

CONNECTING TOGETHER



Toromont Industries Ltd.

Notice of the 2024 annual and special meeting of shareholders

Management information circular

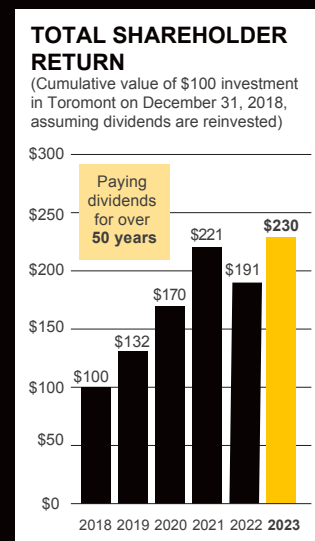
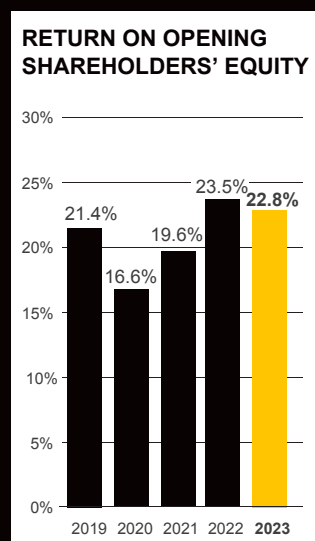
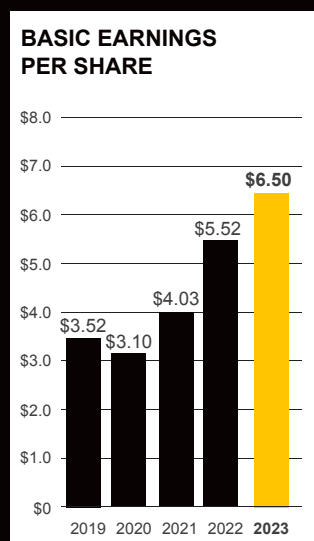
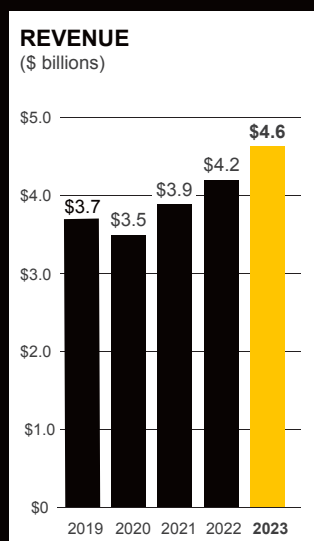
February 28, 2024

TOROMONT

TOROMONT

Toromont (TSX:TIH) is a diversified growth company with a clear objective: to increase shareholder value by driving consistent and profitable earnings growth over the long term. 2023 was our 55th year as a public company.

Financial highlights



Your vote is important.

Please read this document to learn more about Toromont – how we are governed, what we pay our executives and how these are linked to achieving our goals.

It also tells you what you will be voting on at our 2024 annual and special meeting of shareholders, and how you can vote your shares.

Toromont's 2024 annual and special meeting of shareholders will be a virtual meeting, held on May 2, 2024 by live audio webcast.

A virtual meeting gives every shareholder the opportunity to participate regardless of location or circumstances. You will not be able to attend the meeting in person. This management information circular and the accompanying proxy materials include important information about the meeting and how you can participate.

What's inside

- 2** Notice of the 2024 annual and special meeting of shareholders
- 4** 2024 management information circular
 - 5** About the shareholder meeting
 - 22** Corporate governance
 - 36** Executive compensation
 - 60** Other information
 - 61** Special business
 - 76** Appendix A: Board Mandate - Duties of directors
 - 78** Appendix B: Human Resources and Health and Safety Committee Mandate



NOTICE OF THE 2024 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Dear Shareholder,

We invite you to attend Toromont's 2024 annual and special meeting of shareholders.

When

Thursday, May 2, 2024
10:00 a.m. (Eastern Daylight Time)

Where

Virtual meeting by live audio webcast at
<https://web.lumiagm.com/481786622> (Password: toromont2024)

Toromont's 2024 annual and special meeting will be a virtual meeting, held by live audio webcast. A virtual meeting gives all shareholders an equal opportunity to participate at the meeting regardless of their geographic location or particular constraints or circumstances. You will not be able to attend the meeting in person.

This notice, the accompanying management information circular and a form of proxy or voting instruction form have been sent to you in connection with the meeting. As described in the enclosed meeting materials, registered shareholders are entitled to participate and vote at the meeting if they held their shares as of the close of business on March 5, 2024, the record date. Non-registered (beneficial) shareholders as of March 5, 2024 who wish to participate at the meeting will be required to first appoint themselves as proxyholder in advance of the meeting by writing their own name in the appropriate space on the voting instruction form provided by their intermediary, generally being a bank, trust company, securities broker, trustee or other institution. Non-registered shareholders who have not duly appointed themselves as proxyholder will be able to attend the meeting as guests, but guests will not be able to participate at the meeting. **Follow the instructions on the form you received with this package, AND in the management information circular starting on page 9. The meeting will be accessible by logging in online at <https://web.lumiagm.com/481786622> (Password: toromont2024). To be admitted to the meeting, registered shareholders and duly appointed proxyholders must enter the Control Number found on their form of proxy, voting instruction form or in the notice that was or will be sent to them, or otherwise obtained from our transfer agent, TSX Trust Company, as described in this circular.**

We value your vote

Please remember to vote your shares. Voting by form of proxy or voting instruction form in advance of the meeting is the easiest way to vote.

You can appoint someone to be your proxyholder and vote your shares for you if you cannot participate at the meeting. To do so, carefully follow the instructions in your proxy or voting instruction form and in this management information circular.

Please complete, sign, date and return your form of proxy or voting instruction form to vote your shares. **Our transfer agent, TSX Trust Company (TSX), must receive your completed form by 5:00 p.m. EDT on April 30, 2024, or 48 hours (excluding Saturdays, Sundays and holidays) before the new time of the meeting if it is postponed or adjourned.**

Detailed information about the voting process, both before and at our virtual-only meeting, begins on page 9 of this management information circular. Shareholders are urged to read this information carefully, as it contains important procedures for participation and voting at the meeting.

Notice-and-access

We are using notice-and-access again this year to deliver our meeting materials to shareholders. Accordingly, this notice of meeting and the accompanying management information circular have been posted on our website at www.toromont.com/investors/annual-general-meeting and under our profile on SEDAR+ at www.sedarplus.com.

A shareholder who wishes to appoint a person other than the management nominees identified on the form of proxy or voting instruction form (including a non-registered shareholder who wishes to appoint themselves as proxyholder to participate at the meeting) must carefully follow the instructions in the management information circular and on their form of proxy or voting instruction form. **These instructions include the separate and additional step of registering your proxyholder with our transfer agent, TSX, after submitting your form of proxy or voting instruction form. Failure to register the proxyholder with TSX will result in the proxyholder not receiving a Control Number and only being able to attend the meeting as a guest.**

Whether or not you plan to participate in our virtual meeting, we urge you to vote or submit your proxy or voting instructions in advance of the meeting by using one of the methods described in the enclosed proxy or voting instruction form. Voting by proxy is the easiest way to vote.

To access the meeting, you need the latest version of Chrome, Safari, Edge or Firefox. Please make sure your browser is compatible by logging in early. **Please do not use Internet Explorer.**

Caution: Internal network security protocols including firewalls and VPN connections can block access to the Lumi platform. If you are having any trouble connecting or watching the meeting, disable your VPN setting or use a computer on a network not restricted to the security settings of your organization.

We will cover the following items of business:

- 1** Receive our consolidated financial statements for the year ended December 31, 2023 and the auditor's report thereon
- 2** Elect directors
- 3** Appoint the auditor
- 4** Advisory vote on our approach to executive pay
- 5** Vote on the renewal of our shareholder rights plan
- 6** Vote on the adoption of amendments to the long-term incentive plan
- 7** Consider any other business that may properly come before the meeting

You can read about each item of business beginning on page 6 of our 2024 management information circular. Important information about the voting process and how to participate at the meeting (the procedures are different for registered and non-registered shareholders) are in the management information circular starting on page 9.

If you held shares of Toromont Industries Ltd. at the close of business on March 5, 2024 (the record date), you are eligible to vote at the annual and special meeting, or at a reconvened meeting if the meeting is postponed or adjourned.

By order of the Board,

Lynn M. Korbak
General Counsel and Corporate Secretary
Toromont Industries Ltd.

February 28, 2024



2024 MANAGEMENT INFORMATION CIRCULAR

This management information circular has been made available to you because you owned Toromont shares at the close of business on March 5, 2024. That gives you the right to participate in and vote at our virtual 2024 annual and special meeting of shareholders on May 2, 2024 (or a reconvened meeting if the meeting is postponed or adjourned).

Management is encouraging you to vote at the meeting by soliciting your proxy. We solicit proxies mainly by mail, but Toromont employees, directors, officers or advisors may contact you by phone, electronically, in person, via the Internet or at the meeting. We pay the cost of proxy solicitation.

This circular tells you about the meeting, what you will be voting on and how to participate and vote. Please read it carefully and remember to vote. Important information about the voting process and how to participate at the meeting (the procedures are different for registered and non-registered shareholders) starts on page 9.

Where to get more information

You can find financial information about Toromont in our 2023 audited annual financial statements and related management discussion and analysis.

These documents and others are on our website (www.toromont.com) and on SEDAR+ (www.sedarplus.com).

Approved by the Board

The Toromont Board has approved the contents of this document and authorized us to send it to our shareholders. A copy of the circular has also been sent to each director and our auditor.

“LYNN M. KORBAK”

Lynn M. Korbak
General Counsel and Corporate Secretary
Toromont Industries Ltd.

February 28, 2024

In this document

- *we, us, our, company* and *Toromont* mean Toromont Industries Ltd. and, where applicable, its subsidiaries
- *you, your* and *shareholders* mean owners of Toromont common shares
- *circular* means this management information circular, as amended or supplemented
- *meeting* means our 2024 annual and special meeting of shareholders, to be held on May 2, 2024
- *Board* means the Toromont Industries Ltd. Board of Directors
- *shares* means the Toromont common shares

Our record date is March 5, 2024.

All information in this circular is as of February 28, 2024 and in Canadian dollars unless noted otherwise.

Our head office

Toromont Industries Ltd.
3131 Highway 7 West
P.O. Box 5511
Concord, Ontario L4K 1B7

ABOUT THE SHAREHOLDER MEETING

This section tells you about our shareholder meeting, and when, where and how you can vote your shares.

When

Thursday, May 2, 2024

10:00 a.m. (Eastern Daylight Time)

Where

Virtual meeting by live audio webcast at

<https://web.lumiagm.com/481786622> (Password: toromont2024)

Toromont's 2024 annual and special meeting of shareholders will be a virtual meeting, held on May 2, 2024 by live audio webcast. A virtual meeting gives every shareholder the opportunity to participate regardless of location or circumstances. You will not be able to attend the meeting in person. This management information circular and the accompanying proxy materials include important information about the meeting and how you can participate.

Where to find it

6 Business of the meeting

9 Voting information

15 About the nominated directors

21 Board committees

BUSINESS OF THE MEETING

You will vote on the following items of business.

We need a quorum for the meeting to proceed. That means at least 10% of the total shares outstanding must be represented by two or more shareholders attending the meeting in their own capacity or by proxy. If you submit a properly executed form of proxy or vote by telephone or the Internet, you will be considered part of the quorum. In addition, under our governing statute, the *Canada Business Corporations Act (CBCA)*, and our bylaws, shareholders who participate in and/or vote at the meeting by electronic or other virtual communication facilities made available by Toromont, are deemed to be present at the meeting for all purposes, including for purposes of establishing quorum.

1. Receive our financial statements (www.toromont.com)

The audited consolidated financial statements of Toromont for the year ended December 31, 2023, and the auditor's report will be presented at the meeting.

These audited consolidated financial statements form part of our 2023 annual report, available on our website (www.toromont.com) and on SEDAR+ (www.sedarplus.com). You can also receive a copy by contacting our Corporate Secretary at Toromont Industries Ltd., 3131 Highway 7 West, P.O. Box 5511, Concord, Ontario L4K 1B7.

2. Elect directors (see page 15)

Our articles state that we must have between six and 12 directors on our Board of Directors. This year, management has proposed that nine directors be elected to the Board for a term of one year. You will vote on each of the nine nominated directors.

Each nominated director is qualified and experienced and has expressed their willingness to serve on our Board for the upcoming year. You can read more about the proposed Board on page 23, each nominee in the director profiles beginning on page 16, and the Board committees they served on in 2023 on page 21. Our majority voting practices for directors are discussed on page 15.

Unless instructed in the form of proxy to the contrary, the management proxy nominees named in the enclosed form of proxy intend to vote FOR each of management's nominated directors.

3. Appoint the auditor

The Board recommends appointing Ernst & Young LLP as our auditor to hold office until the next annual meeting of shareholders and authorizing the directors to set their fees for the year. One or more representatives of Ernst & Young LLP will be present at the meeting, and will have an opportunity to make a statement and respond to any questions.

The audit committee oversees and monitors the qualifications, independence, and performance of Toromont's external auditor. A formal review of the external auditors is completed every year and a more comprehensive review every five years. These reviews are based on recommendations by the Chartered Professional Accountants of Canada and the Canadian Public Accountability Board (CPAB) to assist audit committees in their oversight duties. A comprehensive review was completed in 2023 and the audit committee determined that it was satisfied with the independence of, and the audit quality provided by, Ernst & Young. The next comprehensive review is scheduled for 2028.

We maintain independence from the external auditors through audit committee oversight, a robust regulatory framework, and Ernst & Young's own internal independence procedures. The independent auditor reports to and is ultimately accountable to the board and the audit committee as representatives of Toromont's shareholders.

The audit committee's mandate sets out its responsibilities for overseeing the external auditors, which include (among other things):

- reviewing auditor independence from both management and the company
- overseeing the work of the auditor
- approving annual audit fees, and pre-approving any non-audit services and associated fees
- evaluating the performance of the auditors and recommending their replacement if necessary.

The audit committee considers, among other things:

- the objectivity and professional skepticism of the auditors

The Board recommends you vote **FOR** each nominated director.

The Board recommends you vote **FOR** appointing Ernst & Young LLP as our auditor for the 2024 fiscal year at fees set by the Board.

- the quality and experience of their engagement team, including expertise in and knowledge of industries in which we operate or serve
- external reports on audit quality (CPAB inspection reports)
- an annual assessment of the overall quality of the service provided (along with a comprehensive review every five years), including considering trends observed in the annual assessment relative to the prior five-year comprehensive review
- the quarterly review of audit quality indicators.

Ernst & Young LLP have served as our auditors since 1996. The audit committee evaluates the benefits and risks of having a long-tenured auditor and the controls and processes that ensure their independence, such as mandatory partner rotations at least every seven years. The audit committee oversees the selection and rotation of the lead partner. A new lead audit partner was appointed following the completion of our 2023 fiscal audit. The committee believes there are benefits to having long-tenured auditors, including quality of work and efficiencies because of the auditors' institutional knowledge of our business, accounting policies and practices and internal controls. The audit committee therefore considers the benefits of maintaining Ernst & Young LLP as our auditors to exceed any potential audit quality risks resulting from their tenure. The audit committee will continue to reassess these benefits and risks every year as well as its approach and governance in this area.

The table below shows the fees paid to Ernst & Young LLP or accrued by Toromont for the 2022 and 2023 fiscal years.

For the year ended December 31	2022	2023
Audit fees		
Includes the audit of our financial statements, report on internal controls, reviews of quarterly reports and regulatory filings	\$1,326,745	\$1,366,550
Audit-related fees		
Includes consultation related to financial accounting and reporting standards not classified as audit, due diligence in connection with proposed or consummated transactions and assurance services to report on internal controls for third parties	\$45,000	\$45,000
Tax fees		
Includes tax compliance, tax planning and tax advice services	\$8,000	\$8,000
Total	\$1,379,745	\$1,419,550

Unless instructed in the form of proxy to the contrary, the management proxy nominees named in the enclosed form of proxy intend to vote FOR the appointment of Ernst & Young LLP as our auditor and authorizing the directors to set their fees for the year.

4. Vote on our approach to executive pay (starting on page 36)

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

Our goal is to maximize value for our stakeholders, and our compensation strategy and program are designed to support this goal. Our compensation strategy has four elements:

1. **attract**, motivate and retain superior executive talent by making sure compensation is competitive
2. **motivate** performance by linking incentive compensation to specific business performance goals
3. **recognize** performance and potential by maintaining a high proportion of pay at risk
4. **encourage** commitment to Toromont and link compensation with long-term shareholder interests by including equity-based incentives as part of executive compensation.

Please vote on the following advisory resolution:

"RESOLVED THAT, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors of Toromont, the shareholders accept the approach to executive compensation as disclosed in our management information circular delivered in advance of our 2024 annual and special meeting of shareholders."

This is an advisory vote, so the results will not be binding on the Board. The Board and the Human Resources and Health and Safety Committee will review the outcome of the vote as part of their review of executive compensation. You can read more about executive compensation at Toromont beginning on page 36.

The Board recommends you vote **FOR** our advisory resolution on our approach to executive compensation.

Unless instructed in the form of proxy to the contrary, the management proxy nominees named in the enclosed form of proxy intend to vote FOR the advisory resolution on our approach to executive compensation.

5. Special business – Renewal of our shareholder rights plan (see page 61)

Toromont has had a shareholder rights plan in place since 2018.

On February 23, 2018, the Board approved and adopted a shareholder rights plan (the rights plan) for Toromont under a shareholder rights plan agreement dated February 23, 2018 (the Original Rights Plan Agreement) between Toromont and AST Trust Company (Canada) (now TSX Trust Company), as rights agent (the Rights Agent). The Original Rights Plan Agreement was consented to, ratified, confirmed and approved by shareholders on April 26, 2018.

On February 11, 2021, the Board approved the continuance, amendment and restatement of the Original Rights Plan Agreement (the Amended and Restated Rights Plan Agreement), which contained limited amendments to reflect its renewal in the form of an amended and restated Original Rights Plan Agreement, to clarify certain provisions and to reflect current market practice for a “new generation” rights plan, as well as amendments that were administrative or housekeeping in nature. The Amended and Restated Rights Plan was consented to, ratified, confirmed and approved by shareholders on May 5, 2021.

There are no proposed amendments to the existing rights plan.

In accordance with the terms of the Amended and Restated Rights Plan Agreement, the rights plan must be reconfirmed by shareholders every three years. The Amended and Restated Rights Plan Agreement, and all rights issued thereunder, will expire and terminate as of the close of the meeting unless shareholders vote at the meeting to reconfirm its operation.

The continuation and renewal of the Amended and Restated Rights Plan Agreement must be approved by shareholders to continue the company’s rights plan currently in effect.

Shareholders are asked to vote FOR the Rights Plan Resolution (see page 66 for details). You will find a summary of the Amended and Restated Rights Plan Agreement starting on page 61.

The Rights Plan Resolution must be approved by at least a majority of the votes cast by “Independent Shareholders” (as described on page 64) present in person or represented by proxy at the meeting. As well, the Toronto Stock Exchange (TSX) requires that the Rights Plan Resolution be passed by a majority of the votes cast by shareholders present in person or represented by proxy at the meeting.

If shareholders approve the Rights Plan Resolution, the rights plan will continue in effect for an additional three years in accordance with the terms of the Amended and Restated Rights Plan Agreement.

Unless instructed in the form of proxy to the contrary, the management proxy nominees named in the enclosed form of proxy intend to vote FOR the Rights Plan Resolution.

6. Special business – Amendments to our long-term incentive plan (see page 67)

On February 10, 2022, the Board approved and adopted a long-term incentive plan to supplement our existing option plan, which was consented to, ratified, confirmed and approved by shareholders on April 28, 2022.

On February 14, 2024, the Board approved a resolution to amend and restate the long-term incentive plan, to allow it to issue options, and to make some other changes that are administrative and housekeeping in nature.

The long-term incentive plan (as amended and restated) will incorporate the terms of the existing option plan, including reallocating (but not increasing) the common shares reserved for issuance under the option plan to the long-term incentive plan and to address the participation of U.S. participants who may be awarded options under the long-term incentive plan. When the amendments are approved, options will be issued only under the long-term incentive plan. You can find a summary of the key amendments starting on page 67.

Shareholders are asked to vote FOR the amendments to the long-term incentive plan (see page 67 for details). The amendments will be adopted if the Long-Term Incentive Plan Resolution on page 75 is approved by at least a majority of the votes cast by shareholders present in person or represented by proxy at the meeting, and will take effect immediately following approval by shareholders on the date of the meeting.

The Board recommends you vote **FOR** the Rights Plan Resolution.

The Board recommends you vote **FOR** the Long-Term Incentive Plan Resolution.

Unless instructed in the form of proxy to the contrary, the management proxy nominees named in the enclosed form of proxy intend to vote FOR the Long-Term Incentive Plan Resolution.

7. Other business

Management is not aware of any other matters that may come before the meeting.

Voting results from the 2023 annual meeting of shareholders

Election of directors

Peter J. Blake: 89.24% FOR

Benjamin D. Cherniavsky: 96.6% FOR

Jeffrey S. Chisholm: 93.4% FOR

Cathryn E. Cranston: 94.32% FOR

Sharon L. Hodgson: 96.15% FOR

Scott J. Medhurst: 95.74% FOR

Fredrick J. Mifflin: 96.6% FOR

Katherine A. Rethy: 95.21% FOR

Richard G. Roy: 94.74% FOR

Appointment of auditors

Ernst & Young LLP, Chartered Accountants: 89.6% FOR

Approach to executive compensation: 92.7% FOR

About shareholder proposals

We must receive shareholder proposals for our 2025 annual meeting by January 31, 2025 to be considered for inclusion in next year's management information circular.

VOTING INFORMATION

Who can vote

Each Toromont common share you held on March 5, 2024 (the record date) carries one vote on all items to be voted on at the meeting.

We have prepared a list of registered holders who are entitled to attend the meeting and vote their shares. If you want to check the list for your registration, a copy will be available at the office of TSX Trust Company (TSX Trust), our registrar and transfer agent.

As of February 28, 2024, we had 82,369,171 shares outstanding. Our directors and officers are not aware of any person or company that beneficially owns, directly or indirectly, or controls or directs more than 10% of the voting rights attached to the voting securities of Toromont.

Meeting materials

Notice-and-access delivery

This year, consistent with last year, Toromont has elected to use notice-and-access provisions under National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer (NI 54-101) and National Instrument 51-102 – Continuous Disclosure Obligations (NI 51-102 and together with NI 54-101, the notice-and-access provisions) for the meeting, pursuant to an exemption from the proxy solicitation requirements granted by the Director of Corporations Canada. The notice-and-access provisions are a set of rules adopted by Canadian securities regulators that allow issuers to post electronic versions of proxy-related materials online, via SEDAR+ and on our website, rather than mailing paper copies of such materials to shareholders. The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and will also reduce the cost of printing and mailing materials to shareholders.

If you would like more information about the notice-and-access rules, please contact Broadridge toll-free at 1-844-916-0609 (English) and/or 1-844-973-0593 (French) or by emailing noticeandaccess@broadridge.com.

Electronic copies of the notice of annual and special meeting of shareholders and this circular may be found under Toromont's profile on SEDAR+ (www.sedarplus.com) and also on our website at (www.toromont.com/investors/annual-general-meeting). The electronic copies of investor materials make searching for relevant sections and specific items much easier than finding information in paper versions of these documents.

Please carefully review this circular and the instructions in your proxy form or voting instruction form before voting. You will receive paper copies of a notice package via pre-paid mail containing a notice with information prescribed by NI 54-101 and a form of proxy (if you are a registered shareholder) or a voting instruction form (if you are a non-

registered shareholder), including information about, among other things, how to access the circular online, how to obtain a paper copy of the circular and how to vote your shares.

We will not send notices or forms of proxies or voting information forms directly to non-objecting beneficial owners. Instead, we have distributed copies of the notice to intermediaries to send to non-registered shareholders. Intermediaries are required to forward these materials, along with a form of proxy or voting instruction form to all non-registered shareholders for whom they hold shares unless they have waived the right to receive them. Toromont will pay the cost for intermediaries to deliver the notice of annual and special meeting of shareholders, form of proxy or voting instruction form, and other materials to objecting beneficial owners.

We will not use procedures known as “stratification” in relation to the use of notice-and-access. Stratification occurs when an issuer using notice-and-access sends a paper copy of the circular to some shareholders with a notice package.

How to request a paper copy

Registered shareholders can request paper copies of the circular by calling (English) 1-844-916-0609 or (French) 1-844-973-0593.

Beneficial shareholders can access paper copies of the circular free of charge by visiting www.proxyvote.com and entering the 16-digit number found on your voting instruction form or by calling Broadridge toll-free at 1-877-907-7643. Please note that if you do request a paper copy, you will not receive another form of proxy or voting instruction form; please retain the one accompanying the notice package for voting purposes.

Pursuant to the notice-and-access provisions, we will provide a paper copy of the circular to any shareholder free of charge upon request for a period of one year from the date the circular is filed on SEDAR+ (March 27, 2025). If your request is made before May 2, 2024 (the meeting date), the circular will be sent to you within three business days of receipt of your request. If the request is made on or after May 2, 2024, the circular will be sent to you within 10 calendar days of receiving your request.

If you would like to receive a paper copy of the circular prior to the proxy voting deadline for the meeting of 5:00 p.m. EDT on April 30, 2024 you should take into account the three business day period for processing requests as well as the typical mailing times for letter-post mail suggested by Canada Post. If you are a non-registered shareholder, you should also consider your intermediary’s deadline, which is generally one business day before the proxy voting deadline. While we cannot assure delivery times, we estimate that any shareholder wishing to obtain a paper copy of the meeting materials before the meeting should submit their request by no later than April 15, 2024.

Under the notice-and-access provisions, meeting materials will be available for viewing on our website for one year from the date the circular is filed on SEDAR+.

How to vote

You can attend the virtual meeting and vote your shares through the virtual platform, or you can give someone else (your proxyholder) the authority to attend the virtual meeting on your behalf and vote your shares for you according to your instructions (called *voting by proxy*).

