefore be met with fewer equipment assets, which will reduce the carbon footprint of existing diesel-powered drivetrains. Autonomous vehicles can also be operated safely around people and other machines as they are programmed to emulate the most advanced driving skills of experienced operators.

Many of our long-standing sustainability collaborations with customers and Caterpillar are in the areas of landfill-gas-to-energy and combined heat and power (co-generation) district energy. We have installed and continue to support seven landfill gas-to-energy plants in our territories that use Toromont-supplied generators to capture harmful methane that is transformed into electricity. Our expertise in these areas dates back several decades and in the case of combined heat and power, our solutions are used in diverse applications including district energy, greenhouse, healthcare and manufacturing.



How We Help Customers Achieve Their Sustainability Goals: Rebuilding, Remanufacturing and Connected Assets

Toromont is a leader in providing remanufactured equipment components. Through our dedicated remanufacturing facilities, we clean, rebuild and recondition highly worn engines, hydraulic cylinders and other equipment parts as many as four times over the product lifecycle.

Additionally, we install the latest engine control software and emission test rebuilt engines against factory specifications to ensure compliance. In the case of underground mining equipment, we repower machines such as loaders by replacing engines to meet more stringent emissions regulations. Through piece-part changes to turbochargers and injectors, as well as 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.

Remanufacturing is often associated with circular economy efforts, which are good for the environment as they reduce scrap and energy-intensive primary manufacturing, and good for customers as our component exchange program provides ready access to high-demand parts.

Toromont also invests in rental equipment fleets – both heavy and light machines – to fulfill short and medium-term customer needs. Through these activities as well as purchasing, reconditioning and selling used equipment, we extend the lifecycle of equipment and create cost-effective solutions for customers that are accretive to their business sustainability goals, as well as our own.

Machine condition monitoring is another area that helps our customers with their sustainability goals. By monitoring equipment in the field, we can re-set fault codes without dispatching service vehicles and proactively maintain systems so that machines continue to run efficiently. The use of telematics and GPS means our service vehicles can also be dispatched directly to the location of the equipment on a customer's site, which reduces time to service and conserves fuel.

How We Help Customers Achieve Their Sustainability Goals: CIMCO Refrigeration Technologies

In building its equipment, CIMCO Refrigeration favours natural refrigerants with ultra-low Global Warming Potential (GWP), the metric that compares the global warming impacts of different greenhouse gases. In 2021, CIMCO turned its preference into an across-the-board reality by eliminating the manufacture of all recreational ice rink packages that use high-GWP refrigerants, including HFO blends such as R513a. As a result, all of CIMCO's ice rink refrigeration packages align with the Kigali Amendment and the Montreal Protocol and exceed the new California Air Resources Board's regulation that all new ice rinks use only refrigerants with a GWP of less than 150.

After redesigning its product lineup, CIMCO now offers four climate-friendly ice rink refrigeration packages, as well as heat-recovery technology to help ice rink owners further reduce the carbon footprint of their operations.



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 greenhouse gases while utilizing natural refrigerants (CO₂, and ammonia) in place of climate-polluting CFCs and HFCs. 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 200 ECO CHILL systems across North America.

More recently, CIMCO advanced its technology to incorporate a full Net Zero Naturally line-up of refrigeration equipment for both industrial and recreational markets – so named to reflect CIMCO's ability to help customers achieve their Net Zero goals. Achieving net-zero emissions means no GHGs are emitted, or that they are reduced to the lowest possible level. A net-zero building that uses industrial refrigeration technology would: obtain all its energy through clean electricity or on-site power; recycle or reuse energy through waste heat recovery; and, use refrigerants with neutral emissions.



Eliminate Refrigerant Emissions

- Net Zero Global Warming Potential (GWP)
- Zero Ozone Depletion Potential (ODP)
- Free from trifluoroacetic acid (TFA)



Optimize Energy Consumption

- Active energy monitoring
- Energy-efficient products and building design
- Heat recovery



Harness Green Power

- Sustainable energy sources
- Utilize district energy

2021 Key Outcomes and Actions

- rebuilt 90 machines and remanufactured almost 4,400 components
- deployed additional capital and resources to our five remanufacturing facilities to enhance capacity and effectiveness
- completed rebuilds of two Cat 793 mining trucks – a project involving over [2,000] labour hours between our Québec City branch and remanufacturing operations
- discontinued CIMCO sales of all high GWP refrigerants
- booked orders for energy efficient machines and advanced technologies including:
 - > 75 *Net Zero Naturally* CO₂ refrigeration systems for customers in food, seafood, cold storage and recreational industries
 - > Cat 793F autonomous mining trucks that carry large payloads and use high-precision GPS, LiDAR and radar sensors to safely maneuver around personnel and light vehicles while employing all the expert braking and feathering techniques that take drivers years to master
 - > Cat G3516H generators along with systems integration and regular maintenance services for Hamilton Health Sciences' combined heat and power plant as part of the customer's effort to reduce its carbon dioxide emissions by 50%
- continued to support seven landfill gas-to-energy plants in our territories that use Toromont-supplied generators to capture harmful methane that is transformed into electricity
- expanded CIMCO's offerings to include a CIMCO *Net Zero Naturally* heat pump offering that is four times more efficient than gas boilers and conventional chillers