Registered shareholders and duly appointed proxyholders (including non-registered shareholders who have duly appointed themselves proxyholders) who participate at the meeting online will be able to listen to the meeting, ask questions and vote, all in real time, provided they are connected to the Internet. Guests, including non-registered shareholders who have not duly appointed themselves as proxyholder, can log in to the meeting as set out below under the heading “Attending and participating at the meeting”. Guests can listen to the meeting but will not be able to communicate or vote. Shareholders will not be able to attend the meeting in person.

Please review the instructions below. The steps you need to take depend on whether you are a registered or non-registered shareholder.

If you are a registered shareholder, you own the shares in your own name. We send proxy materials directly to our registered shareholders.

Many of our shareholders are non-registered. That means your shares are registered in the name of your intermediary (usually a bank, trust company, brokerage firm, trustee of self-administered registered plans like RRSPs, RRIIs and RESPs or other financial institution) or a clearing agency (such as CDS Clearing and Depository Services Inc.) and you are the beneficial owner of the shares. We send proxy materials to intermediaries and clearing agencies

to forward them to our non-registered shareholders unless they have waived the right to receive them. Intermediaries often use service companies to forward meeting materials to non-registered shareholders.

If you hold Toromont shares as a registered shareholder *and* a beneficial shareholder, you will need to complete a form for the shares you own as a registered shareholder, and a separate form for the shares you own as a beneficial shareholder. **The voting and participation process for the meeting is different for registered and non-registered shareholders. Please follow the instructions carefully and vote or provide voting instructions for all of the shares you hold.**

Registered shareholders

Your package includes a form of proxy.

Voting at the meeting

You may vote at the meeting by completing a ballot that will be made available online during the meeting using the Control Number located on the form of proxy or in the email notification you received.

Voting by proxy

Voting by proxy is the easiest way to vote. It means you are giving someone else (your *proxyholder*) authority to attend the meeting and vote on your behalf.

You can appoint someone to be your proxyholder. This person does not need to be a Toromont shareholder. Appoint that person by printing their name in the space provided in the enclosed proxy form AND follow the instructions and additional steps outlined below under *Appointing a proxyholder*.

There are several ways a registered shareholder can vote in advance of the meeting, as set out under *How to send your voting instructions* below.

TSX Trust must receive your completed proxy form **before 5:00 p.m. EDT on April 30, 2024**. If the meeting is postponed or adjourned, you must send your completed proxy form **at least 48 hours** (not including Saturdays, Sundays and holidays) before the time of the reconvened meeting. If you do not date your proxy, we will assume the date to be the date TSX Trust received it.

Non-registered (beneficial) shareholders

Your package includes either a proxy form already signed by your intermediary (the registered shareholder), or a voting instruction form.

Voting at the meeting

If you want to participate and vote your shares at the meeting, print your name in the space provided on the form, sign and date it and return it right away AND follow the instructions below under *Appointing a proxyholder*. Beneficial shareholders will only be able to participate and vote at the meeting if they have duly appointed themselves as proxyholder AND registered themselves as proxyholders with TSX Trust and received a Control Number. Do not provide your voting instructions because your vote will be taken and counted at the meeting.

Voting by proxy

Voting by proxy is the easiest way to vote. It means you are giving someone else (your *proxyholder*) the authority to attend the meeting and vote on your behalf.

You can appoint someone to be your proxyholder. This person does not need to be a Toromont shareholder. Appoint that person by printing their name in the space provided in the enclosed proxy or voting instruction form AND follow the instructions to the left under the heading *Appointing a proxyholder*. If you don't appoint a proxyholder, the Toromont representatives named in your form will be your proxyholder.

There are several ways a beneficial owner may be able to vote in advance of the meeting. Please follow the instructions provided by your intermediary for submitting your voting instructions.

TSX Trust must receive your complete voting instructions **before 5:00 p.m. EDT on April 30, 2024**. If the meeting is postponed or adjourned, you must send your completed proxy form **at least 48 hours** (not including Saturdays, Sundays and holidays) before the time of the reconvened meeting. If you do not date your instructions, we will assume the date to be the date TSX Trust received it.

Additional voting information (registered and beneficial shareholders)

Appointing a proxyholder

The following applies to registered shareholders who wish to appoint someone as their proxyholder other than the Toromont representatives named in the form of proxy or voting instruction form AND to non-registered shareholders who wish to appoint themselves or someone else as proxyholder to attend, participate and/or vote at the virtual meeting.

Shareholders who wish to appoint someone other than the Toromont representatives named in the form of proxy or voting instruction form as their proxyholder to participate at the meeting as their proxy and vote their shares MUST FIRST submit their form of proxy or voting instruction form, as applicable, appointing that person as proxyholder AND THEN register that proxyholder with TSX Trust, as described below.

Registering your proxyholder is an additional step that must be completed AFTER you have submitted your form of proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a Control Number that is required to participate and vote at the meeting.

If you appoint a proxyholder other than yourself or the named Toromont representatives, please make them aware and ensure they will participate at the meeting and have received their Control Number prior to the meeting. If your proxyholder does not receive a Control Number and attend the meeting, your shares will not be voted.

Step 1: Submit your form of proxy or voting instruction form: If you wish to appoint a third party as your proxyholder or if you are a beneficial shareholder who wishes to appoint yourself as proxyholder, you must first insert your name or the name of the person you wish to appoint as proxyholder in the blank space provided in the form of proxy or voting instruction form (if permitted) and follow the instructions set out in the form of proxy or voting instruction form for submitting such form of proxy or voting instruction form. By doing so, you are instructing the company or your intermediary to appoint you or a third party (as applicable) as your proxyholder. It is important that you comply with the signature and return instructions provided in the form of proxy or voting instruction form and return the form in accordance with those instructions, within the prescribed deadline. **Appointing yourself or a third party as proxyholder must be completed before registering such proxyholder with TSX Trust, which is an additional step that must be completed once you have submitted your form of proxy or voting instruction form, as described under Step 2 below.**

If you are a beneficial shareholder located outside of Canada (including U.S. beneficial shareholders) and wish to vote at the meeting or, if permitted, appoint a third party as a proxyholder, in addition to the steps described elsewhere in this section, you may also be required to obtain a valid legal proxy from your intermediary. You must then follow the instructions from your intermediary included with the legal proxy form AND in the voting instruction form sent to you or contact your intermediary to request a legal proxy form or a legal proxy if you have not received one. After obtaining a valid legal proxy from your intermediary, you must then submit such legal proxy in accordance with the instructions set out therein.

Step 2: Register your proxyholder: Once you have completed Step 1, to register yourself or a third party (other than the named Toromont representatives) as your proxyholder you must contact TSX Trust via email at <https://www.tsxtrust.com/control-number-request> **by 5:00 p.m. EDT on April 30, 2024** to register your proxyholder and provide TSX Trust with the required contact information so that TSX Trust may provide the proxyholder with a Control Number. Without a Control Number, you or your proxyholder, as applicable, will not be able to participate or vote at the meeting but will be able to listen as a guest. Once you or your proxyholder receives the Control Number, he/she must follow the instructions in the below section “Attending and participating at the meeting” to participate at the meeting.

If you appoint a third party proxyholder, he/she will have discretionary authority with respect to any amendments or variations of the matters of business to be acted on at the meeting or any other matters properly brought before the meeting or any adjournment or postponement thereof, in each instance, to the extent permitted by law, whether or not the amendment, variation or other matter that comes before the meeting is contested.

If you are a beneficial shareholder, please contact your intermediary as soon as possible to determine what additional procedures must be followed to appoint yourself or a third party as your proxyholder (including whether to obtain a separate valid legal form of proxy from your intermediary if you are located outside of Canada).

In all cases, all voting instructions must be received and all proxyholders must be registered by TSX Trust **before 5:00 p.m. EDT on April 30, 2024 or, in the case of adjournment or postponement of the meeting, not less than 48 hours** (excluding Saturdays, Sundays and holidays) prior to the time fixed for the reconvened meeting in order to participate and vote at the meeting.

Additional information

Whether or not you plan to participate in our virtual meeting, we urge you to vote or submit your proxy or voting instructions in advance of the meeting by using one of the methods described in the enclosed proxy or voting instruction form. Voting by proxy (or voting instruction form) is the easiest way to vote.

If you do not appoint a proxyholder, the Toromont representatives named in your form will be your proxyholder.

How to send in your voting instructions

To vote in advance of the meeting, complete, sign and date your form and send it to TSX Trust right away, in one of the following ways, or as otherwise instructed by your intermediary:

Internet	Telephone	Fax	Mail or email
www.meeting-vote.com	1-888-489-7352	416-595-9593	TSX Trust Company
Enter your Control Number and provide your voting instructions online.	(toll-free in Canada and the United States)		P.O. Box 721
	Make sure you use a touch-tone phone. Follow the voice instructions.		Agincourt, Ontario M1S 0A1
			Scan and email: proxyvote@tmx.com

Send your form right away

TSX Trust must receive your completed proxy form or voting instruction form **before 5:00 p.m. EDT on April 30, 2024**. If the meeting is postponed or adjourned, you must send your completed form at **least 48 hours** (not including Saturdays, Sundays and holidays) before the time of reconvened meeting. If you do not date your proxy form or voting instruction form, we will assume the date to be the day TSX Trust received it.

If you sign and date the form and return it to TSX Trust but do not specify your voting instructions, the Toromont representatives will vote your shares:

- FOR each nominated director
- FOR appointing Ernst & Young LLP as auditor at fees set by the Board
- FOR our advisory resolution on our approach to executive pay
- FOR the renewal of our shareholder rights plan
- FOR the adoption of amendments to the long-term incentive plan

If for any reason a nominated director is unable to serve or there are amendments, variations or other items of business that properly come before the meeting, your proxyholder can use their best judgment to vote as they see fit.

Attending and participating at the meeting

Shareholders will not be able to attend the meeting physically. The meeting will be a virtual meeting, held by live audio webcast.

Registered shareholders and duly appointed proxyholders (including beneficial shareholders who have duly appointed themselves as proxyholders) who participate at the meeting online will be able to listen to the meeting, ask questions and vote, all in real time, provided they are connected to the Internet.

Guests, including non-registered shareholders who have not duly appointed themselves as proxyholder, can log in to the meeting and listen but will not be able to communicate or vote.

Log into the meeting at <https://web.lumiagm.com/481786622>

We recommend that you log in at least one hour before the meeting begins.

- Click "Login" and then enter your Control Number (see below) and Password "toromont2024" (case sensitive), or
- Click "Guest" and then complete the online form.

Registered shareholders: The Control Number located on your form of proxy or in the email notification you received is your "Control Number" to access the meeting.

Duly appointed proxyholders: TSX Trust will provide the proxyholder with a Control Number by email after the proxy voting deadline has passed and the proxyholder has been duly appointed AND registered as described above under "Appointing a proxyholder".

You will need an Internet-connected device to access the virtual meeting, such as a laptop, computer, tablet or cellphone. It is important that you remain connected to the Internet at all times during the meeting to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the meeting. You should allow ample time to check into the meeting online and vote.

To access the meeting, you will need the latest versions of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible by logging in early. PLEASE DO NOT USE INTERNET EXPLORER.

Caution: Internal network security protocols including firewalls and VPN connections may block access to the Lumi platform for the meeting. If you are having any trouble connecting or **watching the meeting**, disable your VPN setting or use a computer on a network not restricted to security settings of your organization.

Changing your vote

Voting at the meeting will revoke your previous proxy or voting instructions.

If you are a registered shareholder, you can revoke your form of proxy by:

- completing another form of proxy, signing it and giving it a later date,
- sending a notice in writing, with a later date, and signed by you or your authorized attorney, or
- any other way allowed by law.

Send your new completed form to TSX Trust by mail or fax using the contact information provided above. TSX Trust must receive your new form or notice **before 5:00 p.m. EDT on April 30, 2024**.

You can also deliver your notice to the Chair of the meeting on the business day before the meeting begins (or on the business day before a reconvened meeting if the meeting is postponed or adjourned). Send your notice to the Corporate Secretary at Toromont Industries Ltd., 3131 Highway 7 West, P.O. Box 5511, Concord, Ontario L4K 1B7.

If you are a beneficial shareholder, you should contact your broker or intermediary to find out if you may vote and how to change or revoke your voting instructions and the timing requirements, or for other voting questions. Intermediaries maintain their own requirements and deadlines for the receipt of revocations, which are typically much further in advance of the meeting than those deadlines set out above.

How votes will be tabulated

Votes and proxies will be counted, verified and tabulated by our transfer agent, TSX Trust, in compliance with the CBCA, our bylaws and proxy protocols. Proxies will be submitted to representatives of Toromont if they contain comments clearly intended for Toromont or to the extent required to meet legal requirements or comply with applicable rules of order.

Voting results

We will announce and post the results of this year's votes on the election of directors and other items of business at the meeting on our website (www.toromont.com) and on SEDAR+ (www.sedarplus.com) following the meeting.

ABOUT THE NOMINATED DIRECTORS

This year shareholders are being asked to elect nine directors to the Board until the next annual meeting of shareholders or until their successors are elected.

Eight of the nine nominees are independent. The only exception is Michael McMillan, who is our President and Chief Executive Officer. You can read more about director independence beginning on page 23.

Each nominated director is qualified and experienced and has expressed their willingness to serve on our Board for the upcoming year.

The Board's Environmental, Social and Governance Committee regularly evaluates and assesses the size, composition, performance and effectiveness of the Board to ensure it has the necessary skills, experience and diversity to oversee Toromont's management and strategic direction.

None of the nominated directors serves together on another public company board or has a material interest in any item of business other than the election of directors and except as otherwise set out in this circular by virtue of their beneficial ownership of shares and/or DSUs. We do not anticipate that any of the nominees will be unable to serve as a director. If that happens before the meeting, the Toromont representatives named in the proxy form who will serve as Toromont proxyholders reserve the right to vote at their discretion for another nominee.

You can read more about each nominee in the director profiles beginning on the next page, and the Board committees they currently serve on, on page 21. You can read more about the Board and corporate governance at Toromont beginning on page 22.

Equity ownership

The director profiles include their equity holdings.

We calculated the value of each director's shares and DSUs using \$125.93, the closing price of a Toromont share on the TSX on February 28, 2024.

See page 31 for more information about equity ownership requirements for directors. The total accumulated value of directors' equity holdings was \$26,962,268 as of February 28, 2024 (\$23,240,131 not including unvested equity compensation awards held by Mr. McMillan).

Majority voting practices

Toromont previously adopted a majority voting policy for its Board nominees in compliance with the Toronto Stock Exchange rules. On August 31, 2022 amendments to the CBCA came into effect introducing statutory voting requirements for uncontested director elections. Under the CBCA: (i) shareholders will be asked to vote "for" or "against" each nominated director; (ii) only nominees receiving a majority of the votes cast in their favour will be elected, subject to limited and defined circumstances; and (iii) if a nominated director does not receive a majority of the votes cast in his or her favour by the shareholders, such nominated director, if he or she is an incumbent director, may continue in office until the earlier of the 90th day after the election, or the day on which his or her successor is appointed or elected. In accordance with the CBCA, the Board may reappoint an incumbent director even if he or she does not receive majority support in the following limited and defined circumstances: (i) to satisfy Canadian residency requirements; or (ii) to satisfy the requirement that at least two directors are not also officers or employees of the company or its affiliates. Toromont intends to adhere to the procedures outlined in its majority voting policy as an overlay to the CBCA majority voting rules in the event any nominated director does not receive a majority of the votes cast for his or her election, except to the extent inconsistent with the provisions of the CBCA.

89%

of directors are independent

100%

of Board committees are independent

100%

of directors have strategic insight into our business

100%

of directors have senior management experience

33%

of directors are women

Richard G. Roy

Chair of the Board
Independent



Age: 68

Director since: 2018

Residence: Verchères, Quebec

2023 voting results: 94.8% for

2023 attendance: 100%

Board committees

Mr. Roy does not serve on any Board committees, but attends all meetings as Chair of the Board.

CURRENT OCCUPATION

- Corporate director

AREAS OF EXPERTISE

- Knowledge of one or more industries in which Toromont is active
- Familiarity with geographic regions where Toromont has business
- Engaged in broad variety of businesses or professions
- Finance, accounting
- Risk management

BUSINESS EXPERIENCE

Mr. Roy, FCPA, FCA, has more than 36 years of experience in accounting, finance, distribution, mergers and acquisitions. He joined Uni-Select Inc., an automotive parts distributor, in 1999 and was Vice President, Administration and Chief Financial Officer until 2007. He was appointed Vice President and Chief Operating Officer in 2007 and became President and Chief Executive Officer in 2008 until he retired in 2015.

PUBLIC COMPANY BOARDS (last five years)

- GDI Integrated Facility Services Inc. (2015 to present)
- Uni-Select Inc. (2008 to 2022)
- Dollarama Inc. (2012 to 2022)

EDUCATION

- B.A.A. (École des Hautes Études Commerciales)

EQUITY OWNERSHIP (as at February 28, 2024)

- Shares: 3,000
- DSUs: 14,358
- Total value: \$2,185,893

Meets equity ownership requirement (see page 31)

Peter J. Blake

Independent



Age: 62

Director since: 2019

Residence: Vancouver, British Columbia

2023 voting results: 89.2% for

2023 attendance: 100%

Board committees

- Environmental, Social and Governance (Chair)
- Audit

CURRENT OCCUPATION

- Corporate director

AREAS OF EXPERTISE

- Knowledge of one or more industries in which Toromont is active
- Health and safety, environment, and social responsibility
- Engaged in broad variety of businesses or professions
- Finance, accounting
- Risk management

BUSINESS EXPERIENCE

Mr. Blake, FCPA, FCA, is a business leader with more than 32 years of experience. He spent 23 years at Ritchie Bros. Auctioneers Inc., serving as Chief Executive Officer from 2004 to 2014 and Chief Financial Officer from 1997 to 2004. From 2014 to 2018 he was the Chief Executive Officer of WesternOne, Inc.

PUBLIC COMPANY BOARDS (last five years)

- None

OTHER BOARDS OF NOTE

- FortisBC Inc. and FortisBC Energy Inc. (2017 to present)

EDUCATION

- B.Comm. (University of Alberta)
- Administrative Management Diploma (B.C. Institute of Technology)

EQUITY OWNERSHIP (as at February 28, 2024)

- Shares: 700
- DSUs: 9,289
- Total value: \$1,257,915

Meets equity ownership requirement (see page 31)

Benjamin D. Cherniavsky

Independent



Age: 53

Director since: 2021

Residence: Vancouver, British Columbia

2023 voting results: 96.6% for

2023 attendance: 100%

Board committees

- Audit
- Human Resources and Health and Safety

CURRENT OCCUPATION

- Corporate director and Partner, Fort Capital Partners

AREAS OF EXPERTISE

- Knowledge of one or more industries in which Toromont is active
- Familiarity with geographic regions where Toromont has business
- Engaged in a broad variety of businesses or professions
- Finance, accounting

BUSINESS EXPERIENCE

Mr. Cherniavsky has had a 25-year career in financial services. He is currently a partner at Fort Capital. Prior to that, he was Managing Director, Equity Analyst & Head of Industrials Research at Raymond James.

PUBLIC COMPANY BOARDS (last five years)

- None

OTHER BOARDS OF NOTE

- Advisory Board, INDEQCO (2021)

EDUCATION

- M.B.A. (University of Western Ontario, Richard Ivey School of Business)
- B.A. (University of Alberta)

EQUITY OWNERSHIP (as at February 28, 2024)

- Shares: 1,149
- DSUs: 4,033
- Total value: \$652,569

Has until 2026 to meet equity ownership requirement (see page 31)

Jeffrey S. Chisholm

Vice Chair

Independent



Age: 74

Director since: 2011

Residence: King, Ontario

2023 voting results: 93.4% for

2023 attendance: 100%

Board committees

- Human Resources and Health and Safety (Chair)
- Environmental, Social and Governance

CURRENT OCCUPATION

- Corporate director and business and finance consultant

AREAS OF EXPERTISE

- Familiarity with geographic regions where Toromont has business
- Engaged in broad variety of businesses or professions
- Information technology
- Finance, accounting
- Risk management

BUSINESS EXPERIENCE

Mr. Chisholm has had a 32-year career in financial services. He was Vice Chair, Electronic Financial Services, and Vice Chair (Personal Commercial Client Group), Bank of Montreal from 1997 until his retirement in 2001. Before that, he held progressively senior positions at Bank of Montreal, including 23 years at Harris Bank in the U.S.

PUBLIC COMPANY BOARDS (last five years)

- None

OTHER BOARDS OF NOTE

- PMI Mortgage Insurance Company Canada
- Amex Bank of Canada (2010 to 2023)

OTHER EXPERIENCE

- Executive-in-residence, Ivey Business School, University of Western Ontario
- Director, Financial Institutions Centre, The Wharton School

EDUCATION

- B.Sc., B.A. (Georgetown University)

EQUITY OWNERSHIP (as at February 28, 2024)

- Shares: 21,560
- DSUs: 28,303
- Total value: \$6,279,248

Meets equity ownership requirement (see page 31)

Cathryn E. Cranston

Independent



Age: 64

Director since: 2013

Residence: Toronto, Ontario

2023 voting results: 94.3% *for*

2023 attendance: 100%

Board committees

- Audit (Chair)
- Environmental, Social and Governance

CURRENT OCCUPATION

- Corporate director

AREAS OF EXPERTISE

- Familiarity with geographic regions where Toromont has business
- Engaged in broad variety of businesses or professions
- Finance, accounting
- Risk management

BUSINESS EXPERIENCE

Ms. Cranston is a financial expert with a 32-year career in financial services. She was Senior Vice President and Treasurer at the Bank of Montreal from 2009 until her retirement in 2018. Before that, she held progressively senior positions at Bank of Montreal, including roles in corporate banking, capital markets, risk management, asset management, finance, financial strategy and treasury.

PUBLIC COMPANY BOARDS (last five years)

- Canadian Tire Corporation, Limited (2023 to present)

OTHER BOARDS OF NOTE

- Ontario Teachers' Pension Plan (2018 to present)
- Bank of Montreal (internal)

OTHER EXPERIENCE

- Member of Advisory Panel on Resolution, Canadian Deposit Insurance Corporation (2019 to present)

EDUCATION

- M.B.A., B.Comm. (Hons.) (University of Manitoba)
- Director Education Program, Institute of Corporate Directors

EQUITY OWNERSHIP (as at February 28, 2024)

- Shares: 5,700
- DSUs: 34,096
- Total value: \$5,011,510

Meets equity ownership requirement (see page 31)

Sharon L. Hodgson

Independent



Age: 58

Director since: 2019

Residence: Toronto, Ontario

2023 voting results: 96.2% *for*

2023 attendance: 100%

Board committees

- Audit
- Human Resources and Health and Safety

CURRENT OCCUPATION

- Corporate director and Dean, Ivey Business School, University of Western Ontario

AREAS OF EXPERTISE

- Familiarity with geographic regions where Toromont has business
- Engaged in broad variety of businesses or professions
- Information technology
- Finance, accounting
- Risk management

BUSINESS EXPERIENCE

Ms. Hodgson has had a 32-year career in professional services business worldwide with IBM Business Consulting, PwC and Andersen Consulting. She held progressively more senior positions in IBM's Global Services group from 2001 to 2018, and served as the Global Consulting Leader, Cognitive, AI, Watson and Advanced Analytics, in GBS from 2017-2018.

PUBLIC COMPANY BOARDS (last five years)

- IGM Financial Inc. (2015 to present)

EDUCATION

- M.B.A. (Wharton School of Business, University of Pennsylvania)
- B.Comm. (University of Manitoba)

EQUITY OWNERSHIP (as at February 28, 2024)

- Shares: 0
- DSUs: 8,363
- Total value: \$1,053,153

Meets equity ownership requirement (see page 31)

Michael S. McMillan

President and
Chief Executive Officer
Not independent



Age: 57

Director since: 2023

Residence: Orangeville, Ontario

2023 voting results: n/a

2023 attendance: 100%

Board committees

Mr. McMillan does not serve on any committees, but attends meetings as invited in his capacity as President and CEO.

CURRENT OCCUPATION

- President and Chief Executive Officer, Toromont Industries Ltd.

AREAS OF EXPERTISE

- Knowledge of one or more industries in which Toromont is active
- Familiarity with geographic regions where Toromont has business
- Engaged in broad variety of businesses or professions
- Finance, accounting
- Risk management

BUSINESS EXPERIENCE

Mr. McMillan became President and CEO of Toromont Industries Ltd. in October of 2023, having previously held the position of EVP and CFO since March of 2020. Prior to joining Toromont, he served as SVP & CFO for Parkland Corp. and has over 25 years of finance and operations experience in public and private companies including telecom, farm equipment, and energy distribution.

PUBLIC COMPANY BOARDS (last five years)

- None

EDUCATION

- C.P.A., Ontario, Canada
- C.M.A., Ontario, Canada
- M.B.A., Finance & Operations Management, University of Calgary
- B.A. Advanced Economics & Chemistry, University of Manitoba

EQUITY OWNERSHIP (as at February 28, 2024)

- Shares: 4,758
- DSUs: 10,223
- Options: 107,245
- PSUs: 5,554
- Total value: \$6,308,110 with all options/PSUs
\$3,787,574 without unvested options/PSUs

Has until 2028 to meet his equity ownership requirements for executives (see page 40)

Frederick J. Mifflin

Independent



Age: 64

Director since: 2022

Residence: Toronto, Ontario

2023 voting results: 96.6% for

2023 attendance: 100%

Board committees

- Audit
- Human Resources and Health and Safety

CURRENT OCCUPATION

- Corporate director and Vice Chair, Blair Franklin Capital Partners

AREAS OF EXPERTISE

- Knowledge of one or more industries in which Toromont is active
- Familiarity with geographic regions where Toromont has business
- Health and safety, environment, and social responsibility
- Engaged in broad variety of businesses or professions
- Finance, accounting

BUSINESS EXPERIENCE

Mr. Mifflin has more than 30 years of experience in a wide range of financial services. He is the current Vice Chair at Blair Franklin Capital Partners, an independent investment banking and financial advisory firm. Prior to that, he served as Vice Chair and Global Head of Investment and Corporate Banking at BMO Capital Markets, after holding progressively senior positions from 1989 to 2007, including Global Head of Mining and Metals.

PUBLIC COMPANY BOARDS (last five years)

- Altius Minerals Corporation (2007 to present)
- Uni-Select (2019 to 2023)
- AIMIA Inc. (2019 – 2020)

EDUCATION

- M.B.A. (Booth School of Business, The University of Chicago)
- B.Comm. (Hons) (Smith School of Business, Queen's University)
- Director Education Program (Institute of Corporate Directors)

EQUITY OWNERSHIP (as at February 28, 2024)

- Shares: 1,200
- DSUs: 3,161
- Total value: \$549,181

Has until 2027 to meet equity ownership requirement (see page 31)

Katherine A. Rethy

Independent



Age: 67

Director since: 2013

Residence: Huntsville, Ontario

2023 voting results: 95.2% *for*

2023 attendance: 100%

Board committees

- Human Resources and Health and Safety
- Environmental, Social and Governance

CURRENT OCCUPATION

- Corporate director

AREAS OF EXPERTISE

- Knowledge of one or more industries in which Toromont is active
- Familiarity with geographic regions where Toromont has business
- Health and safety, environment, and social responsibility
- Engaged in broad variety of businesses or professions
- Risk management

BUSINESS EXPERIENCE

Ms. Rethy is experienced in business leadership, risk management, supply chain, insurance information systems and facilities. From 1996 until 2006, Ms. Rethy was an Executive with the Noranda/Falconbridge organization where she was Senior Vice President, Global Services, with responsibility for information systems, strategic sourcing, logistics, insurance, enterprise risk and facilities. Prior to Noranda/Falconbridge, she had various executive roles at DuPont Canada Inc.

PUBLIC COMPANY BOARDS (last five years)

- Trustee, Chemtrade Logistics Income Fund (2015 to present)

EDUCATION

- J.D. (University of Windsor)
- M.B.A. (York University)
- M.A. (Lancaster University)
- B.Sc. (University of Toronto)
- Director Education Program, Institute of Corporate Directors

EQUITY OWNERSHIP (as at February 28, 2024)

- Shares: 988
- DSUs: 28,113
- Total value: \$3,664,689

Meets equity ownership requirement (see page 31)

BOARD COMMITTEES

Audit Committee

Independent: 100%

Meetings in 2023: 4

Members:

Cathryn Cranston (Chair)

Peter Blake, Ben Cherniavsky, Sharon Hodgson, Fred Mifflin

The Audit Committee is primarily responsible for overseeing our financial statements and related disclosure, the establishment of appropriate financial policies and the integrity of accounting systems and internal controls, reports to shareholders, continuous disclosure and other related communications. The Audit Committee also approves all audit and non-audit services provided by the independent auditor, consults with the auditor independent of management and oversees the work of the auditor and the internal audit department.

All members of the Audit Committee are independent, financially literate and have finance or accounting experience, and Peter Blake is a former CFO. You can find more information about the Audit Committee, including its charter and the qualifications of its members in our 2023 annual information form, filed on our website (www.toromont.com) and on SEDAR+ (www.sedarplus.com).

Human Resources and Health and Safety Committee

Independent: 100%

Meetings in 2023: 3

Members:

Jeffrey Chisholm (Chair)

Ben Cherniavsky, Sharon Hodgson, Fred Mifflin, Katherine Rethy

The Human Resources and Health and Safety Committee is primarily responsible for our human resources matters including the short and long-term incentive plans, pension and other benefit plans and reviewing and making recommendations on the compensation of executive officers and other senior management. It is also responsible for overseeing executive officer appointments, succession planning and executive development.

The Committee also oversees health and safety matters. Committee members have extensive experience in human resources and executive compensation. You can read about the Committee in more detail beginning on page 37.

Environmental, Social and Governance Committee

Independent: 100%

Meetings in 2023: 3

Members:

Peter Blake (Chair)

Jeffrey Chisholm, Cathryn Cranston, Katherine Rethy

The Environmental, Social and Governance Committee is primarily responsible for reviewing and making recommendations on environmental, social and corporate governance matters, including climate-related issues. It is responsible for, among other things, overseeing the assessment of sustainability risks and opportunities, the development and execution of the company's sustainability strategies and related disclosures, and reviewing and monitoring compliance with our governance policies including the Code of Conduct. The Committee is also responsible for reviewing and assessing the size and composition of the Board and its committees, supporting Board and individual director effectiveness, director compensation, Board succession planning and the identification, recruitment and proposal of nominees for membership to the Board, as well as orientation for new directors and continuing education for all directors. Each of the Committee members has experience in corporate governance matters. You can read about the Committee in detail beginning on page 24.

CORPORATE GOVERNANCE

Maintaining strong and effective governance is a priority for us at Toromont. This section tells you about our corporate governance practices and our Board of Directors.

We comply with the rules and regulations that apply to us:

- National Policy 58-201 – Corporate Governance Guidelines (NP 58-201)
- National Instrument 58-101 – Disclosure of Corporate Governance Practices (NI 58-101)
- National Instrument 52-110 – Audit Committees (NI 52-110)
- Canada Business Corporations Act, R.S.C. 1985 (CBCA)

Where to find it

23 About the Board

23 Structure

23 Leadership and independence

24 Building an effective Board

27 Board responsibilities

31 What we expect of directors

31 Integrity

31 Equity ownership

32 Attendance

32 Skills and development

34 Director compensation

ABOUT THE BOARD

Structure

Shareholders	Elect the Board. See page 15 for our majority voting practices.
Board of directors	Responsible for governance and stewardship of the company and accountable to Toromont shareholders. You can find a copy of the Board’s mandate in Appendix A and on our website (www.toromont.com).
Board Committees	Established by the Board to help carry out its responsibilities: <ul style="list-style-type: none">• Audit Committee• Human Resources and Health and Safety Committee• Environmental, Social and Governance Committee The Committees provide expertise and resources in specific areas, enhance the quality of discussion at board meetings and facilitate decision-making. All three Committees are made up of independent directors. The Board and its Committees each meet <i>in camera</i> (without management present) at every meeting. You can read about each Committee on page 21. The Committee mandates are reviewed annually and approved by the Board. They are posted on our website (www.toromont.com).

Leadership and independence

Our articles state that the Board must have from six to 12 members, and that a majority of the directors must be independent and unrelated within the meaning of NI 52-110 and in compliance with NI 58-101 and NP 58-201.

The Chair of the Board is a non-executive role, provides strong leadership to the Board and chairs all board meetings. We believe that having an independent Chair of the Board and separating the Chair and Chief Executive Officer positions fosters strong leadership, rich discussion and effective decision-making. It also avoids potential conflicts of interest.

The Board introduced the role of Vice Chair in 2023 to replace the role of Lead Director since the Board Chair is fully independent. The Vice Chair serves as an independent contact for the other Board members and supports the Chair as appropriate.

The Environmental, Social and Governance Committee carefully reviews the circumstances and nature of each director’s relationships with Toromont and management to determine whether he or she is *independent* within the meaning of NI 52-110 and in accordance with NI 58-101 and NP 58-201. Each director signs an annual acknowledgement of his or her independence.

The Environmental, Social and Governance Committee has concluded that eight of our nine nominated directors are independent. Michael McMillan, CEO of Toromont, is the only director who is not independent.

Position descriptions

The Board has adopted written position descriptions for the Chair of the Board and each Committee Chair. The position descriptions are reviewed annually and are posted on our website (www.toromont.com).

Building an effective Board

Having a strong and diverse board is critical to fostering healthy discussion and debate, diversity of thoughts, ideas and perspectives, and effective decision-making.

The Board has ongoing discussions about Board composition, succession planning for all Board positions, intended or planned retirement of current directors and whether to grant any exceptions to the retirement policy following the Board assessment process.

The Chair of the Environmental, Social and Governance Committee leads the director recruitment process and receives input on the desired skills and qualifications from all Board members. The Board's nomination of directors policy sets out the criteria and objectives the Committee and the Board use when identifying, evaluating and selecting prospective director candidates. In looking for the most qualified candidates, the Committee considers:

- skills and personal qualities
- industry, business and regional knowledge, based on our current business needs and plans for the future
- diversity of all types, and in particular gender and visible minorities, as well as other designated groups.

When engaging with external search firms to assist in the director recruitment process, the Committee requires them to present prospective candidates who are women, visible minorities and members of other designated groups.

Recruitment process

The Environmental, Social and Governance Committee maintains a structured approach to Board renewal and succession, and, from time to time, works with an external search firm to help with the director search process and identify suitable candidates. The Committee and the Board are governed by a written nomination policy in carrying out their responsibilities relating to Board succession, renewal and identification and nomination of suitable candidates to the Board.

1	The Board determines its succession and growth needs. The Board (with the assistance of the Environmental, Social and Governance Committee) determines the competencies and skill sets best suited to complement the existing Board based on the skills matrix (see below), director evaluations and other factors and criteria.
2	The Environmental, Social and Governance Committee receives the information and initiates the search process. It may engage an external search firm to assist in identifying, evaluating and selecting potential candidates. The list is expected to include a sufficient number of candidates to enhance the Board's diversity profile. The Committee assesses the individuals, creates a short list and reviews it with the Board.
3	The Committee Chair and members meet with the short list of candidates. The candidates are given a clear indication of the workload and commitment expectations. Regular progress updates are provided to the Board.
4	The final candidate(s) are recommended to the Board by the Committee. After meeting with all Board members, the final candidate(s) are considered for nomination for election or appointment to the Board.

Diversity on the Board

The Environmental, Social and Governance Committee is responsible for overseeing the implementation of the Board and senior management diversity policy. It evaluates the policy's effectiveness and whether it may be appropriate to set diversity targets, and makes recommendations to the Board. We do not have fixed targets for representation of women or other designated groups because we believe that having quotas or strict rules about Board and leadership diversity may not necessarily result in identifying or selecting the best candidates. The Committee ensures that searches specifically seek out women candidates, visible minorities, and others from designated groups, who may enhance our Board diversity.

In accordance with our director retirement policy, Mr. Chisholm is scheduled to retire in 2025. We are actively recruiting a new board member as we plan for Mr. Chisholm's retirement. We have retained a search firm with expertise in diverse director searches. The mandate includes a specific focus on racially and ethnically diverse candidates.

Director skills and experience

The Committee has identified the following skills and experience as core qualifications for Board membership.

Strategic insight – experience in strategic planning and implementation and/or ability to think strategically, identify and critically assess strategic opportunities and threats and provide guidance on implementation strategies.

Human capital, leadership and development – experience in talent management, executive compensation, succession planning, pension and benefits programs and human resources practices generally.

Corporate governance – knowledge and experience of legal and governance issues for public companies, including sound practices and their relevance to corporate success, gained through professional qualifications and/or public company board experience.

In addition to the core qualifications described above, the matrix below outlines additional skills and experience that the Board has identified as most important to Toromont. Directors specify their top five skills and the ESG Committee reviews each director skillset for alignment and consistency across the Board as a whole. This matrix is reviewed and updated at least annually and is used to assess the effectiveness of the Board and in recruitment and succession planning.

	Peter Blake	Ben Cherniavsky	Jeffrey Chisholm	Cathryn Cranston	Sharon Hodgson	Michael McMillan	Frederick Mifflin	Katherine Rethy	Richard Roy
Skills and experience									
Knowledge of one or more industries in which Toromont is active	■	■		■		■	■	■	■
Familiarity with geographic regions where Toromont has business		■	■	■	■	■	■	■	■
Health and safety, environment, and social responsibility	■						■	■	
Engaged in a broad variety of businesses or professions	■	■	■	■	■	■	■	■	■
Information technology			■		■				
Finance and accounting	■	■	■	■	■	■	■		■
Risk management	■		■	■	■	■		■	■
Board tenure									
0 – 5 years	■	■			■	■	■		
over 5 years			■	■				■	■

Definitions

Knowledge of one or more industries where Toromont is active – in-depth knowledge, exposure or experience related to heavy equipment distribution (sales, service, rental), mining, construction, power, and/or industrial and recreational refrigeration, including knowledge of the market participants.

Familiarity with geographic regions where Toromont has business – experience in a major organization that has business in any or all of the regions in which Toromont operates in order to understand cultural, market and operational differences.

Health and safety, environment, and social responsibility – knowledge and experience of health and safety, environmental, climate change and other sustainability regulatory requirements, sound practices and their relevance to corporate success.

Engaged in a broad variety of businesses or professions – experience in some or all of strategic planning and execution, organizational excellence, operational efficiency, marketing and communications, legal and regulatory, and risk management.

Information technology – knowledge and experience in technology and digital innovation and analytics, cyber risks management and information technology systems.

Finance and accounting – experience in public company accounting, reporting, financial controls and corporate finance.

Risk management – knowledge and experience in enterprise risk management including the identification and assessment of material risks, as well as the management, control, and reporting thereon.

There is one director with a disability, representing 11% of the Board. None of the directors identify as a visible minority or an Indigenous person.

Serving on other boards

We expect our directors to serve on no more than three other public company boards. This is discussed with potential director candidates as part of the screening and recruitment process before a candidate is nominated or appointed to the Board.

We do not have a policy on Board interlocks, but none of our directors currently serve together on another public company board or board committee.

Assessment

Starting in 2023, the Board assessment process is led by the Chair of the Board with the assistance of the chair of the Environmental, Social and Governance committee (the process had previously been led by the Lead Director). The Chair of the Board initiates a comprehensive assessment of the Board, Board Committees and individual director effectiveness every year. The results are discussed with the Board members as a whole, and are used to enhance the Board, succession planning and corporate governance practices in the context of the changing governance and business environment.

2023 Board assessment

The Board engaged Watson Board Advisors in 2023 to carry out a comprehensive third-party assessment of the Board, Board Committees and individual director effectiveness.

Directors complete a confidential questionnaire that includes an assessment of their own effectiveness as a director, the effectiveness of the Board and its Committees, the effectiveness of the Board and Committee Chairs, Toromont's strategic direction, the Board's interaction with management, diversity and skills the Board needs, and the success of Toromont's communications program. The Chair of the Board meets with individual directors for an in-depth discussion of the questionnaire responses, provides an opportunity for peer reviews, and discusses any other concerns.

Retirement policy

Our retirement policy requires that directors not stand for re-election to the Board in the calendar year after they turn 75, unless the Environmental, Social and Governance Committee believes it would be in the best interests of the company for a director to continue to serve on the Board.

Before it grants an exception, the Committee will consider Board composition, an orderly succession and transitioning of functions and responsibilities, the role of the individual director and Toromont's future needs, balancing the depth of knowledge of longer serving directors with the desire for new talent.

Board responsibilities

Risk oversight

The Board is responsible for overall risk oversight.

Toromont maintains a strong risk management culture to protect and enhance shareholder value. Our enterprise risk management program helps us manage risk throughout the organization. Our management team uses a formal review process to identify and assess our principal risks and to develop and implement our response, mitigation and monitoring strategies. These reviews are formally documented in a risk report that is provided to the Board for review and discussion. Management provides regular risk updates to the Board at least quarterly, including updates to the risk report, as well as other developments or emerging trends that may present substantial risk to the business. The adequacy of disclosures of material risks in our management's discussion and analysis and financial statements are reviewed on a quarterly and annual basis.

The Board reviews all material risks in detail, including areas such as business cyclicality, product and service quality and supply, competitive factors, finance matters, cybersecurity, information technology and climate change. The Audit Committee and the Board review the adequacy of quarterly and annual disclosure of our key risks.

The Board has assigned specific areas of oversight to each of the Board Committees, to bring their particular knowledge and expertise to the risks that fall within their scope of responsibility. Specific risk oversight responsibilities have been assigned as follows:

- **Audit Committee:** oversees risks related to financial reporting, system of internal controls, internal and external audit and insurance programs
- **Environmental, Social and Governance Committee:** oversees environmental, social and governance related risks, including sustainability and climate change risks
- **Human Resources and Health and Safety Committee:** oversees risks related to executive compensation practices and policies, succession and organizational development, and operational health and safety risks

You can read more about our material risks and risk management in our 2023 management discussion and analysis on our website (www.toromont.com).

Strategic planning

The Board is directly involved in the strategic planning process. It devotes at least one board meeting every year to discussing and approving strategy. Management provides the Board with updates at least quarterly on progress towards achieving our strategic goals.

We do our annual business planning based on a three to four year strategic plan. We take a bottom-up approach, starting on a branch-by-branch basis, then regionally, by business line and at the senior management level. Annual business plans are developed based on our progress against our strategic plan as well as a comprehensive review and assessment of our results against our plan, our business, competitive and economic environment, and risks and opportunities, among other things. Rigorous reviews are conducted at each level before the plans are submitted for approval at the executive level. Throughout the cycle, our executive team overlays an enterprise view and assessment of the business unit plans. A comprehensive enterprise business plan is then developed and presented to the Board for review, discussion and approval.

The Board approved the current strategic plan for the company in 2023. The strategic plan is aligned with our long-term strategic vision, identifies our strategic goals and sets out the objectives and tactics to help measure our achievement towards those goals over the strategic plan period. The plan is discussed in detail in our current annual information form and management discussion and analysis.

Risk integrated with strategy

Every quarter, management carries out an in-depth analysis of our key risks, and presents them to the Board for detailed discussion and integration into strategy development.

Managing compensation risk

The structure of our compensation plans and our insider trading, anti-hedging and clawback policies help mitigate different types of potential compensation risk (see page 39).

Focus on climate

Sustainability-related risks and opportunities – and in particular the key risks and opportunities of climate change – are integrated into our risk management, annual business planning and strategic planning processes. Climate risks and opportunities are formally integrated into Toromont's three-year strategic plan.

More in the 2023 AIF

You will find more detail about Toromont's approach to climate change and environment, safety, information technology, cybersecurity and other key issues in its 2023 Annual Information Form.

Sustainability

The Board, with the support of the Environmental, Social and Governance Committee, oversees our approach to environmental, social and governance matters at Toromont across four pillars, and guided by our values and our Code of Conduct. You can read more about Toromont’s approach to ESG in the 2024 Sustainability Report on our website (www.toromont.com).

Governance

The Board is responsible for overseeing strategy, governance and risk.

The Board’s Environmental, Social and Governance Committee, with the assistance of the other Board committees in relevant areas, oversees climate change, environmental, social and governance matters, including the assessment of sustainability-related risks and opportunities, the development and execution of responding strategies, monitoring progress through execution of those strategies, and reviewing and approving related disclosures.

Our executive team leads the development and execution of our sustainability risk assessments and strategies with our business unit leaders across the organization.

Business unit leaders set objectives aligned to corporate strategic priorities, implement, and execute to achieve objectives.

Strategy

Our ESG strategy identifies the following focus areas:

- **Environment:** operational footprint, sustainable products and services for customers, circular economy
- **Social:** health and safety, building workforce capacity (recruitment, learning and development, retention and engagement), diversity, equity and inclusion
- **Governance:** Code of Conduct, accountability and aligning executive compensation, cybersecurity and privacy, paying our fair share of taxes

These areas of focus help shape our strategic planning, our risk management processes, and our management of day-to day operations.

Risk management

We consider environmental, climate change, social and governance issues across all aspects of our operations, and include them in our overall enterprise risk management, annual business planning and strategic planning processes.

Objectives and targets

We have developed objectives and targets across our operating divisions for our key focus areas and will continue to work toward achieving them.

In 2024, we will also work 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.

The Board’s role in climate change

The Board’s ESG committee is explicitly responsible for climate change, which has been added to its mandate.

Toromont has a formal ESG strategy that sets out goals, targets and initiatives for climate change matters, and climate change is part of its enterprise risk management program, its annual business planning and its longer-term strategic planning process and plans.

Management reports to the ESG committee at least three times a year, discussing its progress on:

- preparations for adoption and implementation of ISSB standards S1 and S2 in Canada, including GHG emissions reporting standards
- operational GHG emission reductions efforts including fleet management and facilities improvements
- supporting customers in meeting their climate change initiatives, including energy transition through products and service offerings.

The ESG committee reviews and approves Toromont’s sustainability report.

Oversight of management

The Board expects management to implement the strategy approved by the Board, achieve their goals and conduct themselves in an ethical and responsible manner that aligns with our values and Code of Conduct. The Board approves the Chief Executive Officer’s corporate objectives every year and, with the assistance of the Human Resources and Health and Safety Committee, reviews his performance against these objectives (see page 38 to read more about performance assessment and executive compensation).

Leadership development and succession

We have a formal management succession plan that includes all senior management positions at Toromont. The Human Resources and Health and Safety Committee and the Board formally review the succession plan at least once a year and receive periodic updates throughout the year.

The Chief Executive Officer presents the formal management succession plan for leadership roles to the Human Resources and Health and Safety Committee. The succession plan includes short-term and longer-term succession candidates and proposed development plans for them. The Committee discusses the details of the succession plan with the Chief Executive Officer and also meets *in camera* for further discussion. The Committee Chair reports the Committee's recommendations to the Board. The CEO provides updates on succession candidates' progress and development throughout the year.

Leadership diversity

The Board has adopted a Board and leadership diversity policy which sets out our objectives to attract, develop and maintain a Board and leadership team comprised of a diverse group of highly skilled individuals. We recognize that diversity enables greater organizational leadership, strength and performance and is an important component in the recruitment, retention and development of the company's current and future potential leaders.

Diversity is broadly defined and specifically includes characteristics such as gender, race or ethnicity (including Indigenous peoples), sexual orientation, gender identity, age, cultural background, physical and mental ability, religion and other characteristics that make us unique.

The Board is supported by the Environmental, Social and Governance Committee in overseeing the development and progress of diversity policies. Senior management regularly discuss opportunities and monitor strategies for achieving our diversity objectives and broader diversity and inclusiveness initiatives across Toromont. Our diversity strategies specifically consider those who identify as women, visible minorities, persons with disabilities and/or Indigenous peoples. For employment equity purposes and under the CBCA, these groups are defined as "designated groups".

Three of our 13 senior leaders are women, representing 23% of our senior leadership team. Persons with disabilities (one) and visible minorities (one) represent 8% of our senior management team, respectively. There are no senior leaders who identify as an Indigenous person.

Diversity of our leadership team is also affected by other factors, including the level of staff turnover, timing of hiring and promotion opportunities, available pipeline of talent with the necessary skills and experience, among other things. The Board therefore does not set specific diversity representation targets when identifying potential candidates for senior management positions, but does consider diversity and ensures that proactive steps are taken to include qualified individuals from the designated groups in the list of prospective candidates whenever possible.

2023 succession planning

The Board established a special committee in 2022 to oversee the succession of Toromont's President and CEO. Scott Medhurst retired in October, 2023 after a successful 35-year career with the company. Following a thorough succession planning and search process, on October 15, 2023, the Board appointed Michael McMillan, Executive Vice President and Chief Financial Officer since March 2020, as Mr. Medhurst's successor. At the same time, the Board appointed John Doolittle, a senior financial executive with financial, capital markets and leadership experience, to succeed Mr. McMillan as Executive Vice President and Chief Financial Officer.

Diversity in the workplace

We take a number of steps to foster diversity and inclusiveness at Toromont:

- Management tracks our diversity composition as well as the results of diversity-related actions and initiatives and reports annually on its progress to the Environmental, Social and Governance Committee of the Board.
- We have outreach programs to draw from a broad and diverse group of employment candidates for new hires. This includes working with non-profit organizations to identify qualified candidates seeking to overcome disability, doing outreach with Indigenous communities by attending schools and career fairs in remote communities and collaborating with community liaisons, attending "women in trades" events as well as attending career days at secondary schools, colleges and universities and offering targeted scholarships to attract diverse candidates, especially women and others from the designated groups.
- We offer an online diversity and inclusiveness training program through our internal Toromont University, aimed at educating employees on the importance of diversity and inclusiveness, embracing differences and communicating with employees, customers and stakeholders with diverse backgrounds. The course is also part of the Service Management Curriculum for Toromont Cat managers.
- We proactively identify, mentor and select women and other diverse candidates to participate in our leadership development and management trainee programs.
- We are an active participant in the Government of Canada's Federal Contractor Program on Employment Equity.

The Board continues to work to increase diversity at Toromont, including through the initiatives described here and in our 2023 Sustainability Report.

The Board believes we are taking the appropriate actions to continue to advance diversity at the leadership level. The Environmental, Social and Governance Committee reviews our approach to leadership diversity at least annually to determine what changes to policies and procedures may be beneficial to promote diversity.

Stakeholder communications and engagement

We believe in the importance of being transparent and disclosing material information promptly, providing the investment community and other stakeholders with access to relevant and meaningful information about us, and engaging in dialogue with our investor community to receive their feedback.

Our corporate disclosure policy is designed to provide assurance that we release relevant information in an appropriate and timely fashion. The Board, with the support of the Audit Committee, is responsible for annually reviewing our corporate disclosure policy and ensuring that we meet our continuous disclosure obligations. The Chief Financial Officer is responsible for the implementation and day-to-day operations of the policy. We also have a Disclosure Committee that is made up of key members of senior management who review all corporate disclosure before it is publicly released.

Disclosures made on a regular basis include annual and quarterly earnings releases, financial statements and related management’s discussion and analysis, management information circulars, annual information forms, and periodic news releases for material disclosures. We host an investor portal at www.toromont.com which contains a variety of information and documents that we believe are relevant and useful to our stakeholders.

We regularly monitor and engage with proxy advisory groups and governance advocates, such as Institutional Shareholder Services (ISS) and the Canadian Coalition for Good Governance, to keep informed of evolving governance practices and obtain feedback for continuous improvement.

Designated members of our executive team also reach out to and engage with stakeholders through a variety of means, including conducting a public annual meeting and quarterly earnings calls and webcasts with question and answer sessions, participating in individual and group investor meetings and conferences, and receiving and responding to verbal or written inquiries and feedback from stakeholders. Our engagement covers a broad variety of topics including governance, risk management, executive compensation, sustainability, disclosure and engagement practices, among other things.

Shareholders can communicate with us in several ways, including by mail, telephone, and email through our website (www.toromont.com). We also have an anonymous compliance hotline for issues or concerns about a breach or suspected breach of our Code of Conduct. We deal with all inquiries promptly. Depending on the nature of the shareholder inquiry, the CFO, CEO and/or Chair of the Board or other independent directors (as designated by the Board) may engage with shareholders and other stakeholders to understand their opinions and concerns.