In 2021, CIMCO introduced its Pathway to Net Zero to help refrigeration customers understand what Net Zero is, and how to achieve it. A three-step roadmap illustrates how customers can eliminate refrigerant emissions, optimize energy consumption and harness green power including district energy sources (such as those equipped by Toromont Power Systems), solar, wind and biomass.

As the world transitions to a cleaner economy, there are immediate opportunities for CIMCO to firmly establish itself as the market leader in Net Zero solutions.

Looking Ahead

In collaboration with Caterpillar and our customers, we will continue to expand the installed base of BEV, energy efficient and autonomous machines in our territories and train our workforce on maintaining this advanced equipment. We will advance the collection and analysis of machine-level data to give customers proactive insights into production, efficiency and equipment service status. We will assist CIMCO's industrial and recreational refrigeration customers to achieve their pathways to Net Zero with advice, audits and our expanding solutions. We will prepare for the expansion of our Remanufacturing operations, which will include, over the medium term, a move to a new, purpose-built facility in Ontario that will employ state-of-the-art energy and water management systems.

Social





Training & Development

Employee empowerment contributes significantly to Toromont's success. Our culture fosters employee authority with accountability in full alignment with our values, business model, core strategies and management principles.

We operate with comprehensive human resources strategies and practices to: i) enable and empower our employees ii) ensure the sustainability and competitiveness of our workforce iii) keep pace with technology advancements in products and methods of delivering our services.

The Human Resources and Health and Safety Committee of the Board oversees short- and long-term incentive plans and is responsible for executive officer appointments and supervising succession planning and leadership development.

In turn, our corporate executives provide guidance and support to our business units to ensure that leadership enablement and succession programs are in place, functioning well and focused on business needs. Our business units are responsible for providing dedicated training and mentoring to continuously improve employee knowledge, skills, productivity and effectiveness.

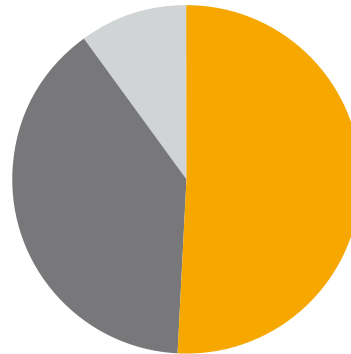
Every year, employees are expected to set personal goals – including for skills development aligned to business-plan objectives – and receive formal performance reviews. This ensures the knowledge gained is relevant to the organization and to their personal advancement with the company and that results achieved match Toromont's business objectives.



2021 Key Outcomes and Actions

- delivered 100,000+ hours of learning and development to Toromont employees
 - > health & safety comprised over 50% of total training hours
 - > technical training comprised almost 40% of training hours and included 10,000 courses completed through the Toromont Academy of learning and through external partnerships
 - > leadership and professional development comprised 10% of total training hours
- maintained our practice of establishing clear expectations for foundational objectives through annual employee goal setting aligned to Toromont's performance-driven culture and 22+U business strategy
- provided regular e-progress reports to individuals, teams, and divisions with year-end organizational and individual performance tied to annual merit and incentive programs
- evolved our remote work learning platform that was launched at the onset of the pandemic to focus on safety, compliance and ergonomics of remote work areas
- developed and delivered vaccine awareness training for all employees

2021 Allocation of Training Hours



- Health and Safety – 51%
- Technical Training – 39%
- Professional / Leadership – 10%

Looking Ahead

We will continue to advance and apply organizational design and leadership enablement strategies to support the productivity and performance of our team members as they strive to achieve their performance objectives and development goals and acquire skills needed to support changing technology. In addition, new succession planning

programs and tools will be piloted to address the need for the continuous development of our leaders. Our strategies will be supported by the implementation of the UKG-Pro HR Information System that will, among other advantages, bring integrated and elevated human resource management capabilities to our HR team and front-line leadership.