Both management and the Board invite stakeholders to engage with Toromont representatives and Board members if you have any questions or concerns. You can reach management and the Chair of the Board using the contact information in the box above. Any correspondence that is addressed to a particular individual, including the Chair of the Board, will be promptly provided to that person.

How to reach us

phone (416) 667-5511
fax (416) 667-5555
email investorrelations@aim.toromont.com
mail Toromont Industries Ltd.
3131 Highway 7 West, P.O. Box 5511
Concord, Ontario, Canada L4K 1B7

WHAT WE EXPECT OF DIRECTORS

Integrity

We strive to maintain a highly ethical culture and have a Code of Conduct that applies to directors, officers and employees. The code sets out our expectations for ethical culture and appropriate behaviour, and provides guidance on areas such as conflicts of interest, protection and proper use of corporate assets, confidentiality of information and customer, supplier and competitor relationship management.

Every year we require our directors, officers and employees to acknowledge their compliance with the code. The code requires that only the Board or one of its committees may provide a waiver from the provisions of the code for matters involving our directors or senior officers. The Audit Committee and the Human Resources and Health and Safety Committee receive regular compliance reports on the code.

We have a toll-free, telephone hotline (1-866-254-2730) and web-based hotline (www.openboard.info/tih) for employees and others to report a suspected accounting or auditing irregularity or other breach of the code. Reports are confidential and can be made anonymously and all good faith concerns are handled respectfully and without reproach.

The code is reviewed annually by the Board and is available on our website (www.toromont.com).

Avoiding conflicts of interest

If we are considering a transaction or agreement and a director or executive officer has a material interest (a related party transaction), he or she must disclose their interest and not participate in any discussions or vote on the matter. Any related party transaction must be approved by the Board.

Equity ownership

Equity ownership at all levels of Toromont has been a cornerstone of our operating philosophy.

Directors are expected to own at least three times their total annual Board retainer in Toromont equity within five years of their election to the Board. Directors can count Toromont shares and DSUs toward meeting the requirement. Directors can also choose to receive the cash component of their Board retainer and committee retainers in DSUs. DSUs track the underlying value of our shares on the TSX, and therefore help align the interests of directors with those of our shareholders. DSUs may not be redeemed until a director ceases to be on the Board.

The table below shows director equity ownership as at December 31, 2023. Michael McMillan, our CEO, is not included in the table because he has to meet our equity ownership requirements for executives (see page 40).

	2023 Base retainer	Equity ownership requirement	Shares and/or DSUs currently owned		Meets requirement
			Number	Value	
Peter Blake	\$200,000	\$600,000	9,955	\$1,155,776	Yes
Ben Cherniavsky	\$200,000	\$600,000	5,167	\$599,889	has until 2026
Jeffrey Chisholm	\$200,000	\$600,000	49,758	\$5,776,904	Yes
Cathryn Cranston	\$200,000	\$600,000	39,669	\$4,605,571	Yes
Sharon Hodgson	\$200,000	\$600,000	8,332	\$967,345	Yes
Frederick Mifflin	\$200,000	\$600,000	4,349	\$504,919	has until 2027
Katherine Rethy	\$200,000	\$600,000	28,997	\$3,366,552	Yes
Richard Roy	\$400,000	\$1,200,000	17,305	\$2,009,111	Yes

The value of shares and DSUs is based on \$116.10, the closing price of a Toromont share on the TSX on December 31, 2023.

Attendance

We expect directors to attend all Board meetings, all meetings of the committees they sit on, and the annual meeting of shareholders. The following table summarizes director meeting attendance in 2023.

	Board meetings	Committee meetings		
		Audit	Human Resources and Health and Safety	Environmental, Social and Governance
Peter Blake	7 of 7 (100%)	4 of 4 (100%)	–	3 of 3 (100%)
Ben Cherniavsky	7 of 7 (100%)	4 of 4 (100%)	3 of 3 (100%)	–
Jeffrey Chisholm	7 of 7 (100%)	–	3 of 3 (100%)	3 of 3 (100%)
Cathryn Cranston	7 of 7 (100%)	4 of 4 (100%)	–	3 of 3 (100%)
Sharon Hodgson	7 of 7 (100%)	4 of 4 (100%)	3 of 3 (100%)	–
Fred Mifflin	7 of 7 (100%)	4 of 4 (100%)	3 of 3 (100%)	–
Katherine Rethy	7 of 7 (100%)	–	3 of 3 (100%)	3 of 3 (100%)
Richard Roy	7 of 7 (100%)	–	–	–

Skills and development

The Environmental, Social and Governance Committee provides an orientation program for new directors and continuing education for the entire Board to enhance their knowledge and ability to effectively carry out their responsibilities.

Orientation

Our director orientation program is designed to familiarize new directors with their Board and committee responsibilities and our business, strategy and industry so they can make meaningful contributions from the outset.

New directors:

- are assigned an individual Board member as their mentor for their first year on the Board
- meet with the President and Chief Executive Officer, Chief Financial Officer, Chair of the Board, Chairs of the Board committees and other senior executives to learn about our business and strategy first-hand
- meet with senior management and go on tours of each principal business unit
- receive a copy of our director's manual that sets out, amongst other things, their general responsibilities and our expectations of directors, information about our strategy and our products, services, suppliers and customers, and a review of our financial condition and results
- meet with other members of management and external advisors, where appropriate, to review their duties and responsibilities as a member of the Board.

The director's manual includes:

- materials about our corporate structure, strategy, financial plan and budgets
- the Board mandate and committee mandates
- corporate governance policies
- key position descriptions
- our most recent continuous disclosure documents
- director education and reference materials.

Continuing education

We expect directors to learn about our business, the sectors we operate in, emerging trends and issues and our strategic initiatives.

The Board and the Environmental, Social and Governance Committee look at director training needs as part of the annual Board assessment process, to make sure education supports specific areas of the Board's focus and the current business environment. Development and training sessions are normally held in conjunction with Board meetings. Additionally, directors attend seminars and programs provided by third party industry or subject matter experts and provide reports to the other directors as appropriate.

Board meetings are held at various Toromont sites so directors can learn more about our different businesses first hand. Directors receive comprehensive information before each Board and committee meeting and can attend meetings of committees even if they are not members.

Education sessions typically include:

- presentations about each business unit, the business environment, risk management, corporate development opportunities, legal and regulatory updates and other corporate matters
- presentations by external subject matter experts and advisors
- presentations from other directors about what they learned at industry conferences.

Directors also have an opportunity to engage with customers, other stakeholders and senior management in formal and informal meetings. They also have full access to senior management and other employees as necessary.

Director education in 2023 included the following:

2023	Topic	Attendees
February	Succession planning and executive leadership development <i>Presentation by CEO</i>	Human Resources and Health and Safety Committee
Quarterly	Technology, cyber-security and digital commerce insights <i>Presentations by the Chief Information Officer</i>	Board
Quarterly	Strategy and Industry trends <i>Presentations by business unit leaders (quarterly)</i>	Board
Quarterly	Business unit updates and developments <i>Presentations by business unit leaders</i>	Board
Quarterly	Governance, regulatory and financial reporting updates <i>Presentations by VP Finance and the General Counsel</i>	Board and Audit Committee
Quarterly	ESG Trends and Considerations <i>Presentations by the General Counsel</i>	Environmental, Social and Governance Committee

Directors also receive materials to support our educational initiatives. Materials are updated from time to time with new topics, updates on previous presentations, strategic priorities and other select topics. Our skills matrix on page 25 gives a snapshot of the skills and experience of the current Board.

Additional director disclosure

Peter Blake, a director of Toromont, was previously the chief executive officer of WEQ Holdings Inc. (WEQ) until December 17, 2018, when WEQ commenced court supervised voluntary liquidation proceedings under the CBCA in order to distribute the net proceeds following the sale of substantially all of its assets. In December of 2020, the court made a conditional order discharging the liquidator of WEQ and the company was dissolved in June 2021.

The liquidation was commenced following the sale of one of WEQ's two previous main divisions. WEQ had previously sold the assets of its other main division, Pacific Coast Modular Construction LP (PCMC LP), whose general partner is Pacific Coast Modular Construction Inc. (PCMC GP) in the spring of 2017. Following the sale of the assets of PCMC LP in 2017, the proceeds were used to repay some of PCMC LP's debts. On May 31, 2019, following the commencement of WEQ's liquidation proceedings, PCMC GP and PCMC LP each filed an assignment in bankruptcy. At the time of the assignment into bankruptcy, PCMC LP and PCMC GP had nominal assets and its only liabilities were tax, a contingent liability and inter-company debts. Mr. Blake was a director of PCMC GP at the time of the bankruptcy filings. A discharge order was granted for the PCMC GP bankruptcy in November of 2020 and for the PCMC LP bankruptcy in February 2021.

DIRECTOR COMPENSATION

Directors receive annual and committee retainers for serving on our Board. They receive 55% of their annual retainer in deferred share units (DSUs) to build their equity ownership and to align with shareholder interests. They may also elect to receive all or a portion of the remainder of their annual retainer and their committee retainer in DSUs instead of cash.

Directors who are executive officers of Toromont or its subsidiaries do not receive director's fees, except in special circumstances approved by the Board. Michael McMillan does not receive any compensation as a director because he is compensated in his role as CEO (see page 36).

The Environmental, Social and Governance Committee is responsible for the director compensation program. The Committee reviews the program every year and recommends any changes to the Board for approval. After the 2022 annual review of the director compensation program, the committee approved an increase in annual Chair and director retainers effective February 25, 2023, to bring fees closer in line with median of the peer group. The committee made no further changes to the director compensation program for 2024.

Director fee schedule

Annual retainer	2023	2024
Chair		
• cash	\$160,000	\$160,000
• deferred share units	\$240,000	\$240,000
Directors		
• cash	\$80,000	\$80,000
• deferred share units	\$120,000	\$120,000
Vice Chair		
• cash	\$22,000	\$22,000
Committee retainers		
Committee Chairs		
• Audit Committee	\$23,000	\$23,000
• Human Resources and Health and Safety Committee	\$18,000	\$18,000
• Environmental, Social and Governance Committee	\$14,000	\$14,000
Committee members		
• Audit Committee	\$8,000	\$8,000
• Human Resources and Health and Safety Committee	\$5,000	\$5,000
• Environmental, Social and Governance Committee	\$5,000	\$5,000

We reimburse directors who live outside the Greater Toronto Area (GTA) for their travel and accommodation costs to attend meetings in Toronto. We also reimburse directors for their travel and accommodation costs when meetings are held outside the GTA.

About DSUs

A deferred share unit is a notional unit that tracks the value of a Toromont common share. DSUs earn additional units as dividend equivalents when dividends are paid on our shares.

We calculate the number of DSUs granted by dividing the amount of director fees the director is receiving in DSUs by the volume weighted average price for Toromont shares on the TSX for the five trading days immediately before the grant date.

DSUs granted to directors vest immediately but are only paid out in the form of newly issued Toromont shares when a director retires from the Board.

DSUs have been granted under the long-term incentive plan since September 1, 2022. Under the long-term incentive plan, DSUs:

- are granted to directors at the discretion of the Board
- earn dividend equivalents in the form of additional units at the same rate as dividends paid on our shares
- vest on the day they are granted, but the Human Resources and Health and Safety Committee can choose the vesting date for any grant of DSUs, and can specify that a grant of DSUs will vest incrementally over a period of time

- are settled in cash or shares, at the discretion of the Human Resources and Health and Safety Committee at the time of grant, and paid out only after the director retires from the Board. The current practice is to grant DSUs settled in shares.

Directors may elect to receive DSUs instead of cash for some or all of their director fees, as outlined above.

Directors may also be granted additional DSUs on a discretionary basis from time to time by the Human Resources and Health and Safety Committee, as long as the total fair market value on grant date of all DSUs granted to any one director under the long-term incentive plan does not exceed \$150,000 within any one financial year of the company, except for DSUs the Committee grants in lieu of director fees and as one-time initial grants to new directors when they first join the board. No discretionary DSUs have been granted to directors.

DSUs issued before September 1, 2022 were granted under the DSU plan, which includes the following terms:

- the Board determines when and if DSUs are granted
- DSUs earn dividend equivalents in the form of additional units at the same rate as dividends paid on our shares
- DSUs are redeemed for cash after the director retires from the Board.

We are no longer issuing DSUs under the DSU plan, except dividend equivalents on existing DSUs.

Director compensation table

The table below shows the fees we paid to each director in 2023. Michael McMillan is not included in the table because he is compensated in his role as CEO (see page 36). Directors receive 55% of their annual retainer in DSUs and may choose to receive some or all of their other fees in DSUs.

	Fees earned					Total received in DSUs			
	Annual retainer		Chair and committee chair retainers	Vice Chair retainer	Committee member retainer	Total compensation	Fees taken as DSUs	% of fees taken as DSUs	Number of DSUs received
	Cash	DSUs							
Peter Blake	\$79,809	\$116,372	\$14,000	–	\$8,000	\$218,181	\$218,181	100%	1,986
Ben Cherniavsky	\$79,809	\$116,372	–	–	\$13,000	\$209,181	\$116,372	56%	1,059
Jeffrey Chisholm	\$79,809	\$116,372	\$18,000	\$22,000	\$5,000	\$241,181	\$196,276	81%	1,786
Cathryn Cranston	\$79,809	\$116,372	\$23,000	–	\$5,000	\$224,181	\$224,181	100%	2,040
Sharon Hodgson	\$79,809	\$116,372	–	–	\$13,000	\$209,181	\$199,900	96%	1,819
Fred Mifflin	\$79,809	\$116,372	–	–	\$13,000	\$209,181	\$209,181	100%	1,904
Katherine Rethy	\$79,809	\$116,372	–	–	\$10,000	\$206,181	\$116,372	56%	1,059
Richard Roy	\$159,618	\$232,743	–	–	–	\$392,361	\$392,361	100%	3,571

Outstanding equity-based awards

The table below shows the directors' outstanding equity-based awards as at December 31, 2023. The value of DSUs was calculated using \$116.10, the closing price of a Toromont share on the TSX on December 31, 2023. Cash-settled DSUs were issued under the DSU plan and equity-settled DSUs were issued under the long-term incentive plan.

	Cash-settled DSUs		Equity-settled DSUs		Total DSUs	
	Number of DSUs	Value of DSUs	Number of DSUs	Value of DSUs	Number of DSUs	Value of DSUs
Peter Blake	6,287	\$729,921	2,968	\$344,585	9,255	\$1,074,506
Ben Cherniavsky	2,140	\$248,454	1,878	\$218,036	4,018	\$466,490
Jeffrey Chisholm	25,536	\$2,964,730	2,662	\$309,058	28,198	\$3,273,788
Cathryn Cranston	30,917	\$3,589,464	3,052	\$354,337	33,969	\$3,943,801
Sharon Hodgson	5,621	\$652,598	2,711	\$314,747	8,332	\$967,345
Frederick Mifflin	308	\$35,759	2,841	\$329,840	3,149	\$365,599
Katherine Rethy	26,469	\$3,073,051	1,540	\$178,794	28,009	\$3,251,845
Richard Roy	8,989	\$1,043,623	5,316	\$617,188	14,305	\$1,660,811

EXECUTIVE COMPENSATION

This section of our circular tells you how we compensate our CEO, our CFO and our three other most highly compensated executives (our *named executives*):

Michael McMillan, President and Chief Executive Officer (CEO)

John Doolittle, Executive Vice President and Chief Financial Officer (CFO)

Michael Cuddy, Vice President and Chief Information Officer (CIO)

Joel Couture, Chief Operating Officer, Toromont Cat

Miles Gregg, President, Toromont Cat Construction Division

Scott Medhurst, Executive Advisor to CEO (President and CEO until October 15, 2023)

Where to find it

37 Compensation discussion and analysis

- 37 Our approach
- 37 Compensation governance
- 41 Compensation program
- 42 2023 Performance and compensation
- 48 Building shareholder value

50 Compensation details

- 50 Summary compensation table
- 51 Incentive plan awards
- 57 Retirement plans
- 58 Termination and change of control provisions

COMPENSATION DISCUSSION AND ANALYSIS

Our approach

The Board has structured Toromont's executive compensation program to pay for performance, attract the best talent available, and ensure executives have a vested interest in the long-term success of the company. Executives are expected to invest in Toromont, and that expectation is built into the structure of the compensation program. The result is a team of senior leaders who have a significant personal stake in Toromont's success.

Our compensation strategy has four elements:

- **attract**, motivate and retain superior executive talent by making sure compensation is competitive
- **motivate** performance by linking incentive compensation to specific business performance goals
- **recognize** performance and potential by maintaining a high proportion of pay at risk
- **encourage** commitment to Toromont and link compensation with long-term shareholder interests by including equity-based incentives as part of executive compensation.

Compensation governance

The Board is responsible for approving, monitoring and making changes to our executive compensation program. The Human Resources and Health and Safety Committee oversees executive compensation on behalf of the Board, including our annual bonus, our equity incentive plans and our pension and other benefit plans. Members of the Human Resources and Health and Safety Committee are required to have a thorough understanding of compensation plans and practices to make sure the Committee has the expertise necessary to carry out its mandate. The Environmental, Social and Governance Committee looks at the mix of skills and experience of the directors on the Human Resources and Health and Safety Committee annually to make sure it remains appropriate. The table below shows the relevant experience of the current Human Resources and Health and Safety Committee members. You can find more information about the directors in their profiles starting on page 16.

Jeffrey Chisholm (Chair)	Director since 2011. Also a member and past Chair of the Environmental, Social and Governance Committee, and past member of the Audit Committee providing him additional insight into Toromont's governance matters and financial performance. Relevant experience: <ul style="list-style-type: none">• gained significant experience and exposure to total compensation plans and practices while serving in senior and executive management roles at Bank of Montreal throughout his 30-year career• has been a director of several public companies, as well as Chair of Amex Bank of Canada since 2016, giving him additional insight into total compensation plans and human resources practices.
Sharon Hodgson	Joined the Board and Committee in 2019. Also a member of the Audit Committee, which gives her additional insight into Toromont's financial performance. Relevant experience: <ul style="list-style-type: none">• currently, as Dean, Ivey Business School, University of Western Ontario and previously as a senior executive at IBM Business Consulting, she has had more than 20 years' experience and exposure to different compensation plans and human resources practices• is currently a board member with IGM Financial Inc., giving her additional insight into total compensation plans and human resources practices.
Fred Mifflin	Joined the Board and Committee on April 28, 2022. Also a member of the Audit Committee. Relevant experience: <ul style="list-style-type: none">• gained significant experience and exposure to total compensation plans and practices while serving in senior and executive management roles at BMO Capital Markets throughout his 30-year career• has been a director of several public companies, giving him additional insight into total compensation plans and human resources practices.
Katherine Rethy	Director since 2013. Also a member of the Environmental, Social and Governance Committee, and past member of the Audit Committee which gives her additional insight into Toromont's governance matters and financial performance. Relevant experience: <ul style="list-style-type: none">• has held senior executive positions at several public companies, where she had oversight of the human resources function, among other things• has chaired and served on several human resources committees of publicly traded companies, giving her experience and knowledge of different total compensation plans and human resources practices.

Compensation decision-making

Compensation decisions are made using a systematic five-step process:



Independent advice

From time to time, the Committee will engage with independent consultants for independent advice, including comparative market data, advice about decisions related to executive compensation, and reports on compensation trends. In 2023, the Committee retained Hexarem Inc. for advice on certain aspects of executive compensation.

Benchmarking

We use a peer group of comparable industrial companies to benchmark total executive compensation and each compensation element. Companies are selected because they operate in industries similar to ours in Canada, are of similar size (by assets, revenue, or market capitalization), and we may compete with them for talent. We use the same peer group to benchmark director compensation (see page 34).

The peer group has not changed since 2021.

2023 peer group

Aecon Group Inc.	Finning International Inc.	Stantec Inc.
Agnico Eagle Mines Limited	Kinross Gold Corporation	Stella-Jones Inc.
AltaGas Ltd.	Martinrea International Inc.	TFI International Inc.
Atco Ltd.	Methanex Corporation	Wajax Corporation
AutoCanada Inc.	Ritchie Bros. Auctioneers Inc.	West Fraser Timber Co. Ltd.
Canfor Corporation	Russel Metals Inc.	

Managing compensation risk

Toromont has a strong ethical culture. We mitigate compensation risk through the design of our compensation program and our risk management policies.

Program design

- a significant portion of executive compensation is allocated to variable or performance-based compensation
- balanced between the annual bonus and equity incentives
- the annual bonus pool must be approved by the Human Resources and Health and Safety Committee and the Board, determining how much of each pool will be distributed every year (the undistributed amount cannot be carried forward)
- bonuses are linked to corporate and individual performance
- bonuses can be zero and are capped (ranging from 1x to 2x salary)
- equity incentives vest over time (PSUs and RSUs over three years, and options over five years), focusing executives on consistently improving company performance over the longer term
- we have robust equity ownership requirements for all executives, and the CEO must retain his share ownership level for one year following his retirement
- executives do not receive the option portion of their equity incentive award unless they meet their equity ownership requirement, to help align the interests of executives with the interests of shareholders
- our insider trading, anti-hedging and clawback policies help mitigate different types of potential compensation risk

The Board has not identified any risks arising from Toromont's compensation policies and practices that are likely to have a material adverse effect on the company.

Insider trading

Toromont has a formal insider trading policy. We encourage our employees to be Toromont shareholders, but discourage them from actively trading in our shares or hedging (see below). Insiders are not allowed to trade during blackout periods (for example, the period before we release our quarterly or annual financial results).

Hedging

Toromont has an anti-hedging policy. Directors, officers (including the named executives) and insiders are not allowed to use strategies (like prepaid variable forward contracts, equity swaps, collars or units of exchange funds) to hedge or offset a decrease in the market value of Toromont securities they hold directly or indirectly.

Clawbacks

Toromont has a clawback policy. If an officer (including a named executive) commits fraud or is guilty of gross negligence or malfeasance (*misconduct*) whether or not there is a financial restatement, the Board, on the recommendation of the Human Resources and Health and Safety Committee, can claw back the amount of the executive's annual bonus and equity incentives.

Equity ownership

We expect the named executives to own Toromont securities as a way to align their interests with shareholders. Executives must own a specified multiple of their annual salary in Toromont equity, ranging from 1.5 to five times salary. The CEO must maintain his ownership level for at least one year after he is no longer CEO. Executives have five years from the date of appointment to the position to meet the requirement and can include the value of Toromont shares, DSUs and certain executive deferred share units (EDSUs) toward meeting the equity ownership requirement. See page 47 for more information about EDSUs.

Executives have to meet their equity ownership requirement before they can receive an option grant.

We calculate equity ownership for this purpose every year using the fair market value of a Toromont share at the time of the calculation.

The table below shows the number and value of the shares and DSUs for each named executive owned as of December 31, 2023. Currently, there are no EDSUs that are eligible for purposes of calculating share ownership of the named executives.

	Equity ownership requirement	Shares held		DSUs held		Total accumulated value	Meets requirement
		Number	Value	Number	Value		
Michael McMillan ¹	5x salary	4,758	\$552,404	10,185	\$1,182,479	\$1,734,883	has until 2028
John Doolittle ¹	3x salary	–	–	–	–	–	has until 2028
Michael Cuddy	2x salary	35,599	\$4,133,044	12,231	\$1,420,019	\$5,553,063	yes
Joel Couture ²	2x salary	4,323	\$501,900	1,557	\$180,768	\$682,668	has until 2027
Miles Gregg	2x salary	22,523	\$2,614,920	1,679	\$194,932	\$2,809,852	yes

¹ On October 15, 2023, Mr. McMillan was promoted to President and CEO as Mr. Medhurst retired from the role, and Mr. Doolittle joined Toromont.

² Mr. Couture was promoted to Chief Operating Officer, Toromont Cat in June 2022.

Shares

Includes shares executives own directly and through the employee share purchase plan. Values are calculated using \$116.10, the closing price of a Toromont share on the TSX on December 31, 2023.

DSUs

Executives can choose to receive some or all of their annual bonus in DSUs instead of cash. DSUs can only be redeemed after the executive retires or leaves the company. Values above are calculated using \$116.10, the closing price of a Toromont share on the TSX on December 31, 2023.

Compensation program

Compensation of the executives includes five elements: salary, annual bonus, equity incentives, retirement benefits and other benefits and perquisites. In combination, these elements are designed to balance compensation over time, in line with achieving Toromont's short and long-term business objectives.

A significant component of an executive's annual compensation is variable and at risk, to emphasize the importance of business and shareholder returns over the longer term, and continuous improvements in Toromont's financial performance.

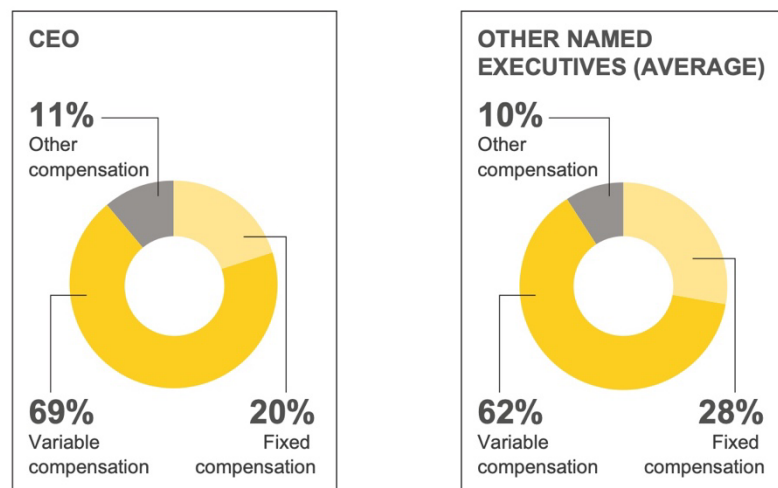
Fixed compensation Target range: 20-35%	Annual salary	Cash	See page 42
	Annual bonus	Cash (executives can choose to receive some or all as DSUs)	See page 43
Variable compensation Target range: 50-75%	Equity incentives	Options – 50% Performance share units – 50% (executives can choose to receive PSUs in the form of EDSUs)	See page 46
	Retirement benefits	Defined contribution plan and supplementary plan	See page 57
Other compensation Target range: 10-15%	Benefits and perquisites	Designed to be market competitive. May include an auto allowance and associated expenses, club membership dues, financial consulting services of up to \$10,000 per year, executive medical benefits of up to \$10,000 per year, life insurance premiums and employee share purchase plan employer contributions.	