Recruitment & Retention

Toromont's long-term success rests on attracting and retaining skilled and diverse workers whose talents are in high demand. Only with skilled and engaged people can we deliver our business model of providing customers with specialized equipment and responsive product support. We employ a variety of recruitment and retention strategies to achieve specific workforce targets based on detailed resource planning conducted at the business unit level.

Central to our workforce recruitment strategy is the work we do to build our profile and reputation as a best-in-class employer. Retention is achieved by living our corporate values and creating challenging and rewarding opportunities for

career growth. We know employees have choices and we know they want to work with organizations where they feel their values are aligned with the company's.

2021 Key Outcomes and Actions

- finished the year with 6,400 employees, an increase from 2020
- increased our technician apprenticeship positions by a 31% from 2020
- maintained average tenure of the workforce of greater than 10 years
- continued our strategic outreach to encourage students to consider careers at Toromont by:
 - > connecting with 40+ vocational schools, colleges and post-secondary institutions
 - > initiating relationships with over 230 high schools to provide co-op opportunities and foster interest in skilled trades-careers
 - > awarding eight THINK BIG scholarships to deserving students, 50% of whom were visible minorities
- expanded our search for talent by:
 - > participating in 35+ virtual hiring events across Canada, and across all roles to recruit in challenging locations
 - > recruiting 17 technicians from South America to join our Northern Ontario and Quebec branches
- maintained the Toromont Management Development Program to prepare university graduates to take on leadership roles by recruiting eight new candidates, of which 30% were female
- pursued our recruitment efforts within our Indigenous engagement strategy in part by:
 - > participating in career fairs to support Indigenous communities including Taykwa Tagamou Nation, Wahgoshig First Nation, Moose Factory, Moosonee, Iqaluit and Rankin Inlet
 - > collaborating with Keepers of the Circle, operated by the Temiskaming Native Women's Support Group in Northeastern Ontario to further improve our hiring and retention strategies and identify job candidates
- sought to further align the long-term interests of employees and the business by incenting employee share ownership through the long-standing Toromont Employee Share Purchase Plan
 - > plan enrollment reached 41% of eligible employees at year end



Looking Ahead

Toromont will continue our efforts to recruit and retain our workforce. With strong business demand for work-ready technicians, we will focus on recruiting internationally and locally and reinforce Toromont's employer-of-choice brand in purposeful marketing and social media campaigns. The implementation of our new HR information system will enable us to more effectively understand workforce trends and engagement, and meet resource needs, while the addition of recruiting and onboarding modules in UltiPro will help us to reduce time and cost to hire.

Community Engagement by Our Workforce

From our Board, through our leadership ranks and across our workforce, we believe Toromont has a role to play in the health and wellbeing of the communities where we live and work. In line with our values and focus on social responsibility, Toromont encourages community volunteerism through our Day of Caring Policy. We provide all employees with paid time off to volunteer for a charitable cause of their choice. Toromont's official charity is United Way, an organization chosen because it reaches all communities connected to our business units and provides opportunities for our employees to work together, in an enjoyable way, to focus fundraising efforts for the biggest community impact. We also encourage our business units to contribute to philanthropic causes in their local markets as Toromont Material Handling did in 2021 by auctioning this pink Cat 2C5000 with proceeds donated to the Canadian Cancer Society.





Diversity, Equity & Inclusion

Our Board believes that diverse capabilities, experiences and perspectives enable greater organizational strength and performance and create a more stimulating and rewarding work environment. Accordingly, Toromont acknowledges the benefits of a diverse and inclusive workforce in our Code of Conduct and considers diversity in promotions and new hires, consistent with our Employment Equity and our Board and Leadership Diversity policies. Our Board and Leadership Diversity Policy specifically sets out our objectives to attract, develop and maintain a Board and leadership team comprised of a diverse group of highly skilled individuals.

Our Board, its ESG Committee and senior management regularly review the outcomes of our diversity strategies and look for new opportunities to foster a culture of inclusion. We define diversity in the broadest possible terms. To us, it includes characteristics such as gender, gender identity, sexual orientation, race, ethnicity, age, cultural background, physical and mental ability, religion and other features that make individuals unique. Toromont embraces diversity and inclusion at all levels. Special focus is given to the designated areas of gender, visible minorities, persons with disabilities and Indigenous people.