2023 Performance and compensation

Compensation mix

The graphs below show the mix of compensation the named executives received for 2023.

For illustrative purposes, we have annualized Mr. Medhurst's compensation as Chief Executive Officer and Mr. McMillan's compensation as Chief Financial Officer, despite their change in roles on October 15, 2023.



Annual salary

Executives are paid an annual salary for performing their day-to-day roles. Salaries are determined mainly by the nature of the position and the contribution of each named executive. We believe current salaries are reasonable and competitive.

The table below shows the annual salaries awarded to the named executives for 2022 and 2023 – see page 50 for the salaries they actually received in 2022 and 2023.

	Awarded		
	2022	2023	Change
Michael McMillan			
• As Chief Financial Officer (until October 14, 2023)	\$472,500	\$485,000	2.6%
• As President and CEO (as of October 15, 2023)	–	\$700,000	–
John Doolittle ¹	–	\$475,000	–
Michael Cuddy	\$410,000	\$421,500	2.8%
Joel Couture ²	–	\$435,000	–
Miles Gregg	\$384,500	\$395,000	2.7%
Scott Medhurst			
• As President and CEO (until October 14, 2023)	\$838,500	\$859,000	2.4%
• As Executive Advisor to CEO (as of October 15, 2023)	–	\$515,000	–

¹ Mr. Doolittle joined Toromont on October 15, 2023.

² Mr. Couture was promoted to Chief Operating Officer, Toromont Cat in June 2022.

Annual bonus

Annual bonuses are paid in cash based on corporate and individual performance.

Target bonuses are calculated as a percentage of salary and vary by role. The table below shows the targets and maximums for 2023.

	Target annual bonus	Maximum annual bonus
Michael McMillan ¹	133%	200%
John Doolittle	100%	150%
Michael Cuddy	85%	125%
Joel Couture	85%	125%
Miles Gregg	75%	100%
Scott Medhurst	133%	200%

Executives can choose to receive some or all of their annual bonus in DSUs instead of cash – see page 45 for more information.

¹ These apply to Mr. McMillan's role as President and Chief Executive Officer. His target was 100% and maximum was 150% while he was Executive Vice President and Chief Financial Officer.

The amount the executive actually receives depends on our performance against corporate and individual metrics that are tied to our strategy and operating plans. If metrics are not achieved the executive may receive no bonus. The Human Resources and Health and Safety Committee reviews the metrics and weightings used in for the annual bonus at the beginning of every year. The Committee believes annual bonus payouts are aligned with shareholder interests.

Annual bonus for 2023

The table below shows how we calculated the annual bonus for each of the named executives except Joel Couture and Miles Gregg, who are named executives of a business unit.

2023 Performance factors					
2023 salary	Target annual bonus	Return on shareholders' equity performance factor	Growth in earnings per share performance factor	Individual performance factor	2023 annual bonus
	x As a percent of salary	x	+	+	=
		Weighting: 65%	Weighting: 25%	Weighting: 10%	Capped at 100%-200% of salary depending on the role

Calculating the 2023 performance factors

The 2023 annual bonus was based 90% on corporate performance (return on shareholders' equity, earnings per share growth), and 10% on individual performance. Mr. Couture's and Mr. Gregg's awards were primarily based on the financial and operational performance of their respective business units and their individual performance.

We measure performance for compensation purposes after adjusting for certain non-operating items which contributed positively to results. In 2023, this included adjusting for certain real estate and one-time gains. Adjusted results and related terms are not defined terms under GAAP and may not be comparable to similar terms used by other reporting issuers.

1. Return on adjusted shareholders' equity (65%)

Why we use it

Focuses executives on growth and building shareholder value and has been a key performance indicator for our corporate performance for over three decades. It is calculated as adjusted net earnings divided by opening shareholders' equity, adjusted for items which contributed positively to earnings. Targets are set taking into account the performance of our peer group, and there is a built-in growth requirement as shareholders' equity increases.

The payout from this factor is zero if performance is below threshold.

How we calculated the 2023 performance factor for return on shareholders' equity

	Threshold	Target	Maximum
Return on shareholders' equity	8%	18%	23%

▲
2023 actual
22.6%

2. Earnings per share growth (25%)

Why we use it

Further aligns executive compensation with the growth in our earnings and building shareholder value. Calculated as the change in earnings per share from the previous year, after adjusting for certain non-operating items which contributed positively to earnings. Targets are set taking into account the performance of our peer group.

The payout from this factor is zero if performance is below threshold.

How we calculated the 2023 performance factor for growth in earnings per share

	Threshold	Below target	Target	Maximum
Earnings per share growth	-10%	0	10%	20%

▲
2023 actual
20.9%

3. Individual performance (10%)

Why we use it

The Human Resources and Health and Safety Committee approves qualitative measures for corporate executives and the CEO. The CEO approves qualitative measures for business unit leaders.

Qualitative measures are tied to specific behaviours, and to initiatives that vary every year depending on our annual strategy and operating plan. Measures include aspects of our ESG initiatives such as health and safety results and the advancement of specific ESG strategies, such as expansion of remanufacturing operations and sales of more sustainable products and services.

Other measures can include things like key project execution, leadership, succession planning, customer loyalty, relationships with key suppliers, risk management oversight and other factors the Committee has approved.

If a named executive meets his or her individual performance expectations, the performance factor will be calculated at target. The executive will earn up to the maximum performance factor if his or her performance significantly exceeds expectations, or below his or her target if not all performance expectations were fully met.

The Committee has the discretion to increase or decrease individual bonuses. For example, additional bonuses may be paid to executives for extraordinary performance. The Board approves the final bonus for the CEO, and the Human Resources and Health and Safety Committee approves the bonuses for the other named executives.

Deferred share units (DSUs)

Certain key employees, including the named executives, can choose to receive some or all of their annual cash bonus as deferred share units (DSUs). This helps them increase their investment in Toromont and links the amount they eventually receive to the performance of our shares.

We calculate the number of DSUs granted by dividing the amount of the bonus the holder has chosen to receive in DSUs by the volume weighted average closing price of a Toromont share on the TSX for the five trading days immediately before the grant date.

DSUs have been granted under the long-term incentive plan since April 28, 2022. Under the long-term incentive plan, DSUs:

- are granted to key employees at the discretion of the Human Resources and Health and Safety Committee. Certain key employees, including the named executives, can choose to receive some or all of their annual cash bonus as DSUs, at the discretion of the Committee
- earn dividend equivalents in the form of additional units at the same rate as dividends paid on our shares
- vest on the day they are granted if received in lieu of cash bonus, but the Committee can choose the vesting date for any other grant of DSUs, and can specify that a grant of DSUs will vest incrementally over a period of time
- are settled in cash or shares, at the discretion of the Committee at the time of grant date, and paid out only after the holder retires or leaves Toromont. The current practice is to grant DSUs settled in shares.

DSUs granted before April 28, 2022 were issued under the DSU plan, which includes the following terms:

- The board determines when DSUs are granted in lieu of bonus.
- DSUs earn dividend equivalents in the form of additional units at the same rate as dividends paid on our shares.
- DSUs can only be redeemed for cash after the holder retires or leaves Toromont.

We are no longer issuing DSUs under the DSU plan, except dividend equivalents on existing DSUs.

Equity incentives

Equity incentive awards are calculated as a percentage of salary that varies by executive.

Awards are allocated 50% to options and 50% to share-based awards. Executives do not receive the amount allocated to options if they have not met their minimum equity ownership requirement. See page 54 for more information about the option plan and options, and page 55 for more information about the long-term incentive plan.

Since 2022, options have been awarded under the existing option plan, and share-based awards have been issued under the long-term incentive plan. Starting in 2024, we expect to award all equity incentives under the long-term incentive plan (if the proposed amendments to the long-term incentive plan are approved by shareholders at the 2024 annual and special meeting – see page 8).

2023 equity incentives

The 2023 equity incentive awards for the named executives were allocated 50% to options and 50% to PSUs. We calculated the number of options granted by dividing the dollar amount of the award by the Black Scholes grant value (see page 50 for details). We calculated the number of PSUs granted by dividing the dollar amount of the award by \$112.48, the five day volume weighted average trading price of our common shares on the TSX at the time of grant.

	2023 equity incentive award	Allocation			
		Options (50%)		Performance share units (50%)	
		Award	Number of options	Award	Number of units ¹
Michael McMillan	\$606,263	\$303,129	12,526	\$303,134	2,695
John Doolittle ²	—	—	—	—	—
Michael Cuddy	\$442,533	\$221,285	9,144	\$221,248	1,967
Joel Couture	\$364,468	\$182,250	7,531	\$182,218	1,620
Miles Gregg	\$375,240	\$187,623	7,753	\$187,617	1,668
Scott Medhurst	\$1,202,615	\$601,297	24,847	\$601,318	5,346

¹ Includes EDSUs received in lieu of PSUs. In 2023, Mr. McMillan and Mr. Couture received their PSU awards in the form of EDSUs.

² Mr. Doolittle was not eligible to receive an equity incentive award in 2023.

Details about equity incentives

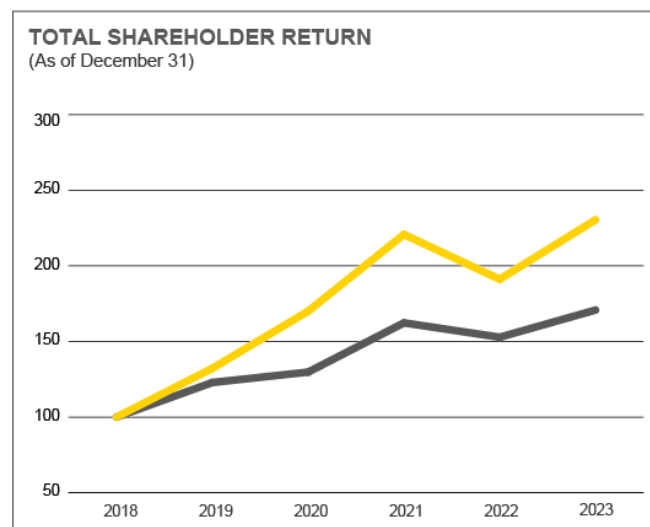
	Options	Performance share units	Restricted share units
Who participates	Named executives, other senior management and high potential employees.	Named executives and key senior management.	Other senior management and high potential employees.
Allocation	50% of the award is allocated to options. Executives will not receive this portion of their equity incentive award if they have not met their minimum equity ownership requirement (see <i>Equity ownership requirement</i> on the next page).	50% of the award for named executives and key senior management is allocated to PSUs. Before the grant date, executives can choose to receive EDSUs instead of PSUs to help them reach their minimum equity ownership requirement (see <i>Equity ownership requirement</i> on the next page).	50% of the award for other senior management and high potential employees is allocated to RSUs. Before the grant date, executives can choose to receive EDSUs instead of RSUs to help them reach their minimum equity ownership requirement (see <i>Equity ownership requirement</i> on the next page).
Awards	Awards are calculated as a percentage of salary. The CEO recommends equity incentive awards to the Committee. The Committee reviews the CEO's recommendations, and approves the final awards after considering: <ul style="list-style-type: none"> individual and corporate performance confirmation of minimum share ownership requirement (see <i>Equity ownership requirement</i>, below) competitive market practices for total compensation. The number of options granted is calculated using the grant date Black Scholes value for options. The number of PSUs and RSUs granted is calculated using the market value of a Toromont share at the time of grant, as determined by the Committee.		
Dividend equivalents	Options do not earn dividend equivalents.	PSUs and RSUs are credited as additional units at the same rate as dividends paid on Toromont shares and subject to the same vesting conditions as the underlying units.	

	Options	Performance share units	Restricted share units
Vesting	<p>Options typically vest 20% per year over five years, starting on the first anniversary of the grant date.</p> <p>Unexercised options expire 10 years from the date of the grant.</p>	<p>PSUs generally vest three years from the grant date. The number of units that vest depends on our three-year performance against two equally weighted performance conditions that are set at the time of grant, aligned with our strategy and approved by the Committee:</p> <ul style="list-style-type: none"> three-year average relative TSR (compared to the S&P/TSX Composite Index, an established stock index selected because it aligns payouts with shareholder interests) three-year average return on capital employed (ROCE). <p>Vesting will range from 0% to a cap of 200%. Relative TSR below the 25th percentile will result in a TSR multiplier of 0%. ROCE below threshold performance will result in an ROCE multiplier of 0%.</p>	<p>RSUs generally vest on the third anniversary of the grant date.</p>
Payout	<p>The Board sets the exercise price at the time the option is granted, normally the volume weighted average trading price of Toromont shares on the TSX for the five trading days immediately before the grant date.</p> <p>If the grant date falls within a blackout period, the exercise price of each option will be the average trading price of Toromont shares on the TSX for the five trading days following the end of the blackout period, if higher than the calculation above.</p> <p>Subject to the discretion of the Board, a participant may elect to forfeit/dispose of options to the company for a cash payment equal to the difference between the fair market value and the exercise price of the options. Any such forfeited/disposed options will be cancelled.</p>	<p>Payouts are settled in shares issued from treasury.</p> <p>Alternatively, at the time of grant, the Committee can elect to settle payouts in cash. Cash payouts are calculated by multiplying the number of PSUs that vest by the market value of a Toromont share at the time of vesting.</p>	<p>Payouts are settled in shares issued from treasury.</p> <p>Alternatively, at the time of grant, the Committee can elect to settle payouts in cash. Cash payouts are calculated by multiplying the number of RSUs that vest by the market value of a Toromont share at the time of vesting.</p>
Equity ownership requirement See page 40 for information about equity ownership requirements.	<p>Executives are not eligible to receive options if they do not meet their minimum equity ownership requirement.</p>	<p>Until an executive has met their minimum equity ownership requirement, EDSUs are granted in lieu of PSUs.</p> <p>EDSUs have the same performance-vesting conditions as the corresponding PSUs, however payout is deferred until the executive's employment with Toromont ends, rather than at the time of vesting.</p> <p>Named executives can only use vested EDSUs to meet their equity ownership requirements. All other executives can use EDSUs to meet their equity ownership requirements.</p>	<p>Until an executive has met their minimum equity ownership requirement, EDSUs are granted in lieu of RSUs.</p> <p>EDSUs have the same vesting conditions as the corresponding RSUs, however payout is deferred until the executive's employment with Toromont ends, rather than at the time of vesting.</p> <p>Executives can use EDSUs to meet their equity ownership requirements.</p>

See *Termination and change of control provisions* on page 58 for information about what happens to vested and unvested equity incentives when a named executive leaves Toromont.

Building shareholder value

The graph below compares our total cumulative shareholder return over the past five years with the cumulative total return of the S&P/TSX Composite Total Return Index. It assumes \$100 was invested in our shares and in the index on December 31, 2018, and that dividends were reinvested during the period.



as of December 31	2018	2019	2020	2021	2022	2023
Toromont (TIH)	\$100.00	\$132.27	\$170.03	\$220.80	\$191.17	\$230.49
S&P/TSX Composite Total Return Index	\$100.00	\$122.88	\$129.76	\$162.32	\$152.83	\$170.79

Analyzing pay and performance

The table below illustrates that what we pay our executives is in line with our performance. It compares the total compensation paid to the named executives with our total shareholder return and return on shareholders' equity and growth in earnings per share, both of which are key performance measures in our compensation plans and our financial reporting. The total compensation paid to the named executives in 2023 represented 2.0% of our net income in 2023.

as of December 31	2019	2020	2021	2022	2023
Total compensation paid to the named executives (\$ millions)	\$8.3	\$7.1	\$8.8	\$9.7	\$10.6
Change in compensation paid to the named executives	(15.4%)	(14.5%)	25.2%	9.9%	9.2%
Total shareholder return	32.3%	28.6%	29.9%	(13.4)%	20.6%
Return on shareholders' equity	21.4%	16.6%	19.6%	23.5%	22.8%
Earnings per share growth	13.3%	(11.9%)	30.0%	37.0%	17.8%

For comparability year over year, we include the CEO and CFO and the three other most highly compensated named executives as of December 31 of each year.

Looking back at the CEO's compensation

What the CEO earns over time (his *realized* pay) is directly linked to our share price. The value of both options and PSUs (new in 2022) changes over time and is determined by our share price, in addition to performance measures attached to the PSUs. See page 46 for more information about equity incentives.

Change in CEO compensation over time

Compensation year	CEO pay	Value as of December 31, 2023
2023	\$3,990,210	\$3,498,212
2022	\$4,032,966	\$3,712,559
2021	\$3,641,483	\$2,988,236
2020	\$2,799,517	\$5,417,596
2019	\$3,630,181	\$6,871,137

CEO pay each year includes salary, annual bonus incentive, equity incentives, pension and other compensation the CEO received for the year, as reported in the summary compensation table in each year's circular.

Value as of December 31, 2023 includes salary, annual bonus, pension and other compensation, plus the *realized* value of options that have already been exercised, the *realizable* value of unvested PSUs (including EDSUs received in lieu of PSUs) (assuming a performance multiplier of 1) and the outstanding in-the-money options granted in the relevant compensation year (whether vested or unvested), using \$116.10, the closing price of a Toromont share on the TSX on December 31, 2023.

COMPENSATION DETAILS

Summary compensation table

The table below shows the total compensation awarded to the named executives for the last three years ending December 31.

		Annual salary	Share-based awards	Option-based awards	Annual non-equity incentive plan compensation	Pension value	All other compensation	Total compensation
Michael McMillan ¹ President and CEO as of October 15, 2023	2023	\$528,558	\$303,134	\$303,129	\$821,508	\$128,882	\$34,475	\$2,119,686
	2022	\$463,308	\$295,347	\$295,300	\$694,575	\$104,137	\$33,630	\$1,886,297
	2021	\$434,808	–	\$575,120	\$607,730	\$94,707	\$27,698	\$1,740,063
John Doolittle ¹ Executive Vice President and CFO as of October 15, 2023	2023	\$105,962	–	–	\$143,490	\$9,837	\$3,125	\$262,414
Michael Cuddy Vice President and CIO	2023	\$419,731	\$221,248	\$221,285	\$520,763	\$156,016	\$20,947	\$1,559,990
	2022	\$408,461	\$215,257	\$215,240	\$504,813	\$131,774	\$28,990	\$1,504,535
	2021	\$392,462	–	\$420,092	\$443,369	\$104,941	\$18,406	\$1,379,270
Joel Couture ¹ Chief Operating Officer, Toromont Cat	2023	\$420,231	\$182,218	\$182,250	\$486,000	\$84,235	\$25,909	\$1,380,843
Miles Gregg President, Toromont Cat Construction Division	2023	\$393,385	\$187,617	\$187,623	\$385,000	\$103,934	\$32,276	\$1,289,835
	2022	\$383,039	\$163,402	\$163,395	\$365,000	\$90,702	\$19,736	\$1,185,274
	2021	\$368,942	–	\$281,307	\$320,000	\$77,267	\$21,777	\$1,069,294
Scott Medhurst ¹ Executive Advisor to CEO as of October 15, 2023	2023	\$783,162	\$601,318	\$601,297	\$1,563,967	\$417,786	\$22,680	\$3,990,210
	2022	\$835,654	\$586,937	\$586,926	\$1,620,821	\$363,204	\$39,424	\$4,032,966
	2021	\$759,785	–	\$1,148,253	\$1,410,518	\$285,342	\$37,585	\$3,641,483

¹ On October 15, 2023, Mr. Medhurst retired as President and CEO, Mr. McMillan was promoted from the role of CFO to succeed him, and Mr. Doolittle was hired as Executive Vice President and CFO to succeed Mr. McMillan. Mr. Couture was not a named executive in 2021 or 2022.

Annual salary

Includes actual amounts received as salary. See page 42 for annual salary levels.

Share-based awards

Includes PSUs (including EDSUs received in lieu of PSUs) awarded under the long-term incentive plan, multiplied by the closing price of a Toromont share on the TSX at the time of grant: \$112.48 for 2023 and \$107.36 for 2022.

Annual non-equity incentive plan awards

Includes the annual bonus awarded on February 14, 2024 (see page 43 for more information). The named executives can choose to receive DSUs instead of cash for some or all of their annual bonus (see page 45). For 2023, Mr. McMillan elected to receive 70% of his annual bonus in the form of DSUs; Mr. Doolittle, 100%; and Mr. Couture, 50%.

Pension value

Includes payments to the defined contribution plan and the supplemental employee retirement plan. Actual pension values are calculated to December 31, 2023, and actual supplemental employee retirement plan are balances as at December 31, 2023. See page 57 for more information about retirement plans.

Option-based awards

Includes options granted under the existing option plan (see page 46 for details). We use the Black Scholes method to calculate the grant value of options because it is commonly used, accepted by the market and consistent with past practice. We used grant date fair values of \$24.20 in 2023, \$22.27 in 2022 and \$18.23 in 2021 based on the following assumptions.

	2021	2022	2023
strike price	\$104.91	\$107.36	\$112.48
expected life of option	5.30 years	5.30 years	4.94 years
expected stock price volatility	21.5%	21.5%	22.0%
expected dividend yield	1.33%	1.45%	1.53%
risk-free interest rate	0.90%	2.77%	3.40%

All other compensation

Includes executive medical, life insurance, club dues, consulting, car allowance, car maintenance and employer ESPP contributions.

Incentive plan awards

The table below shows all outstanding equity incentive awards as of December 31, 2023, including units earned as dividend equivalents.

The value of unexercised in-the-money options is the difference between the option's exercise price and \$116.10, the closing price of a Toromont share on the TSX on December 31, 2023.

The value of unvested share-based awards is calculated assuming performance at target and using \$116.10, the closing price of a Toromont share on the TSX on December 31, 2023. All share-based awards are PSUs or EDUs the executive elected to receive in lieu of PSUs.

Option-based awards						Share-based awards		
	Grant date	Number of securities underlying unexercised options	Exercise price	Expiration date	Value of unexercised in-the-money options	Number of units that have not vested	Market or payout value of unvested share-based awards not paid out or distributed	Market or payout value of vested share-based awards not paid out or distributed
Michael McMillan	August 11, 2020	49,911	\$72.95	March 6, 2033	\$2,153,660			
	May 26, 2021	31,548	\$104.91	August 11, 2030	\$353,022			
	August 15, 2022	13,260	\$107.36	May 26, 2031	\$115,892			
	March 6, 2023	12,526	\$112.48	March 6, 2033	\$45,344			
						5,533	\$642,381	\$0
Michael Cuddy	July 28, 2015	20,800	\$36.65	July 28, 2025	\$1,652,560			
	July 26, 2016	27,500	\$39.79	July 26, 2026	\$2,098,525			
	August 29, 2017	30,000	\$53.88	August 29, 2027	\$1,866,600			
	July 24, 2018	35,000	\$66.22	July 24, 2038	\$1,745,800			
	July 24, 2019	35,000	\$65.72	July 24, 2029	\$1,763,300			
	August 11, 2020	36,335	\$72.95	August 11, 2030	\$1,567,855			
	May 26, 2021	23,044	\$104.91	May 26, 2031	\$257,862			
	August 15, 2022	9,665	\$107.36	August 15, 2032	\$84,472			
	March 6, 2023	9,144	\$112.48	March 6, 2033	\$33,101			
						4,036	\$468,580	\$0
Joel Couture	July 24, 2019	1,000	\$65.72	July 24, 2029	\$50,380			
	August 11, 2020	3,728	\$72.95	August 11, 2030	\$160,863			
	May 26, 2021	8,559	\$104.91	May 26, 2031	\$95,775			
	August 15, 2022	6,567	\$107.36	August 15, 2032	\$57,396			
	March 6, 2023	7,531	\$112.48	March 6, 2033	\$27,262			
						3,029	\$351,667	\$0
Miles Gregg	July 24, 2019	12,000	\$65.72	July 24, 2029	\$604,560			
	August 11, 2020	16,000	\$72.95	August 11, 2030	\$690,400			
	May 26, 2021	15,431	\$104.91	May 26, 2031	\$172,673			
	August 15, 2022	7,337	\$107.36	August 15, 2032	\$64,125			
	March 6, 2023	7,753	\$112.48	March 6, 2033	\$28,066			
						3,240	\$376,164	\$0
Scott Medhurst	July 24, 2019	20,000	\$65.72	July 24, 2029	\$1,007,600			
	August 11, 2020	40,000	\$72.95	August 11, 2030	\$1,726,000			
	May 26, 2021	37,793	\$104.91	May 26, 2031	\$422,904			
	August 15, 2022	21,084	\$107.36	August 15, 2032	\$184,274			
	March 6, 2023	24,847	\$112.48	March 6, 2033	\$89,946			
						10,986	\$1,275,475	\$0

Incentive plan awards – value vested or earned during the year

The table below shows the value of each named executive's equity-based awards that vested in 2023 and their 2023 annual bonus. See pages 46 and 54 for more information about options and the long-term incentive plan.

The values in the table below are calculated as follows:

- vested option-based awards is the amount the named executive would have realized if the options that vested in 2023 had been exercised on the vesting date (the difference between the option's exercise price and the actual market price of a Toromont share on the TSX on the vesting date).
- non-equity incentive plan compensation is the annual bonus each named executive was awarded for 2023.

No share-based awards vested in 2023, except DSUs the named executives chose to receive instead of cash for their annual bonus (which are included in the non-equity incentive plan column below). See page 45 for more information.

	Option-based awards – value vested during the year	Non-equity incentive plan compensation – value earned during the year
Michael McMillan	\$458,498	\$821,508
John Doolittle	–	\$143,490
Michael Cuddy	\$935,071	\$520,763
Joel Couture	\$151,794	\$486,000
Miles Gregg	\$530,969	\$385,000
Scott Medhurst	\$2,636,096	\$1,563,967

Options exercised in 2023

The table below shows the options the named executives exercised in 2023. The gain is the difference between the exercise price of an option and the actual market price of a Toromont share on the TSX at the time the option is exercised (before taxes and expenses).

	Number of options exercised	Gain
Michael Cuddy	29,200	\$2,496,450
Joel Couture	3,363	\$134,682
Miles Gregg	10,000	\$503,543
Scott Medhurst	90,465	\$2,727,682

Accumulated holdings

The table below shows the number and value of the shares, DSUs, options and PSUs/EDSUs each executive owned as of December 31 of each year.

		Shares		DSUs		Options		PSU/EDSUs		Total accumulated value
		Number	Value	Number	Value	Number	Value	Number	Value	
Michael McMillan	2023	4,758	\$552,404	10,185	\$1,182,479	107,245	\$2,667,918	5,533	\$642,381	\$5,045,182
	2022	4,273	\$417,515	6,950	\$679,085	94,719	\$1,235,796	2,751	\$268,800	\$2,601,196
	2021	3,822	\$437,084	2,535	\$288,213	81,459	\$2,364,943	–	–	\$3,090,240
John Doolittle	2023	–	–	–	–	–	–	–	–	–
Michael Cuddy	2023	35,599	\$4,133,044	12,231	\$1,420,019	226,488	\$11,070,076	4,036	\$468,580	\$17,091,719
	2022	35,599	\$3,478,378	12,039	\$1,176,331	246,544	\$9,335,405	2,005	\$195,909	\$14,186,023
	2021	35,599	\$4,071,102	11,869	\$1,349,340	256,879	\$14,932,723			\$20,353,164
Joel Couture	2023	4,323	\$501,900	1,557	\$180,768	27,385	\$391,676	3,029	\$351,667	\$1,426,011
Miles Gregg	2023	22,523	\$2,614,920	1,679	\$194,932	58,521	\$1,559,824	3,240	\$376,164	\$4,745,840
	2022	22,085	\$2,157,925	1,653	\$161,515	60,768	\$1,119,620	1,522	\$148,715	\$3,587,775
	2021	21,666	\$2,477,724	1,630	\$185,273	53,431	\$1,898,143	–	–	\$4,561,140
Scott Medhurst	2023	183,874	\$21,347,771	16,260	\$1,887,786	143,724	\$3,430,724	10,986	\$1,275,475	\$27,941,756
	2022	183,869	\$17,965,840	16,004	\$1,563,751	209,342	\$3,395,000	5,467	\$534,181	\$23,458,772
	2021	183,864	\$21,026,687	15,779	\$1,793,798	362,987	\$14,661,027	–	–	\$37,481,512

Shares

Includes shares executives own directly and through the employee share purchase plan. We calculated the value using the closing price of a Toromont share on the TSX on December 31: \$116.10 for 2023, \$97.71 for 2022 and \$114.36 for 2021.

DSUs

Executives can choose to receive some or all of their annual bonus in DSUs instead of cash. DSUs can only be redeemed after the executive retires or leaves the company. We calculated the values for 2023 and 2022 using the closing price of a Toromont share on the TSX on December 31: \$116.10 for 2023 and \$97.71 for 2022. For 2021, we used \$113.68, the daily average of the high and low trading prices of a board lot of Toromont shares on the TSX for the five trading days ending December 31. See page 45 for more information about DSUs.

Options

The value of unexercised in-the-money options is the difference between the option's exercise price and the closing price of a Toromont share on the TSX on December 31: \$116.10 for 2023, \$97.71 for 2022 and \$114.36 for 2021.

PSUs

Includes PSUs granted under the long-term incentive plan (and EDSUs received in lieu of PSUs), plus units earned as dividend equivalents. We calculated the value using the closing price of a Toromont share on the TSX on December 31: \$116.10 for 2023 and 97.71 for 2022, and assuming a performance multiplier of 1.

More information about equity securities

Securities authorized for issue under the equity incentive plans

We are authorized to issue equity securities under the option plan and the long-term incentive plan. Both plans are administered by the Board. Starting in 2024, we expect to award options under the long-term incentive and to close the option plan to new option grants (if the proposed amendments to the long-term incentive plan are approved by shareholders at the 2024 annual and special meeting – see page 8).

Equity compensation plans approved by security holders as of February 28, 2024	Number of securities to be issued upon exercise of options, warrants and rights	Weighted average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Option plan	1,568,439	\$78.07	1,879,828
Long-term incentive plan	93,925	–	656,075
Total	1,662,364		2,535,903

Burn rate, overhang and dilution

The 2022 and 2023 burn rates for the option plan are lower than previous years because we introduced the long-term incentive plan in February 2022.

	Option plan			Long-term incentive plan	
	2021	2022	2023	2022	2023
Burn rate					
Total equity awards issued during the year, as a percentage of the weighted average of Toromont shares outstanding	0.45%	0.20%	0.20%	0.05%	0.07%
Overhang					
Outstanding equity awards plus the options available to grant, as a percentage of total Toromont shares outstanding	5.09%	4.68%	4.28%	0.91%	0.91%
Dilution					
Outstanding equity awards, as a percentage of total Toromont shares outstanding	2.63%	2.39%	2.17%	0.05%	0.13%

About the option plan (see page 46)

Plan limits

- Maximum number of Toromont shares that can be issued under the option plan: 7,000,000 (approximately 8.5% of total shares outstanding).
- Maximum number of Toromont shares that can be issued to any one participant: 5% of total shares outstanding on the grant date.
- Total number of Toromont shares that can be issued to insiders in any one-year period or that are issuable to insiders at any time under the option plan, together with any other securities-based compensation arrangement: 10% of total shares outstanding.
- Maximum number of Toromont shares that can be issued in any one calendar year: 1% of total shares outstanding at the beginning of that year.

Making changes to the plan

The Board can deduct withholding taxes and make changes to the plan that are administrative or housekeeping in nature without shareholder approval. Examples of the types of changes to the plan that the Board is entitled to make without shareholder approval include:

- amendments to ensure continuing compliance of the plan with applicable laws
- amendments to eliminate any ambiguity or correct any provisions that are incorrect or incompatible with the other provisions of the plan
- adding a cashless exercise feature which provides for a full deduction of the underlying shares from the plan reserve.

The Board needs shareholder approval to make any of the following changes to the plan:

- increase the number of shares available for issue under the plan
- reduce the exercise price of an option
- extend the term of an option
- change the number of shares that can be issued to insiders
- change certain of the amendment provisions of the plan
- expand the eligibility criteria and limits for participation that apply to non-employee directors under the option plan.

Other plan terms

- The treatment of options under the plan varies upon a participant ceasing to be an employee of the company, depending on the scenario giving rise to such cessation. Options automatically expire and are terminated if an employee is terminated for cause, whereas some or all of the options may be exercisable if employment ceases due to death, disability, retirement or upon a change of control of the company.
- Options are personal to each participant and may not be assigned or transferred.
- The plan will terminate on April 15, 2027 unless it is (i) discontinued earlier in accordance with its terms or (ii) renewed or further renewed from time to time by the Board for a period of time not to exceed three years.
- Starting in 2024, we expect to award options under the long-term incentive plan and to close the existing option plan to new option grants (if the proposed amendments to the long-term incentive plan are approved by shareholders at the 2024 annual and special meeting). The proposed amendments to the long-term incentive plan incorporate substantially the same terms of the company's existing option plan as they relate to the granting of options, including reallocating (but not increasing) the common shares reserved for issuance under the option plan to the long-term incentive plan and to address the participation of U.S. participants who may be awarded options under the long-term incentive plan, as well as some other changes that are administrative and housekeeping in nature. You can find a summary of the key amendments proposed to the long-term incentive plan starting on page 67.

About the long-term incentive plan (see page 46)

Plan limits

- Maximum number of Toromont shares that can be issued in respect of DSUs, EDSUs, PSUs and RSUs under the long-term incentive plan: 750,000 (approximately 0.9% of total shares outstanding).
- Total number of Toromont shares that can be issued to insiders in any one-year period or that are issuable to insiders at any time under the long-term incentive plan, together with any other securities-based compensation arrangement: 10% of total shares outstanding.

Making changes to the plan

The Board can deduct withholding taxes and make changes to the long plan that are administrative or housekeeping in nature without shareholder approval. Examples of the types of changes to the long-term incentive plan that the Board is entitled to make without shareholder approval include:

- amendments to ensure continuing compliance of the plan with applicable law
- amendments related to the administration of the plan or to eliminate any ambiguity or correct any provisions that are incorrect or incompatible with any other provision of the plan
- amendments to ensure awards qualify for favourable treatment under applicable tax laws
- amendments to change the class of participants eligible to participate in the plan (except as noted below)
- amendments to impose restrictions on the sale, transfer or other disposal of shares by participants.

The Board needs shareholder approval to make any of the following changes to the long-term incentive plan:

- increase the number of shares available for issue under the plan
- change certain amendment provisions of the plan
- allow the grant of PSUs, EDSUs or RSUs to a non-executive director
- allow awards to be transferred or assigned.

Other plan terms

- The treatment of awards under the plan varies upon a participant ceasing to be an employee of the company, depending on the scenario giving rise to such cessation. RSUs, PSUS and EDSUs are automatically forfeited if an employee is terminated for cause, whereas some or all of the RSUs, PSUS and EDSUs may continue to vest and pay out employment ceases due to death, disability, retirement or upon a change of control of the company. All DSUs vest as described on page 45.
- Awards are personal to each participant and may not be assigned or transferred other than for normal settlement purposes.
- The plan will remain in effect until it is terminated by the Board.
- Starting in 2024, we expect to award options under the long-term incentive plan and close the existing option plan to new option grants (if the proposed amendments to the long-term incentive plan are approved by shareholders at the 2024 annual and special meeting). You can find a summary of the key amendments proposed to the long-term incentive plan starting on page 67.

Retirement plans

Our defined contribution plan provides eligible employees with retirement benefits after they retire. We also offer a supplemental employee retirement plan for certain senior managers. The named executives participate in both plans.

Our normal contribution under the defined contribution plan is 10% of the supplemental plan participant's base salary, and 10% of their target bonus. The participant contributes 5% of his or her base salary until the maximum contribution is reached. Employer contributions vest after two years of membership in the supplemental plan.

We introduced the supplemental employee retirement plan in 2005 for normal employer contributions to the defined contribution plan that exceed the restrictions imposed by the *Income Tax Act* (Canada) in any given year. Interest income is credited to each individual's supplementary account at the end of each fiscal year, based on a rate of (a) the prior year's annual rate of increase in the consumer price index plus 4% or (b) 9% (whichever is lower), multiplied by the beginning account balance for the year. As the annual rate of increase in the consumer price index in the 2021 fiscal year was 3.4%, a rate of 7.4% was applied to the account balance for 2023.

Our total cost for the supplemental plan in 2023 was \$1,160,683. The accrued liability under the supplemental plan was \$8,146,630 as at December 31, 2023.

Defined contribution plan and supplemental plan table

The table below shows the retirement benefits for each named executive at the end of 2023.

	Accumulated value at beginning of year	Compensatory	Non-compensatory	Accumulated value at end of year
Michael McMillan	\$301,701	\$128,882	\$23,786	\$454,369
John Doolittle	\$0	\$9,837	\$(5,438)	\$4,400
Michael Cuddy	\$1,978,929	\$156,016	\$63,346	\$2,198,292
Joel Couture	\$40,641	\$84,235	\$54,178	\$179,054
Miles Gregg	\$1,170,734	\$103,934	\$124,319	\$1,398,987
Scott Medhurst	\$3,323,579	\$417,786	\$45,231	\$3,786,595

Defined benefit plan

None of the named executives for 2023 were members of the defined benefit plan. The plan, which was acquired by Toromont through a predecessor business in 2017, is non-contributory, and provides eligible employees with retirement benefits after they retire. Members receive, at retirement age of 63, an annual pension that is equal to the product of 2% of their final average earnings and years of credited service. Early retirement is permitted with reduced pension starting from age 53. For valuation method and significant assumptions, please refer to note 19 of the audited consolidated financial statements for the year ending December 31, 2023, which can be found on our website at www.toromont.com.

Termination and change of control provisions

We do not have a formal severance policy, or employment or other agreements that provide for payments to executives if their employment is terminated. We do, however, have change of control agreements with the named executives (with the exception of Mr. Couture and Mr. Gregg) that provide for payments if employment is terminated under a change of control.

The table below is a summary of the terms under our current compensation plans if an executive stops working at Toromont. Turn to page 56 for a description of the effect of a termination of employment or change of control on awards granted under the long-term incentive plan.

	Voluntary Resignation	Retirement	Termination for cause	Termination without cause	Death or permanent disability	Double trigger change of control
DSUs¹	Redeemed in full	Redeemed in full	Redeemed in full	Redeemed in full	Redeemed in full	Redeemed in full
Options	Vested options are exercisable and expire within 90 days Unvested options expire and are forfeited on the termination date	Unexercised options continue to vest and expire on their normal schedule	Vested and unvested options expire and are forfeited on the termination date	Vested options are exercisable and expire within 90 days Unvested options expire and are forfeited on the termination date	Unexercised options continue to vest and expire on their normal schedule	Unexercised options vest in full and all options are exercisable for 90 days after the termination date
PSUs and RSUs²	Vested awards are paid out on their normal schedule Unvested awards are forfeited on the termination date	Vested awards are paid out on their normal schedule Unvested awards continue to vest and are paid out on their normal schedule	Vested and unvested awards expire and are forfeited on the termination date	Vested awards are paid out on their normal schedule Unvested awards are forfeited on the termination date	On disability, vested awards are paid out on their normal schedule and unvested awards continue to vest and are paid out on their normal schedule On death, awards immediately vest and are paid out. PSUs assume a performance multiplier of one	All awards vest and are paid out on the termination date The PSU performance multiplier is determined by the Committee but will not be less than one
Retirement benefits	Entitled to lump sum of accrued value in the defined contribution plan Entitled to supplemental plan benefit if in plan for two full years	Entitled to lump sum of accrued value in the defined contribution plan Entitled to supplemental plan benefit if in plan for two full years	Entitled to lump sum of accrued value in the defined contribution plan Supplemental plan benefit is forfeited	Entitled to lump sum of accrued value in the defined contribution plan Entitled to supplemental plan benefit if in plan for two full years	Entitled to lump sum of accrued value in the defined contribution plan Entitled to supplemental plan benefit if in plan for two full years	Entitled to lump sum of accrued value in the defined contribution plan and supplemental plan benefit as if termination date was two years after actual termination

¹ Includes DSUs received in lieu of cash bonus (see page 45).

² Includes EDSUs received in lieu of PSUs and RSUs (see page 47).

Benefits under the supplemental employee retirement benefits plan are forfeited if a participant discloses confidential information, or competes with a Toromont business, acts as a consultant to a firm that competes with us, or engages in any other activity that is prejudicial to our interests, without our prior consent.

About termination of employment under a change of control

We have a change of control agreement with our corporate officers, including each named executive (with the exception of Mr. Couture and Mr. Gregg). The agreements have five-year terms and are renewable.

The agreements are double trigger, where amounts are payable if there is a change of control of Toromont *and* employment is terminated in certain circumstances:

- there is a change of control of Toromont and the executive's employment is terminated within three years other than for *just cause* or for retirement, disability or death or the executive terminates their employment for *good reason*, or
- it can be demonstrated that prior to the change of control, the termination of employment was at the request of a third party who had taken steps reasonably calculated to effect or in anticipation of a change of control.

How we define change of control

There is a change of control if:

- an individual or group acquires Toromont securities or associated rights that attach voting rights sufficient to cast more than 35% of the votes to elect Toromont directors
- the incumbent directors no longer constitute a majority of the Toromont Board
- Toromont shareholders approve a transaction where the shareholders immediately before the transaction do not immediately after completion of the transaction hold shares entitling them to cast more than 50% of the votes attached to shares in the capital of the continuing corporation to elect directors of that corporation, or
- a liquidation, dissolution or winding up of Toromont or a sale, lease or other disposition of all or substantially all of our assets (other than to a subsidiary, or when the action does not result in a change in the ultimate shareholders of Toromont or the subsidiary).

Under the agreements, executives are entitled to an amount equal to compensation earned but not paid before the termination date *plus* two times the average total annual compensation (which includes bonus and benefits) for the previous 24 months. The executive will also be entitled to the pension benefits they would have been entitled to if employment had continued until normal retirement, death or two years following the date of termination (whichever is earlier). All unvested options vest automatically and are exercisable for 90 days after the termination. Under the terms of the long-term incentive plan, awards automatically vest and are paid out on termination. The PSU performance multiplier to calculate actual payout will be determined by the Human Resources and Health and Safety Committee but will not be less than one.

Just cause for dismissal arises if there is willful failure to perform duties, willful engagement in any act that is injurious to Toromont, or willful engagement in certain illegal acts.

Good reason arises if we:

- materially reduce or modify the executive's position, responsibilities or authority, or the executive is effectively prevented from carrying out duties
- reduce any form of compensation to the executive, adversely change the basis for determining the compensation or fail to increase their compensation in a manner consistent with our policies prior to a control change
- fail to continue any benefits, bonus, compensation plan, option plan or other purchase plan, life insurance, disability plan, pension plan or retirement plan that the executive is participating in or entitled to participate in prior to the control change, or fail to take action or take action that adversely affects these rights
- relocate the executive from the location of employment prior to the control change
- take action to deprive the executive of any material fringe or other benefit or entitlement enjoyed before the control change, or
- breach the change of control agreements.

Disability means an executive's failure to substantially perform his or her duties on a full-time basis for six months out of any 18-month period where the inability is a result of a physical or mental illness or disability.

The table below shows the estimated incremental amount of compensation that would be paid to each named executive according to their change of control agreement if employment had been terminated on December 31, 2023.

	Salary, bonus and benefits ¹	Pension benefits	Value of unvested in-the-money options	Value of unvested PSUs ²	Total
Michael McMillan	\$2,718,832	\$257,764	\$1,211,374	\$642,381	\$4,830,351
John Doolittle	\$2,090,000	\$190,000	–	–	\$2,280,000
Michael Cuddy	\$2,023,376	\$312,032	\$1,235,205	\$468,580	\$4,039,193
Scott Medhurst	\$5,135,888	\$835,572	\$3,430,724	\$1,275,475	\$10,677,659

¹ Benefits valued at 20% of base salary.

² Includes EDSUs received in lieu of PSUs, and assumes a performance multiplier of 1.

The amounts assume a share price of \$116.10, the closing price of a Toromont share on the TSX on December 31, 2023. Actual amounts that would be paid to a named executive if there is a change of control may be different based on the timing of the trigger event.

The executive is entitled to payment from us within ten days of the termination (for salary, bonus and benefits plan).

If employment is terminated during a change of control because of retirement, death or disability, the executive or his or her family is entitled to receive the benefits that would have been provided by Toromont before the change of control.

OTHER INFORMATION

Loans to directors and officers

We generally do not provide loans to directors and officers. Any loans must be approved by the Board. We had no loans outstanding to a director or officer in 2023. As of February 28, 2024, we had no loans outstanding to a director or officer or any of their associates.

Directors' and officers' liability insurance

We provide liability insurance for our directors and officers with a policy limit of US\$100 million per year and US\$100 million per loss (including the Side A DIC Policy described below). The policy has a deductible per occurrence of US\$500,000.

Under the policy, Toromont is reimbursed for payments made under corporate indemnity provisions on behalf of the directors and officers for losses arising during the performance of their duties, and individual directors and officers are reimbursed for losses arising during the performance of their duties for which they are not indemnified by Toromont. Premiums allocated to the fiscal year ended December 31, 2023 were US\$366,477, exclusive of taxes, all of which were paid by Toromont. Premiums are not allocated between directors and officers as separate groups. We purchased Side A DIC (Difference In Conditions) Directors & Officers insurance policy coverage, with a policy limit of US\$50 million per occurrence for directors and officers.

SPECIAL BUSINESS

Renewal of shareholder rights plan

Background and objectives of the Amended and Restated Rights Plan Agreement

In proposing the renewal of the Amended and Restated Rights Plan Agreement, the Board considered the existing legislative framework governing take-over bids in Canada. Prior to the adoption of the Original Rights Plan Agreement, on May 9, 2016, the Canadian Securities Administrators adopted amendments to Canada's take-over bid regime (the Amended Take-Over Bid Rules), which came into force in the form of National Instrument 62-104 – Take-over Bids and Issuer Bids (NI 62-104). The Amended Take-Over Bid Rules, among other things, lengthened the minimum take-over bid period for non-exempt take-over bids to 105 days (from the previous 35 days), required that all non-exempt take-over bids meet a minimum tender requirement of more than 50% of the outstanding securities of the class that are subject to the take-over bid (excluding securities owned by the bidder and its joint actors), and required a 10-day extension of the bid period after the minimum tender requirement is met. A target company has the ability to shorten the minimum bid period to not less than 35 days, in which case the shortened bid period will then apply to all concurrent take-over bids. As well, if the target company announces that it intends to effect an alternative transaction that could result in the acquisition of the target company or its business, the minimum bid period for any concurrent take-over bid is automatically reduced to 35 days.

Before the Amended Take-over Bid Rules came into force, one of the main purposes of a rights plan was to give shareholders and the target board of directors more time to consider and respond to an unsolicited take-over bid than what was provided for under Canadian securities laws. The Amended Take-over Bid Rules addressed this concern with respect to timing. However, the Amended Take-Over Bid Rules did not alter the availability of exemptions to the formal take-over bid rules that facilitate creeping bids (acquisitions of shares with the intention of acquiring effective control of Toromont through market purchases and private agreements that are exempt from the take-over bid rules). Specifically, the Board continues to believe that a rights plan is necessary to protect shareholders from certain actions that could result in unequal treatment of shareholders under Canadian securities laws, including the following: (i) a person could acquire effective control of Toromont under one or more private agreements at a premium to the market price, resulting in a change of control transaction without the payment of a premium to all shareholders, (ii) a person could slowly accumulate shares of the company through stock exchange acquisitions over time, resulting in an acquisition of effective control without payment of fair value for control, (iii) a person seeking to acquire control of the company could enter into agreements with shareholders who, together with the acquiror, hold more than 20% of the outstanding shares of the company irrevocably committing such holders to tender their shares to a take-over bid, or subjecting such holders to preclusive termination conditions, the effect of which would be to significantly hamper, if not terminate, any reasonable prospect for the Board to run a value enhancing auction process, and (iv) it may be possible for a person to engage in transactions outside of Canada without regard to the take-over bid protections of Canadian securities laws (collectively, the Outstanding Gaps).

In light of the foregoing considerations and in response to the Amended Take-over Bid Rules, on February 23, 2018, the Board adopted the Original Rights Plan Agreement, the sole purpose of which was to address the Outstanding Gaps and ensure that shareholders have an equal opportunity to participate in any change of control transaction. The Original Rights Plan Agreement was consented to, ratified, confirmed and approved by shareholders on April 26, 2018. Based on the same considerations and having regard to shareholders' prior approval of the Original Rights Plan Agreement in 2018, on February 11, 2021 the Board approved a resolution continuing, amending and restating the Original Rights Plan Agreement in the form of the Amended and Restated Rights Plan Agreement, which was then consented to, ratified, confirmed and approved by shareholders on May 5, 2021.

Purpose of renewing the rights plan

The key objective of the Board in renewing the Amended and Restated Rights Plan Agreement is to continue to address the Outstanding Gaps and to ensure that shareholders have an equal opportunity to participate in any change of control transaction. No amendments to the existing rights plan are proposed, however, in accordance with the terms of the Amended and Restated Rights Plan Agreement, the rights plan must be reconfirmed by shareholders every three years. The Amended and Restated Rights Plan Agreement is consistent with the Amended Take-Over Bid Rules and other features of "new generation" rights plans. Like the Original Rights Plan Agreement, the Amended and Restated Rights Plan Agreement continues to take into account and addresses the guidelines of institutional investors and proxy advisory firms with respect to shareholder rights plans. The Amended and Restated Rights Plan Agreement

is not intended to, and will not, entrench directors or management or prevent a change of control of Toromont, and is not being renewed in respect of any specific proposal to acquire control for Toromont, nor is the Board aware of any pending or threatened take-over bid for the company. The Amended and Restated Rights Plan Agreement allows shareholders to tender their shares to a take-over bid as long as it meets the criteria for a Permitted Bid or Competing Permitted Bid (each as described below), as the case may be.

Like the Original Rights Plan Agreement, the Amended and Restated Rights Plan Agreement generally provides that if a bidder acquires Beneficial Ownership of more than 20% of the issued and outstanding "Voting Shares" (being any shares in the capital of Toromont to which is attached a right to vote for the election of directors generally), other than by way of a Permitted Bid or a Competing Permitted Bid, which require a take-over bid to be made to all shareholders, holders of Voting Shares, other than the bidder (or any affiliate or associate of the bidder or any other person acting jointly or in concert with the bidder or its affiliates or associates), will be able to effectively purchase additional Voting Shares at a 50% discount to the market price, thus exposing the bidder to substantial dilution of its holdings. In addition, the Amended and Restated Rights Plan Agreement requires bidders to structure lock-up agreements so as to provide locked-up shareholders with reasonable flexibility to terminate such agreements in order to deposit their shares to a higher value bid or support another transaction offering greater value.

The TSX has conditionally accepted notice of filing of the Amended and Restated Rights Plan Agreement subject to, among other things, it being ratified and approved by shareholders at the meeting. Shareholders are asked to approve the Rights Plan Resolution described below under the heading "Rights Plan Resolution". If shareholders do not consent to, ratify, reconfirm and approve the continuation and renewal of the Amended and Restated Rights Plan Agreement at the meeting, then the existing rights plan will automatically terminate as of the close of the meeting and shareholders will not have the protection of any shareholder rights plan.

Principal terms of the Amended and Restated Rights Plan Agreement

The following is a summary of the principal terms of the existing Amended and Restated Rights Plan Agreement and is qualified in its entirety by reference to the full text of the Amended and Restated Rights Plan Agreement. A copy of the Amended and Restated Rights Plan Agreement is available on SEDAR+ (www.sedarplus.com). In addition, a paper copy of the Amended and Restated Rights Plan Agreement can be obtained by contacting our Corporate Secretary at Toromont Industries Ltd., 3131 Highway 7 West, P.O. Box 5511, Concord, Ontario L4K 1B7. In the event of any conflict between the provisions of the Amended and Restated Rights Plan Agreement and the summary provided in this circular, the provisions of the Amended and Restated Rights Plan Agreement on SEDAR+ will govern. Capitalized terms used in this section "Special business – Renewal of shareholder rights plan" but not otherwise defined have the respective meanings given to them in the Amended and Restated Rights Plan Agreement.

Effective Date

The effective date of the rights plan remains February 23, 2018 (the Effective Date). If the continuation and renewal of the rights plan is approved by shareholders at the meeting, the rights plan will continue in effect for a further three years in accordance with its terms.