2021 Key Outcomes and Actions

- continued to follow our Board and Leadership Diversity Policy
- maintained focus on building a diverse, equitable and inclusive workforce with:
 - > women comprising 30% of our Board of Directors
 - > women comprising 31% of our senior management team
 - > women accounting for 20% of CIMCO's engineering team
 - > women comprising 33% of our 2021 Management Development Cohort
 - > persons with disabilities representing 15% and visible minorities 8% of our senior management team
- published our first Indigenous Engagement Report to underscore the importance of our relationships with Indigenous communities and businesses
- designated Indigenous Relations Champions throughout our operations who offer their time and mentorship to provide outreach, support and valuable insights to Indigenous people who are exploring education and employment options (see Community and Social Impact for more information)
- held workshops with women in various roles at CIMCO to plan actions to be more inclusive
- sponsored Women in Trades and Jill of All Trades events to draw women into skilled and technical trade careers
- marked International Women's Day through various activities including hosting a Women in Leadership Forum where senior staff at Toromont Material Handling shared their career successes and challenges
- continued to hire women into historically male-dominated occupations including parts, account management, rental equipment sales and service technicians
- promoted awareness, recognition, and devoted educational resources to key Indigenous events including:
 - > National Day for Truth and Reconciliation
 - > National Indigenous History Month
 - > National Indigenous Peoples Day
- launched our "Stronger Together" diversity calendar to recognize various events, holidays, and special celebrations across our diverse Toromont team

Looking Ahead

We will continue to foster a diverse, equitable, inclusive and respectful culture through diversity awareness learning and development programs and activities. We will continue to partner with external organizations wherever possible to elevate awareness of career opportunities at Toromont and attract and support diverse candidates and support their career advancement within Toromont. We will maintain our status as a federally regulated contractor by completing enterprise-wide employment equity audits.





Indigenous Engagement

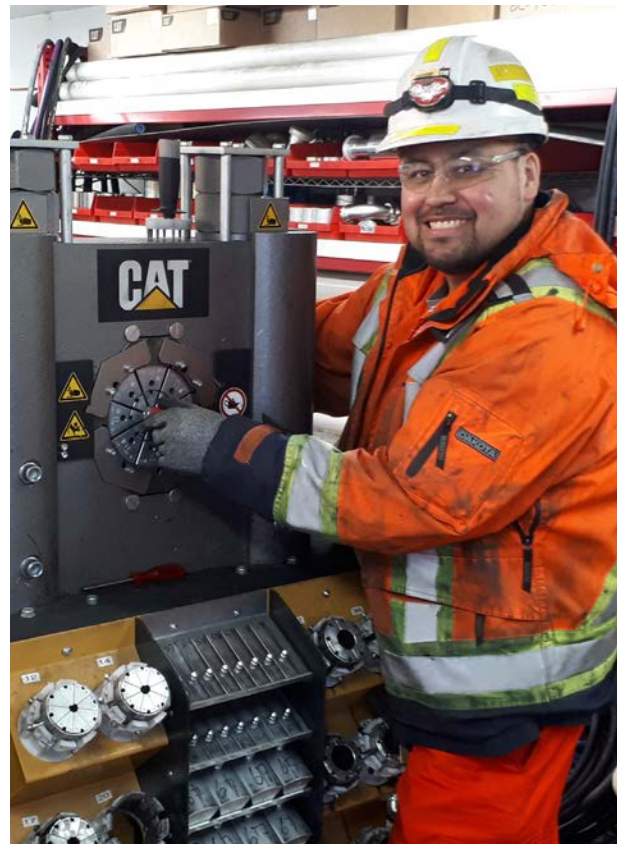
Indigenous engagement is important to Toromont because we serve customers operating in or near Indigenous communities and benefit when Indigenous peoples choose to join our workforce. With the oversight of our Board of Directors through its ESG Committee and under the leadership of senior management, we work to provide support and build sustainable and collaborative relationships with Indigenous peoples in several ways.

As noted in our 2021 Indigenous Engagement Report, we group our strategies under four pillars:

Recruiting, employment and development: Toromont is committed to enabling and promoting Indigenous employment, training and development in our industry and our workforce. We collaborate and engage with Indigenous communities, business partners and customers to make meaningful contributions to advance workforce representation, as well as professional and vocational success of Indigenous people. This includes delivering local community site-based, on the job training and our Equipment Technician Apprenticeship program. Additionally, two THINK BIG Apprenticeship scholarships are earmarked each year to qualified Indigenous candidates.

Awareness, inclusion and education: Indigenous people are explicitly recognized under our Diversity Policy and Toromont's Code of Conduct. We provide regular reports to our ESG Committee of the Board of Directors on the goals, objectives and progress of our diversity initiatives, including Indigenous matters.

Procurement and supplier initiatives: We actively seek opportunities to engage with Indigenous organizations and businesses for the supply of goods and services in communities where we operate. This includes purchasing personal protective equipment and other regular consumables from qualified Indigenous firms as available and making travel arrangements with Canadian North member airlines and reserving lodging with Inns North. We track Indigenous procurement spending on a localized basis in order to measure community impact.