Term

The Amended and Restated Rights Plan Agreement will automatically expire and terminate at the close of the meeting unless shareholders vote at the meeting to approve its continuation and renewal. If the Amended and Restated Rights Plan Agreement is not ratified, confirmed and approved by a resolution passed by a majority of the votes cast by the Independent Shareholders present in person, or represented by proxy, at the meeting, then the Amended and Restated Rights Plan Agreement will terminate. If the Amended and Restated Rights Plan Agreement is ratified, confirmed and approved, then the rights plan will continue in effect until the third annual meeting of shareholders after the meeting (i.e., in 2027). The Amended and Restated Rights Plan Agreement must be reconfirmed by a resolution passed by a majority of votes cast by Independent Shareholders present in person or represented by proxy at the third annual meeting following each shareholders' meeting at which the Amended and Restated Rights Plan Agreement is either ratified or confirmed. If the Amended and Restated Rights Plan Agreement is not so reconfirmed or is not presented for reconfirmation at such annual meeting, the Amended and Restated Rights Plan Agreement will terminate as of the close of such annual meeting, unless terminated earlier in accordance with the terms of the plan (in either such case, the Expiration Time), provided that termination will not occur if a Flip-in Event has occurred, and has not been waived, prior to the date that the plan would otherwise have terminated.

Issue of Rights

One right (a Right) was issued and attached to each Toromont common share outstanding at 4:00 p.m. (Toronto time) on April 25, 2018 (the Record Time). The Amended and Restated Rights Plan Agreement also authorizes the issue of one Right in respect of each Toromont common share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time.

Exercise of Rights

The Rights are not exercisable initially. The Rights will separate from the Toromont shares and become exercisable at the close of business on the 10th trading day after the earlier of (i) the first public announcement of facts indicating that any person has become an “Acquiring Person” (as defined below) (the Stock Acquisition Date); (ii) the date of commencement of, or first public announcement of the intent of any person to commence, a take-over bid that would result in such person Beneficially Owning 20% or more of the Voting Shares (other than a Permitted Bid or a Competing Permitted Bid and certain other customary exceptions to the definition of an “Acquiring Person”); and (iii) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such (in any such case, the Separation Time).

After the Separation Time, but prior to the occurrence of a Flip-in Event, each Right may be exercised to purchase one Toromont common share at an exercise price per Right (the Exercise Price) equal to three times the Market Price determined as at the Separation Time per share.

The Exercise Price payable and the number of Toromont shares issuable upon the exercise of the Rights are subject to adjustment from time to time upon the occurrence of certain customary corporate events affecting the Toromont shares.

Flip-in Event

Subject to certain exceptions, a “Flip-in Event” occurs when any person (an Acquiring Person) acquires Beneficial Ownership of 20% or more of the Voting Shares. In the event that, prior to the Expiration Time, a Flip-in Event, which has not been waived by the Board, occurs (see “Redemption and waiver” below), effective at the close of business on the 10th trading day after the Stock Acquisition Date, each Right, other than Rights Beneficially Owned by an Acquiring Person (or any affiliate or associate of an Acquiring Person or any other person acting jointly or in concert with an Acquiring Person or any affiliate or associate of an Acquiring Person) and certain transferees, may be exercised to purchase that number of Toromont shares which have an aggregate Market Price on the date of the Flip-in Event equal to two times the Exercise Price of the Rights for an amount in cash equal to the Exercise Price. Rights Beneficially Owned by an Acquiring Person (or any affiliate or associate of an Acquiring Person or any other person acting jointly or in concert with an Acquiring Person or any affiliate or associate of an Acquiring Person) and certain transferees will be void.

The Amended and Restated Rights Plan Agreement provides that a person (a Grandfathered Person) who was the Beneficial Owner of 20% or more of the outstanding Voting Shares determined as at the Record Time shall not be an Acquiring Person unless, after the Record Time, that person becomes the Beneficial Owner of additional Voting Shares that increase that person’s Beneficial Ownership of Voting Shares by more than 1.0% of the number of Voting Shares outstanding (other than through certain exempt transactions).

Certificates and transferability

Prior to the Separation Time, certificates for Toromont shares will also evidence one Right for each common share represented by the certificate. Certificates issued after the Record Time, but prior to the earlier of the Separation Time and the Expiration Time, will bear a legend to this effect.

Prior to the Separation Time, Rights will not be transferable separately from the associated shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates which will be transferable and trade separately from the shares.

Permitted Bid and Competing Permitted Bid

A take-over bid that qualifies as a Permitted Bid or Competing Permitted Bid will not trigger the exercise of the Rights and the dilutive effects thereof.

The requirements for a “Permitted Bid” include the following:

- the take-over bid must be a formal (i.e., non-exempt) bid made to all holders of record of Voting Shares, other than the bidder;

- the take-over bid contains an irrevocable and unqualified provision that no Voting Shares and/or Convertible Securities will be taken up or paid for: (i) prior to the close of business on the date which is not less than 105 days following the date of the take-over bid or such shorter minimum deposit period that a take-over bid (that is not exempt from any requirements of Division 5 (Bid Mechanics) of NI 62-104) must remain open for deposits of securities, in the applicable circumstances at such time, pursuant to NI 62-104; and (ii) then only if, at the close of business on the date the Voting Shares and/or Convertible Securities are first taken up or paid for under such take-over bid, more than 50% of the Voting Shares held by Independent Shareholders have been deposited or tendered to the take-over bid and not withdrawn;
- unless the take-over bid is withdrawn, the take-over bid contains an irrevocable and unqualified provision that Voting Shares and/or Convertible Securities may be deposited or tendered at any time during the period of time between the date of the bid and the date on which such securities may be taken up and paid for (as described in the prior bullet above) and that any securities deposited pursuant to the bid may be withdrawn until taken up and paid for; and
- in the event that the deposit condition set forth in the second bullet above is satisfied, the bidder will make a public announcement of that fact and the take-over bid will remain open for deposits and tenders of Voting Shares and/or Convertible Securities for not less than 10 days from the date of such public announcement.

A “Competing Permitted Bid” is a take-over bid that:

- is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry, termination or withdrawal of such Permitted Bid or other Competing Permitted Bid;
- satisfies all the requirements of a Permitted Bid other than the requirement set forth in clause (i) of the second bullet of the requirements for a Permitted Bid set forth above; and contains an irrevocable and unqualified condition that no Voting Shares and/or Convertible Securities will be taken up or paid for prior to the close of business on the last day of the minimum initial deposit period that such take-over bid must remain open for deposits or tenders of securities pursuant to NI 62-104 after the date of the take-over bid constituting the Competing Permitted Bid.

“Independent Shareholders” means, generally, holders of Voting Shares other than any Acquiring Person, any Offeror, any affiliate, associate or joint actor of an Acquiring Person or Offeror, or any employee benefit plan, stock purchase plan, deferred profit sharing plan or similar plan or trust for the benefit of employees of the company or its subsidiaries unless the beneficiaries of the plan or trust direct how Voting Shares will be voted and whether such shares will be tendered to a take-over bid.

Acquiring Person

In general, an “Acquiring Person” is a person who is the Beneficial Owner of 20% or more of the outstanding Voting Shares. Excluded from the definition of “Acquiring Person” are the company and its subsidiaries and, generally, any person who becomes a Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of one or more, or any combination of, (i) a “Voting Share Reduction”, (ii) a “Permitted Bid Acquisition”, (iii) an “Exempt Acquisition”, (iv) a “Pro Rata Acquisition”, or (v) a “Convertible Security Acquisition”, in each case, as those terms are defined in the existing Amended and Restated Rights Plan Agreement. As noted above, Grandfathered Persons are also excluded from the definition of an Acquiring Person.

Permitted Lock-Up Agreements

Consistent with new generation rights plans, under the Amended and Restated Rights Plan Agreement a person will not be deemed to Beneficially Own a security because it has entered into a “Permitted Lock-Up Agreement”. Generally, a Permitted Lock-Up Agreement is an agreement with one or more holders of Voting Shares and/or Convertible Securities pursuant to which such holders agree to deposit or tender Voting Shares and/or Convertible Securities to a take-over bid made or to be made by the bidder or its affiliates, associates or joint actors, provided that, (i) the terms of the agreement are publicly disclosed and a copy of the agreement is made available to the public, (ii) the agreement permits the holder to terminate its obligation to deposit Voting Shares and/or Convertible Securities to the bid in order to tender its securities to another take-over bid or to support another transaction having a greater value of consideration or consideration per such security that exceeds the bid by a “Specified Amount” (as defined in the Amended and Restated Rights Plan Agreement), and (iii) the agreement permits the holder to terminate its obligation to deposit Voting Shares and/or Convertible Securities to the bid in order to tender its securities to another take-over bid or to support another transaction if the number of Voting Shares and/or Convertible Securities offered to be purchased under the competing bid or transaction is greater than the number of Voting Shares and/or Convertible Securities under the bid or is at least a specified percentage greater than those under the bid and the price per Voting Share or Convertible Securities under the competing offer is equal to or greater than the bid price.

The Permitted Lock-Up Agreement must not provide for break-up fees or similar payments if the holder fails to deposit its shares to the bid in order to accept or support a competing transaction that exceeds the greater of (x) 2.5% of the price payable to the holder under the bid referred to in the agreement and (y) one-half of the increased consideration that is offered under the competing offer.

A Permitted Lock-Up Agreement may contain a right of first refusal or require a period of delay to give the bidder an opportunity to match a higher price, value or number in a competing take-over bid or transaction (or other similar limitation on a shareholder's right to withdraw Voting Shares from the agreement), so long as the limitation does not preclude the exercise by the holder of its right to withdraw Voting Shares and/or Convertible Securities in sufficient time to tender to the competing take-over bid or transaction.

Redemption and waiver

At any time prior to the occurrence of a Flip-in Event, the Board may redeem the Rights at a redemption price of \$0.001 per Right (the Redemption Price) with the prior approval of the holders of Voting Shares or Rights, as applicable. The Board will be deemed to have elected to redeem the Rights at the Redemption Price if a person, who has made a Permitted Bid, a Competing Permitted Bid or a take-over bid in respect of which the Board has waived (or is deemed to have waived) the application of the Amended and Restated Rights Plan Agreement, takes up and pays for Voting Shares pursuant to the terms and conditions of such Permitted Bid, Competing Permitted Bid or takeover bid.

At any time prior to the occurrence of a Flip-in Event and with the prior approval of the holders of Voting Shares, the Board may waive the flip-in provisions where a Flip-in Event would occur by reason of an acquisition of Voting Shares otherwise than pursuant to a take-over bid made by means of a take-over bid circular to all holders of record of Voting Shares.

If a redemption of Rights or the foregoing waiver is proposed prior to the Separation Time, then such redemption or waiver must be approved by a majority of the votes cast by Independent Shareholders present in person or represented by proxy at a meeting of shareholders. If a redemption of Rights is proposed after the Separation Time, then such redemption must be approved by a majority of the votes cast by the holders of Rights present in person or represented by proxy at a meeting of such holders. At that meeting, each outstanding Right will represent one vote (other than Rights that are Beneficially Owned by any person who would not be an Independent Shareholder if that person held Shares and Rights that have become null and void).

At any time prior to the occurrence of a Flip-in Event and without the approval of the holders of Voting Shares or Rights, the Board may waive the flip-in provisions in respect of a take-over bid made by means of a take-over bid circular to all holders of record of Voting Shares. If the Board grants such waiver, then the provisions of the Amended and Restated Rights Plan Agreement that apply upon the occurrence of a Flip-in Event will also be deemed to be waived in respect of any other Flip-in Event occurring by reason of any take-over bid made by any other Offeror by means of a take-over bid circular to all holders of record of Voting Shares prior to the expiry of any take-over bid in respect of which a waiver is, or is deemed to have been, granted.

In addition, the operation of the Amended and Restated Rights Plan Agreement may be waived where a person has inadvertently become an Acquiring Person and has reduced its Beneficial Ownership of Voting Shares such that it is no longer an Acquiring Person.

Where a take-over bid that is not a Permitted Bid or Competing Permitted Bid is withdrawn or otherwise terminated after the Separation Time and prior to the occurrence of a Flip-in Event, the Board may elect to redeem all the outstanding Rights at the Redemption Price. In such event, the Amended and Restated Rights Plan Agreement will continue to apply as if the Separation Time had not occurred and one Right will remain attached to each Toromont common share as provided for in the Amended and Restated Rights Plan Agreement.

If the Board is deemed to have elected or elects to redeem the Rights as described above and, where the approval of the holders of Voting Shares or Rights is required and obtained for such redemption, as the case may be, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights will be to receive the Redemption Price. Within 10 business days of any such election or deemed election to redeem the Rights, or within 10 business days of the requisite approval of the holders of Voting Shares or Rights, as the case may be, the company will notify the holders of the Voting Shares or, after the Separation Time, the holders of the Rights.

Upon a redemption of Rights, the company is not obliged to make a redemption payment to any holder of Rights unless the holder is entitled to receive at least \$1.00 in respect of all Rights held by such holder.

Amendment of the rights plan

The Board may, in the period commencing after delivery to shareholders of the proxy materials prepared for this meeting or any subsequent annual meeting of shareholders at which shareholders will consider a resolution to confirm and approve the renewal of the Amended and Restated Rights Plan Agreement and ending no later than five days prior to the date of the applicable meeting, amend or supplement the Amended and Restated Rights Plan Agreement without the approval of any holders of Voting Shares or Rights in order to make any changes which the Board acting in good faith may deem necessary, provided that the company promptly notifies shareholders of any such change by way of dissemination of a news release. Otherwise, amendments, other than those required to correct clerical or typographical errors or to maintain the validity of the Amended and Restated Rights Plan Agreement as a result of a change of law, require the approval of the holders of Voting Shares or Rights, as applicable.

Duties of the Board

The Amended and Restated Rights Plan Agreement does not detract from or lessen the duty of the Board to act honestly and in good faith with a view to the best interests of the company. The Board, when a Permitted Bid is made, will continue to have the duty and power to take such actions and make such recommendations to shareholders as are considered necessary or appropriate in the exercise of the directors' fiduciary duties.

Rights Agent

The Amended and Restated Rights Plan Agreement contains customary provisions concerning the duties, liabilities, indemnification and replacement of the Rights Agent.

Recommendation and Rights Plan Resolution

The Board has determined that continuation and renewal of the Amended and Restated Rights Plan Agreement is in the best interests of the company and its shareholders. The Board unanimously recommends that shareholders vote FOR the Rights Plan resolution (the Rights Plan Resolution), as set out below.

To be effective, the Rights Plan Resolution must be approved by a majority of votes cast in person or by proxy by the Independent Shareholders present in person or represented by proxy at the meeting. To the best of the knowledge of the company, all shareholders as of the record date of the meeting are Independent Shareholders within the meaning of the Amended and Restated Rights Plan Agreement. The TSX requires that the Rights Plan Resolution be passed by a majority of the votes cast by the shareholders present in person, or represented by proxy, at the meeting. The full text of the Rights Plan Resolution is set out below. The Rights Plan Resolution, as set forth below, is subject to such amendments, variations or additions as may be approved at the meeting, and the Board may revoke the resolution before it is acted upon, without further approval of the shareholders.

Unless instructed in the form of proxy to the contrary, the management proxy nominees named in the enclosed form of proxy intend to vote FOR the Rights Plan Resolution. The Board unanimously recommends that you FOR the Rights Plan Resolution.

Rights Plan Resolution

BE IT RESOLVED THAT:

1. *the continuation, renewal and reconfirmation of the shareholder rights plan of Toromont Industries Ltd. (the "Company"), the terms and conditions of which are set out in the Amended and Restated Shareholder Rights Plan Agreement (the "Amended and Restated Rights Plan Agreement") dated on May 5, 2021 between the Company and AST Trust Company (Canada) (now TSX Trust Company), as rights agent, be and is hereby ratified, confirmed and approved; and*
2. *any one director or officer of the Company be and is hereby authorized and directed, for and in the name of and on behalf of the Company (whether under the corporate seal of the Company or otherwise), to execute and deliver such agreements, documents, certificates and instruments and to take such other actions as such person may determine to be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such agreement, document, certificate and instrument and the taking of any such action.*

Adoption of amendments to the long-term incentive plan

Background and objectives of the amendments to the long-term incentive plan

On February 10, 2022, the Board approved a resolution authorizing the company to establish and adopt the long-term incentive plan, pursuant to which the company may from time to time grant performance share units (PSUs), restricted share units (RSUs), executive deferred share units (EDSUs) and deferred share units (DSUs), as applicable, to the directors and eligible employees (including the named executives) of the company and its subsidiaries (each a Participant and collectively, the Participants). The long-term incentive plan was consented to, ratified, confirmed and approved by shareholders on April 28, 2022.

In addition to the long-term incentive plan and the Existing DSU plan (pursuant to which DSUs were granted to eligible participants prior to September 1, 2022, with all DSU grants following that date occurring under and in accordance with the terms of the long-term incentive plan, as described under the section “Director Compensation” above), the company also has an existing stock option plan, which was most recently replenished, amended and restated and consented to, ratified, confirmed and approved by shareholders on May 5, 2021, pursuant to the terms of which options have historically been granted to eligible participants.

Based on the below considerations and having regard to the shareholder’s prior approval of the long-term incentive plan and option plan, on February 14, 2024, the Board approved a resolution amending and restating the long-term incentive plan, subject to consent, ratification, confirmation and approval by shareholders at the meeting. The Amended and Restated LTIP contains amendments to the long-term incentive plan intended to incorporate the company’s existing option plan, such that the company may only grant options to purchase common shares (Options, and collectively with the PSUs, RSUs, EDSUs and DSUs, the Awards, and each, an Award) under the Amended and Restated LTIP instead of the option plan, including reallocating (but not increasing) common shares reserved for issuance under the option plan to the Amended and Restated LTIP, and to address the participation of Participants subject to taxation in the United States (U.S. Participants) who may be awarded options under the Amended and Restated LTIP, as well as amendments that are administrative or housekeeping in nature.

The purpose of the company’s long-term incentive plan is to encourage directors and key employees of the company and of its affiliates to acquire an increased proprietary interest in the company through equity incentive awards that will align the interests of the company’s key personnel with shareholders and enhance the company’s ability to attract, retain and motivate key personnel. In proposing the adoption of the Amended and Restated LTIP, the Board considered the administrative efficiency of incorporating the terms of the existing option plan and the ability to attract, retain and motivate key personnel who are subject to taxation in the United States.

The full text of the Amended and Restated LTIP, together with a blackline showing all changes made as compared to the long-term incentive plan, is available on SEDAR+ (www.sedarplus.com). In the event of any conflict between the provisions of the Amended and Restated LTIP and the summary provided in this circular, the provisions of the Amended and Restated LTIP on SEDAR+ will govern.

Capitalized terms used in this section “*Special business – Adoption of amendments to the long-term incentive plan*” but not otherwise defined have the respective meanings given to them in the Amended and Restated LTIP.

Pre-existing compensation arrangements and reallocation

The Amended and Restated LTIP supplements, but does not replace, the company’s existing option plan and the company’s legacy DSU Plan, which remain in place. However, starting in 2022, when the existing long-term incentive plan was first adopted, DSUs are solely granted under the long-term incentive plan and, starting in 2024, we expect to award options solely under the Amended and Restated LTIP (if the proposed amendments to the long-term incentive plan are approved by shareholders at the meeting).

Under the terms of the existing long-term incentive plan, the aggregate number of shares reserved by the company for issuance from treasury in respect of DSUs, EDSUs, PSUs and RSUs awarded under the plan may not exceed 750,000, representing approximately 0.9% of the issued and outstanding Toromont shares as of February 28, 2024. No changes to this reserve cap are proposed in the Amended and Restated LTIP.

Under the terms of the existing option plan, the aggregate number of shares reserved by the company for issuance from treasury in respect of options may not exceed 7,000,000, representing approximately 8.5% of the issued and outstanding Toromont shares as of February 28, 2024. Subject to receipt of shareholder approval for the Amended and Restated LTIP at the meeting, the company is proposing to reallocate, but not to increase, the total number of shares

reserved for issuance pursuant to option grants under the company's share-based compensation arrangements, as follows:

Type of plan	Current allocation ¹	Proposed reallocation ¹	Change (if any)	% of issued and outstanding shares
Option plan	7,000,000	0	(7,000,000)	8.5%
Long-term incentive plan	0	7,000,000	7,000,000	8.5%
Total	7,000,000	7,000,000	0	8.5%

¹ Refers solely to the number of Toromont shares reserved for issuance in respect of option grants under the applicable plan.

Accordingly, the aggregate number of shares reserved for issuance from treasury in respect of Options under the Amended and Restated LTIP, when combined with the aggregate number of common shares issued or issuable, as the case may be, under the option plan up to the Effective Date (as defined below), will remain unchanged and may not exceed 7,000,000, representing approximately 8.5% of the issued and outstanding Toromont shares as of February 28, 2024. Currently a total of 1,568,439 shares are issued or issuable pursuant to Options granted under the existing option plan (representing approximately 1.9% of the issued and outstanding Toromont shares as of February 28, 2024), and 1,879,828 shares (representing approximately 2.3% of the issued and outstanding Toromont shares as of February 28, 2024) remain available for future issuance under the option plan. If the Amended and Restated LTIP is approved by shareholders at the meeting, the company would have a total of 7,000,000 shares available for issuance in respect of Options granted under the Amended and Restated LTIP, no further Options would be granted under the existing option plan and, accordingly, a total of 1,879,828 shares, being the same number and percentage of shares currently remaining available for issuance under the option plan, would be available for issuance in respect of Options granted under the Amended and Restated LTIP. Upon exhausting the aggregate 7,000,000 share reserve, which was previously consented to, ratified, confirmed and approved by shareholders on May 5, 2021, the company would need to seek the approval of shareholders to replenish the reserve under the Amended and Restated LTIP.

The TSX has conditionally approved the reallocation of 7,000,000 unallocated shares (of which 1,879,828 shares remain available for future issuance) issuable pursuant to options under the existing option plan to the Amended and Restated LTIP, subject to shareholder approval of the proposed amendments to the long-term incentive plan at the meeting.

Nature of other amendments

The Amended and Restated LTIP contains substantially similar terms and conditions as the long-term incentive plan, with amendments intended to reflect its amendment and restatement to incorporate the terms of the option plan to provide for Option grants under the long-term incentive plan going forward, to address the participation of U.S. Participants in the Amended and Restated LTIP, as well as amendments that are administrative and housekeeping in nature. The key amendments to the long-term incentive plan include:

- incorporate the provisions of the company's existing option plan, such that the company is able to grant options under the Amended and Restated LTIP, to reallocate the Toromont shares available for issuance in respect of the grant of options from the option plan to the Amended and Restated LTIP, to close the grant of options under the option plan and require all new Option grants to be made pursuant to the terms of the Amended and Restated LTIP, and to incorporate various definitions relating to the grant of Options, including relating to "Competitive Service", "U.S. Stock Option", "Option", "Option Price", and "Post-Blackout Period Value" in connection with the incorporation of the relevant provisions pertaining to the granting of options consistent with the terms of the existing option plan (sections 1.3, 2.4 and throughout);
- reallocate the common shares reserved for issuance under the option plan to the Amended and Restated LTIP, such that the aggregate number of common shares reserved by the company for issuance under the Amended and Restated LTIP, when combined with the aggregate number of common shares issued or issuable under the option plan up to the effective time of the Amended and Restated LTIP, remains unchanged and will not exceed 7,000,000 common shares (section 2.4);
- include an article to incorporate the granting and exercise of Options in the Amended and Restated LTIP, consistent with the option plan, and to include the ability to grant Options to U.S. Participants (article 8);
- amend the termination of relationship provisions to incorporate the treatment of Options and revise treatment of unvested PSUs, RSUs or EDSUs following retirement, including (i) provide that Options will remain exercisable following the permanent disability or retirement at normal retirement age in accordance with the provisions of the Amended and Restated LTIP and the applicable Options; (ii) provide that in the event a Participant terminates for any reason other than permanent disability, retirement at normal retirement age or termination without cause, or a Participant enters into "Competitive Service" (as such term is defined in the Amended and Restated LTIP) following

retirement at normal retirement age, Options may be exercised within 90 days from the applicable termination date to the extent otherwise exercisable; (iii) provide that in the event a Participant enters into “Competitive Service” following retirement at normal retirement age, such Participant’s unvested PSUs, RSUs or EDSUs, as applicable, shall cease to vest and be forfeited and terminated, subject to minimum employment standards legislation, from the termination date; (iv) provide that in the event of death Options will immediately vest and become exercisable, consistent with treatment of other Awards under the Amended and Restated LTIP; and (v) provide for termination provisions in respect of Options held by U.S. Participants (section 9.1);

- amend the change of control provision to address treatment of Options in the event of a change of control, consistent with the option plan (section 9.3(c));
- amend the clawback provision to provide that Options may be subject to the company’s clawback policy, consistent with the other Awards under the Amended and Restated LTIP, and to amend the clawback policy, to provide that in the event that (i) the company must prepare an accounting restatement due to material noncompliance with any financial reporting requirement under applicable securities laws or a similar material revision of performance indicators upon which any Award under the Amended and Restated LTIP is based; or (ii) in the event of a Participant’s serious misconduct, fraud or gross negligence, the Board has the right to (a) cancel, retract or reduce any unvested or vested but unpaid Awards; and (b) recover any amounts paid to such Participant as a result of the redemption of vested Awards during the 12 months preceding the date of the restatement or revision in (i) (section 9.4);
- amend the provision regarding amendments that do not require shareholder approval to include changes to the exercise of Option provisions in the Amended and Restated LTIP or any Option that does not entail an extension beyond its original expiry date and to add a cashless surrender feature for an Option, consistent with the option plan (section 12.2(a));
- amend the provisions regarding amendments that require shareholder approval to include amendments to remove or exceed the insider participation limit, reduce the exercise price of an Option or extend an Option’s exercise period and to clarify that amendments requiring shareholder approval under the Amended and Restated LTIP requiring approval of a majority of shareholders voting at a meeting of the shareholders and that insiders will be excluded from voting on certain amendments, consistent with the option plan (section 12.2(b));
- amend the adjustment provision to reflect that adjustments may be made to the Options granted or to be granted (and the respective common shares and option prices), consistent with the option plan (section 13.1(a)); and
- amend the provision on Participants’ rights to provide that a Participant will not have any rights until the issuance of common shares upon the exercise of an Option (in addition to the payout of an Award) (section 13.4).