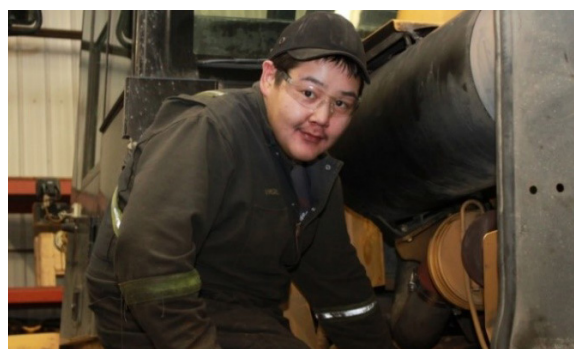
Communities and business partnerships: Toromont has a long history of collaborating and joining with Indigenous organizations to create and sustain mutually beneficial business relationships. We have entered into numerous joint ventures with senior level sponsorship within our company. *Toromont Arctic* is a joint venture owned by Qikiqtaaluk Corporation, Sakku Investment Corporation, Kitikmeot Corporation, and Toromont Cat that sells, rents and provides support services for equipment in two primary locations: Iqaluit and Rankin Inlet, Nunavut. *Innu-Inuit Toromont* is a partnership between IDLP, the economic arm for the Innu of Labrador, the Nunatsiavut Group of Companies, and Toromont Cat. This partnership was established primarily to supply new, used and rental equipment and parts for the development of the Voisey's Bay underground mine. Our *Northeastern Ontario* Joint Venture with a Moose Cree First Nation organization serves mines in the Abitibi-Greenstone Belt of the province.

2021 Key Outcomes and Actions

- maintained three joint ventures with Indigenous companies as part of our Indigenous engagement activities and published our first Indigenous Engagement Report (see toromont.com)
- actively engaged with Indigenous organizations and businesses for the supply of goods and services in communities where we operate
- maintained targeted recruitment activities

Looking Ahead

We will continue to build on the four pillars of our Indigenous engagement strategies. We will continue to seek ways to grow our joint venture businesses and seek opportunities to contribute to the advancement of Indigenous communities. We will maintain our recruitment and development efforts of Indigenous people and seek to enhance awareness, inclusion and education of our workforce to ensure Toromont remains a welcoming workplace.



Governance





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 maximize value for our stakeholders. As noted in our Management Information Circular, our compensation strategy has four elements: 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. We include performance-based measures as part of our annual bonus incentives. One of the performance measures is related to safety targets, or TRIR. In 2022, we will introduce an long term equity incentive plan that is tied to return on our capital employed and relative total shareholder return.

We hold an annual 'say on pay' advisory vote to give shareholders an opportunity to express their views on our approach to executive compensation.

Code of Conduct

Toromont's Code of Conduct, developed and approved by our 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, in writing, to confirm 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.

Among Code provisions are 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 Aboriginal 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

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.

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.

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. By infrastructure, we mean 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.

2021 Key Outcomes and Actions

- tied incentive compensation for senior leaders to safety outcomes
- developed a performance based long-term incentive program for introduction in 2022
- confirmed employee adherence with Code of Code
- paid taxes at our effective tax rate of 27.2%

Looking Ahead

We will continue to live by our Code of Conduct, stand accountable for our actions, compensate all members of the team fairly and in accordance with our pay for performance philosophy and by paying our fair share of taxes, strive to make a positive difference.

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.

Corporate Directory

Toromont Cat

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www.toromontcat.com

Battlefield Equipment Rentals

880 South Service Road
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T: 905.643.9410 F: 905.643.6008
www.battlefieldequipment.ca

Toromont Material Handling

425 Millway Avenue
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www.toromontmaterialhandling.com

AgWest Ltd.

Highway #1 West
P.O. Box 432
Elie, Manitoba R0H 0H0
T: 204.353.3850 F: 877.353.2486
www.agwest.com

CIMCO Refrigeration

1551 Corporate Drive
Burlington, Ontario L7L 6E9
T: 416.465.7581
www.cimcorefrigeration.com

Annual Meeting

The Annual and Special Meeting of the Shareholders of Toromont Industries Ltd. will be held at 10:00 am (EDT) on Thursday, April 28, 2022.
Visit www.toromont.com for more details.

How to Get in Touch With Us

Tel: 416.667.5511 Fax: 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
Montreal, 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

Compliance Hotline

The Toromont Compliance Hotline is managed by an independent third party 24 hours a day.

Toll-free 1-866-254-2730 to leave a digitally altered voice message

Via email by visiting www.openboard.info/tih for an online reporting form.

TOROMONT

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