The key amendments to the long-term incentive plan to address the participation of U.S. Participants are to:

- amend the definitions of “DSU Payment Date” and “EDSU Payment Date” to reflect a date within 30 days after the Participant’s employment ceases for a U.S. Participant (as opposed to March 15 of the first calendar year commencing after the Participant’s employment ceases) (section 1.3);
- include a provision to specify that EDSUs granted to U.S. Participants that are vested or payable on the date the Participant’s employment ceases are to be paid by the company no later than within 30 days after the Participant’s employment ceases and to amend the existing provision regarding settlement to clarify it applies to EDSUs granted to Participants who are not U.S. Participants (section 6.4(b) and (c));
- include a provision that sets out the terms applicable to DSUs granted to U.S. Participants (section 7.5);
- amend the termination provision in the event of retirement or disability to provide that any DSU, EDSU, PSU and RSU Awards held by a U.S. Participant that continue to vest will be paid out on the vesting date of such Awards (section 9.1(c)); and
- amend the provisions regarding settlement of DSUs to provide that vested DSUs credited to a U.S. Participant’s Account (as defined below) will be paid within 30 days after the Participant’s employment ceases (section 9.2).

Finally, other key amendments to the long-term incentive plan to address certain matters regarding DSUs are to:

- amend the provision regarding the timing of crediting directors who elected to be credited with DSUs in respect of their cash director fees: (i) on the first day of the last month of each quarter in the year; or (ii) in the case of the first three quarters of a year, on a date determined by the Board in the first month of the following quarter that is no later than the last day of the calendar year in which director fees accrue (as opposed to credits being made on the last day of each quarter in a year) (section 7.4(a)).

The above-mentioned changes are designed to integrate the option plan with the Amended and Restated LTIP and to address the participation of U.S. Participants in the Amended and Restated LTIP. In addition to the above, additional

non-material administrative or housekeeping amendments are proposed to the long-term incentive plan that are within the authority of the Board to adopt.

Except as summarized above, the Amended and Restated LTIP contains substantially similar terms and conditions as the Original LTIP. The full text of the Amended and Restated LTIP, together with a blackline showing all changes made as compared to the Original LTIP, is available on SEDAR+ (www.sedarplus.com).

Summary of the long-term incentive plan

Types of awards

The Amended and Restated LTIP provides for the grant of RSUs, PSUs, EDSUs, DSUs and Options. The Awards are described in more detail under “*Description of Awards*” below. The Awards are granted to each eligible Participant (described in “*Eligible Participants*” below) by way of individual award agreements. Awards are a form of additional compensation paid to a Participant at the discretion of the Human Resources and Health and Safety Committee of the Board (the “Committee”). Except as specified below in the description of each type of Award, Awards do not replace a Participant’s salary or wages. Awards will be subject to the company’s clawback policy, pursuant to which the Board may cancel any Award or require a Participant to reimburse the company for previously paid compensation in respect of any Award received under the Amended and Restated LTIP. In addition, the company has the right to cancel or reduce the number of Awards granted under the Amended and Restated LTIP in the event of a Participant’s gross negligence, intentional misconduct, illegal behaviour or fraud.

It is currently expected that all Awards will be settled in treasury shares, however, the Amended and Restated LTIP reserves discretion for the Committee to determine to settle the Awards in either shares acquired on the open market or cash. The method of settlement will be specified in the applicable award agreement at the time of grant.

Plan administration

The Amended and Restated LTIP is administered by the Committee or such other committee as the Board considers appropriate and designates from time to time. Subject to the terms and limitations of the Amended and Restated LTIP, applicable law and the TSX rules, the Committee will have the authority and discretion to administer the Amended and Restated LTIP and to exercise all of the powers and authorities granted to it under the Amended and Restated LTIP, including: to determine who will receive Awards and when grants are made, to prescribe the settlement and vesting terms of Awards, to determine performance metrics and the performance period for applicable Awards and whether such performance metrics have been achieved, and to determine the method by which an Award may be settled, cancelled, forfeited or suspended. The Committee and/or the plan administrator will maintain an account for each Participant (an “Account”) to record Awards granted to such Participant. No certificates will be issued with respect to Awards granted to a Participant and no fractional shares will be issued on settlement of an Award. The Committee will also have the authority to interpret and administer the Amended and Restated LTIP and any instrument or agreement relating to the Amended and Restated LTIP and to make any other determination or take any other action that the Committee deems necessary or desirable for the administration of the Amended and Restated LTIP.

Shares available under the Amended and Restated LTIP

As set out in greater detail above under “*Pre-existing compensation arrangements and reallocation*”, the aggregate number of shares reserved by the company for issuance from treasury in respect of DSUs, EDSUs, PSUs and RSU awards under the Amended and Restated LTIP may not exceed 750,000, representing approximately 0.9% of the issued and outstanding Toromont shares as of February 28, 2024. No changes to this reserve cap are proposed in the Amended and Restated LTIP. The aggregate number of shares reserved by the company for issuance from treasury in respect of Options under the Amended and Restated LTIP, when combined with the aggregate number of common shares issued or issuable, as the case may be, under the option plan up to the Effective Date, remain unchanged and may not exceed 7,000,000 representing 8.5% of the issued and outstanding Toromont shares as of February 28, 2024. For further details concerning the number of shares issued pursuant to options granted under the existing option plan and shares that remain available for issuable in respect of unallocated options that may be granted from and after the Effective Date under the Amended and Restated LTIP, see “*Pre-existing compensation arrangements and reallocation*” above. The aggregate number of shares: (i) issued to insiders, within any one-year period, and (ii) issuable to insiders, at any time, under the Amended and Restated LTIP, when combined with the aggregate number of shares issued or issuable, as the case may be, under any other share compensation arrangements of the company, may not exceed 10% of the issued and outstanding shares. If the acquisition of shares by the company for cancellation would result in such tests no longer being met, this will not constitute non-compliance with the Amended and Restated LTIP for any awards outstanding prior to such purchase of shares for cancellation. Unless otherwise determined by the Committee, the Awards held in a Participant’s Account will increase in line with the value of any

dividends paid by the company on shares, as if such Awards were shares themselves (for this limited purpose, but for no other purpose).

The Amended and Restated LTIP also limits the aggregate number of DSUs that may be granted to directors: the aggregate fair market value on the grant date of all DSUs granted to any one director under the Amended and Restated LTIP or the Existing DSU Plan may not exceed \$150,000 within any one financial year of the company, with the exception of DSUs granted to directors in lieu of director fees under the Amended and Restated LTIP and one-time initial grants of DSUs to a new director upon first joining the Board.

Except for the aggregate limit on the number of shares reserved for issuance, the insider participation limits and the limits on the aggregate number of DSUs that may be granted to directors, each as discussed above, the Amended and Restated LTIP does not provide for a maximum number of shares which may be issued to an individual pursuant to the long-term incentive plan and any other securities-based compensation arrangement (expressed as a percentage or otherwise).

Eligible participants

The persons eligible to receive RSUs, EDSUs, PSUs and Options will be eligible employees (including the named executives) determined by the Committee from time to time. The persons eligible to receive DSUs will be eligible employees determined by the Committee and non-executive directors. Directors will not be eligible to be receive grants of RSUs, PSUs, EDSUs or Options, unless such director is also an employee. Eligible persons do not have a right to be granted Awards pursuant to the Amended and Restated LTIP. Granting Awards to any Participant does not confer upon any Participant the right to be granted any additional Awards at any time. The extent to which any Participant is entitled to be granted Awards pursuant to the Amended and Restated LTIP will be determined by the Committee.

It is anticipated that only named executive officers and key senior management will be eligible to receive PSUs (or EDSUs granted in lieu thereof) and Options, whereas other senior management and high potential employees may be entitled to receive RSUs (or EDSUs granted in lieu thereof) and Options. The Amended and Restated LTIP also provides the flexibility for employee Participants to elect to receive DSUs in lieu of all or part of any bonus that would otherwise be granted to them, in the sole discretion of the Committee.

Generally, DSUs under the Amended and Restated LTIP will only be granted to directors of the company in lieu of all or part of their director fees; however, the Amended and Restated LTIP plan does give the Committee discretion to grant designated employees DSUs, and may attach time vesting conditions to such grants. DSUs are eligible to be counted towards an employee's or director's satisfaction of the company's share ownership requirement. Additionally, ESDUs are eligible to be counted towards an employee's satisfaction of the company's share ownership requirement (subject to the performance vesting conditions being met in the case of named executives).

Description of awards

RSUs

An RSU entitles a Participant to a payout in the future provided that the Participant remains employed for a specified period of time. The Committee will determine the vesting date or dates for any grant of RSUs and may specify that a grant of RSUs will vest incrementally over a period of time. All RSUs will vest within a 3-year period. Each award of RSUs, including the vesting conditions, will be set out in an award agreement at the time of grant. As soon as practicable following the date when a grant of RSUs vests, the company will cause the Participant to be paid either (a) one share for each vested RSU, or (b) a cash payout equal to the market value of a share for each vested RSU. Whether vested RSUs are paid out in shares or cash will be in the discretion of the Committee and will be set out in the Award agreement at the time of grant, although it is anticipated that RSUs will generally be settled through the issuance of shares from treasury. The value of an RSU is based on the volume weighted average trading price of the shares determined by dividing the total value of the shares traded on the TSX during the five trading days immediately preceding the vesting date by the total volume of the shares traded on the TSX during such five trading days (the "Market Value"); however, an RSU has no value for the Participant until it vests. The payout on a grant of RSUs must occur, in the case of a U.S. Participant, by March 15 of the first calendar year after the RSU vests, and, in the case of any other Participant, by December 31 of the calendar year when the RSU vests.

PSUs

A PSU entitles a Participant to a payout in the future provided that (a) the Participant remains employed for a specified period of time and (b) certain performance criteria that are established at the time the PSU was granted have been satisfied over the relevant performance period (e.g. certain financial metrics of the company being met for a fiscal

year). The Committee will determine the vesting date for any grant of PSUs and may specify that a grant of PSUs will vest incrementally over a period of time. All PSUs will vest within a 3-year period. Each award of PSUs, including the vesting conditions, will be set out in an award agreement at the time of grant. Following the end of a performance period, the Committee will determine the performance multiplier for that period (e.g. if the company achieved 100% of the target financial metrics for that performance period, the multiplier would be 1.0). Once the performance multiplier has been determined, it is multiplied against the Participant's vested PSUs to determine an adjusted number of vested PSUs, and the company will cause the Participant to be paid either (x) one share for each such vested PSU, or (y) a cash payout equal to the Market Value of a share for each such vested PSU. Whether vested PSUs are paid out in shares or cash will be in the discretion of the Committee and will be set out in the award agreement at the time of grant, although it is anticipated that PSUs will generally be settled through the issuance of shares from treasury. The value of a PSU is based on the Market Value of a share as traded on the TSX; however, a PSU has no value for the Participant until it vests. The payout on a grant of PSUs must occur, in the case of a U.S. Participant, by March 15 of the first calendar year after the PSU vests, and, in the case of any other Participant, by December 31 of the calendar year when the PSU vests (the "PSU Payment Date").

While ultimately in the discretion of the Committee to determine at the time of grant, it is anticipated that PSUs will be subject to the following performance measures and multipliers as described on page 47 under "*Equity incentives*".

EDSUs

The Committee may in its discretion grant (i) EDSUs in lieu of all or any part of the RSUs, if any, that would otherwise be granted to an employee in any financial year or (ii) EDSUs in lieu of all or any part of the PSUs, if any, that would otherwise be granted to an employee in any financial year, in each case, if the Committee determines it to be necessary and desirable for purposes of assisting an employee in satisfying their share ownership requirements. Any EDSU granted in these circumstances would have the same vesting schedule, performance criteria and performance metrics associated with them, as applicable, as would have been applied to the grant of RSUs or PSUs they are awarded in lieu of, as more fully outlined above and below. However, unlike an RSU or PSU, an EDSU may only be settled and the payout made when the holder ceases to be an employee of the company.

An EDSU entitles a Participant to a payout in the future provided that (a) the Participant remains employed for a specified period of time and (b) if the EDSU was granted in lieu of a PSU, certain performance criteria that are established at the time the EDSU was granted have been satisfied over the relevant performance period. The value of an EDSU is based on the Market Value of a share as traded on the TSX; however, an EDSU has no value for the Participant until it vests. The Committee will determine the vesting date for any grant of EDSUs and may specify that a grant of EDSUs will vest incrementally over a period of time. All EDSUs will vest within a 3-year period. Each award of EDSUs, including the vesting conditions, will be set out in an award agreement at the time of grant. Additionally, an EDSU will not be redeemed until the Participant ceases to be an employee of the company or any of its affiliates; in this respect, an EDSU is similar to a DSU (described below).

For EDSUs that are granted in lieu of PSUs, following the end of a performance period, the Committee will determine the performance multiplier for that period. Once the performance multiplier has been determined, it is multiplied against the Participant's vested EDSUs that were granted in lieu of PSUs to determine an adjusted number of vested EDSUs. Following the date when a Participant ceases to be employed by the company or any of its affiliates, the company will cause the Participant to be paid either (x) one share for each such vested EDSU, or (y) a cash payout equal to the Market Value of a share for each such vested EDSU. Whether vested EDSUs are paid out in shares or cash will be in the discretion of the Committee and will be set out in the Award Agreement at the time of grant, although it is anticipated that EDSUs will generally be settled through the issuance of shares from treasury. - Participants who are not U.S. Participants are able to specify one or two dates when they wish to have their EDSUs redeemed; however, in all cases, the payout on a grant of EDSUs must occur, in the case of a U.S. Participant, within 90 days after the Participant's employment ceases, and, in the case of any other Participant, by December 31 of the first calendar year after the Participant's employment ceases.

DSUs

Directors of the company will have, subject to the terms of the long-term incentive plan, the right to elect to be credited with DSUs in lieu of all or any part of the annual retainer and other director fees otherwise payable to such director in cash. Regardless of a director's election to receive DSUs, the Committee may grant DSUs to directors on a discretionary basis from time to time, provided that the aggregate Market Value on the grant date of all Awards granted to any one director under the Amended and Restated LTIP and the company's Existing DSU Plan may not

exceed \$150,000 within any one financial year of the company. In no case are directors eligible to receive options under the Amended and Restated LTIP or otherwise.

The Committee may grant certain employees of the company the right to elect to be credited with DSUs in lieu of all or any part of any bonus otherwise payable to such employee in cash, subject to the terms of the Amended and Restated LTIP. Regardless of an employee's election to receive DSUs, the Committee may grant DSUs to employees on a discretionary basis from time to time.

A DSU entitles a Participant to a payout in the future, after the Participant ceases to be an employee or director of the company or an affiliate. The value of a DSU is based on the Market Value of a share as traded on the TSX. Generally, a DSU will vest on the date it is granted; however, the Committee may determine the vesting date for any grant of DSUs and may specify that a grant of DSUs will vest incrementally over a period of time. Each award of DSUs, including the vesting conditions, if any, will be set out in an award agreement at the time of grant.

Following the date when a Participant ceases to be a director or employee of the company or any of its affiliates, the company will cause the Participant to be paid either (a) one share for each vested DSU, or (b) a cash payout equal to the Market Value of a share for each vested DSU. Whether vested DSUs are paid out in shares or cash will be in the discretion of the Committee and will be set out in the award agreement at the time of grant, although it is anticipated that DSUs will generally be settled through the issuance of shares from treasury. Directors or employees are able to specify one or two dates when they wish to have their DSUs redeemed; however, in all cases, the payout on a grant of DSUs must occur, in the case of a U.S. Participant, within 30 days after the Participant ceases to be an employee or director, and, in the case of any other Participant, by December 31 of the first calendar year after the Participant ceases to be an employee or director.

Options

An Option entitles a Participant to purchase a common share in the future provided that the Participant remains employed for a specified period of time. Unless otherwise determined by the Committee and set out in the applicable award agreement, Options are not exercisable until the first anniversary of the date of the grant. Options become exercisable at the rate of 20% on each anniversary of the date of grant on a cumulative basis and become fully exercisable on the fifth anniversary of the date of grant. Each Option must be exercised not later than ten years from the date of the grant. Each award of Options, including the exercise periods, will be set out in an award agreement at the time of grant. Subject to the discretion of the Board, a Participant (other than a U.S. Participant) may elect to dispose of Options to the company for a cash payment equal to the difference between the Market Value and the exercise price of the Options. Any such disposed Options will be cancelled. The exercise price value of an Option is set by the Board at the time the Option is granted and will be equal to the Market Value.

Termination of relationship with participant

Unless the Committee determines otherwise: (a) if a Participant is terminated for cause, all of their RSUs, PSUs, EDSUs and Options, whether or not vested (or exercisable), are forfeited; (b) if a Participant is terminated without cause or voluntarily resigns, all of their unvested RSUs, PSUs and EDSUs or unexpired Options are forfeited and their vested RSUs, PSUs and EDSUs will be paid out in accordance with their terms and their exercisable Options may be exercised for a 90 day period following the termination date or will be forfeited thereafter; (c) if a Participant dies, retires or suffers a disability, all of their unvested RSUs, PSUs and EDSUs or unexpired Options will continue to vest and be paid out, along with their vested RSUs, PSUs and EDSUs, in accordance with their terms, or, in the case of any unexpired Option, may be exercised (provided that in the event a Participant retires and enters into "Competitive Service" (as such term is defined in the Amended and Restated LTIP), their Options may be exercised for a 90 day period following the date the Participant begins such service, to the extent such Options are exercisable, or will be forfeited). For clarity, in each of the foregoing termination scenarios, the settlement method for DSUs, as set out under "DSUs" above, is unchanged.

Change of control

Unless otherwise provided in the Amended and Restated LTIP or an award agreement, in connection with a change of control, the Committee will provide Participants with written notice of any proposed change of control and will take such action as is required to ensure that, following the change of control, the Amended and Restated LTIP and the DSUs, EDSUs, PSUs and RSUs are either (i) continued, as adjusted if necessary to prevent substantial dilution or enlargement of the rights granted to or available for a Participant, or (ii) substituted for deferred share units, performance share units, executive deferred share units and restricted share units, as applicable, of the acquiring or surviving entity and that such adjustments are made to the DSUs, EDSUs, PSUs and RSUs as required to prevent substantial dilution or enlargement of the rights granted to or available for a Participant.

If an employee is terminated by the company or its affiliates, as applicable, without cause or the Participant resigns for good reason within 12 months following the occurrence of a change of control, all DSUs, EDSUs, PSUs and RSUs credited to such Participant's Account will immediately vest and be paid out, in either shares or in cash, as determined by the Committee, as soon as practicable following the termination.

If an employee is terminated by the company or its affiliates, as applicable, for any reason other than early retirement, retirement, death, disability or for cause before the occurrence of a change of control, if in connection with the change or control, or within 12 months following the occurrence of a change of control, all unexpired and unexercised Options will immediately vest and may be exercised within 90 days of the Participant's termination of employment.

If and to the extent that any payment would be made to a U.S. Participant pursuant to the Amended and Restated LTIP upon a change of control, such payment will be made to such U.S. Participant at that time only if such change of control also constitutes a "change in ownership," a "change in effective control," or a "change in the ownership of a substantial portion of the assets of the corporation" as defined under section 409A of the U.S. Internal Revenue Code of 1986 and applicable regulations thereunder.

Term of the Amended and Restated LTIP

The Amended and Restated LTIP remains in effect unless and until it is terminated by the Committee. Subject to a change of control, upon any termination of the Amended and Restated LTIP, in whole or in part, the Committee may, in its discretion, determine whether any Awards then credited to a Participant and affected by the termination will be vested on the date of the termination of the Amended and Restated LTIP or held for the credit of such Participant and vested and settled at a later date in accordance with the terms of the Amended and Restated LTIP in effect immediately prior to termination. The Amended and Restated LTIP will cease to operate for all purposes when the last remaining Participant receives the final payout or exercises the final Option in satisfaction of all Awards recorded in the account of such Participant, or all Awards recorded in the account of such Participant are cancelled, terminated or forfeited pursuant to the terms of the Amended and Restated LTIP.

Assignability

Each Award granted to a Participant and the right to receive a payout (if any) is personal to the Participant and is non-assignable and non-transferable and, except in the case of the Participant's death or incapacity, are exercisable only by the Participant. No Award may be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of by the Participant.

Amendment

If the Amended and Restated LTIP is approved by the shareholders, subject to any applicable regulatory or stock exchange requirements, the Board may from time to time in its discretion (without shareholder approval) amend, modify and change the provisions of the long-term incentive plan, including:

- amendments to the Amended and Restated LTIP to ensure continuing compliance with applicable law;
- amendments of a "housekeeping" nature, which include amendments relating to the administration of the Amended and Restated LTIP or to eliminate any ambiguity or correct or supplement any provision herein which may be incorrect or incompatible with any other provision hereof;
- amendments necessary for Awards to qualify for favourable treatment under applicable tax laws;
- amendments to change the class of Participants eligible to participate in the Plan (other than an amendment that would allow the grant of Options, PSUs, EDSUs or RSUs to non-executive directors);
- changes to the vesting date of any Awards;
- changes to the Option exercise provisions set out in Amended and Restated LTIP or any Option that does not entail an extension beyond its original expiry date;
- adding a cashless surrender feature for an Option, which may be exercised in a Participant's sole discretion, payable in cash or securities (at the Participant's sole discretion), which provides for a full deduction of the number of underlying common shares from the Amended and Restated LTIP reserve in respect of Options; and
- amendments to impose restrictions on the sale, transfer or other disposal of shares by Participants under the Amended and Restated LTIP.

The Board may not make any of the following amendments to the Amended and Restated LTIP without first having obtained the approval of a majority of shareholders voting at a meeting of the shareholders:

- any amendment to the amendment provisions of the Amended and Restated LTIP other than an amendment to ensure continuing compliance with applicable law and amendments of a housekeeping nature;
- any amendment that would allow the grant of PSUs, EDSUs or RSUs to a non-executive director;

- any amendment that would permit Awards to be transferred or assigned other than for normal estate settlement purposes;
- any amendment to remove or exceed the insider participation limit set out in the Amended and Restated LTIP;
- any reduction to an Option's exercise price or extension of the period during which an Option may be exercised; and
- any amendment to increase the maximum number of shares reserved for issuance under the Amended and Restated LTIP.

Recommendation and Long-Term Incentive Plan Resolution

On February 14, 2024, the Board approved a resolution authorizing the Amended and Restated LTIP. The Board has determined that the Amended and Restated LTIP is in the best interests of the company and its shareholders. The TSX granted conditional approval of the Amended and Restated LTIP plan on March 6, 2024. The Board unanimously recommends that shareholders vote FOR the resolution set out below.

To be effective, the Amended and Restated LTIP must be approved by a majority of votes cast in person or by proxy by the shareholders present in person or represented by proxy at the meeting. As the Amended and Restated LTIP contains an "insider participation limit" (as contemplated by the TSX Manual), the votes of common shares held directly or indirectly by insiders of the company are not required to be excluded for the purposes of determining whether the requisite shareholder approval is obtained at the meeting. The full text of the Amended and Restated LTIP is available on SEDAR+ (www.sedarplus.com). The Amended and Restated LTIP is subject to such amendments, variations or additions as may be approved at the meeting, and the Board may revoke the resolution before it is acted upon, without further approval of the shareholders.

Unless instructed in the form of proxy to the contrary, the management proxy nominees named in the enclosed form of proxy intend to vote FOR the Amended and Restated LTIP. The Board unanimously recommends that you vote FOR the Amended and Restated LTIP.

Long-Term Incentive Plan Resolution

RESOLVED THAT:

1. *the amendment and restatement of the long-term incentive plan (the "Amended and Restated LTIP") of Toromont Industries Ltd. (the "Company"), the terms and conditions of which are set out in the Amended and Restated Long-Term Incentive Plan dated February 14, 2024, a copy of which has been tabled at this annual and special meeting of shareholders of the Company held on May 2, 2024, or any adjournment or postponement thereof, be and is hereby consented to, ratified, confirmed and approved;*
2. *an aggregate of 7,000,000 common shares, when combined with the aggregate number of common shares issued or issuable under the Company's amended and restated stock option plan (2021) up to the effective date of the Amended and Restated LTIP, be and are hereby reserved and set aside for issuance upon the exercise of grants of options to purchase common shares by participants in accordance with the Amended and Restated LTIP and the award agreements entered into in connection therewith;*
3. *the Company be and is hereby authorized to enter into, execute and deliver award agreements with each participant evidencing the awards granted to each such participant and to perform its obligations under each such award agreement;*
4. *the actions of the directors of the Company in adopting the Amended and Restated LTIP are hereby ratified, confirmed and approved; and*
5. *any one director or officer of the Company be and is hereby authorized and directed, for and in the name of and on behalf of the Company, to execute and deliver such agreements, documents, certificates and instruments and to take such other actions as such person may determine to be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such agreement, document, certificate and instrument and the taking of any such action.*

APPENDIX A

BOARD OF DIRECTORS MANDATE

INTRODUCTION

The Board of Directors (the “Board”) of Toromont Industries Ltd. (the “Company”) operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. Management's discharge of its responsibilities is subject to continuing oversight by the Board. Subject to Articles and By-laws of the Company, the Board retains the responsibility for managing its own affairs, including planning its composition, selecting its Chair, nominating candidates for election to the Board, appointing committees and determining director compensation. Its principal duties fall into six categories.

1. SELECTION OF THE MANAGEMENT

- (a) The Board has the responsibility for the appointment and replacement of a CEO, for monitoring CEO performance, approving the corporate goals and objectives of the CEO, determining CEO compensation and providing advice and counsel in the execution of the CEO's duties.
- (b) The Board has the responsibility for approving the appointment and remuneration of all corporate officers, taking into consideration, the recommendation of the CEO.
- (c) The Board has the responsibility for oversight of management succession.
- (d) The Board has the responsibility, to the extent feasible, to satisfy itself as to the integrity of the CEO and other senior officers and that such persons create a culture of integrity throughout the Company.

2. MONITORING AND ACTING

- (a) The Board has the responsibility to approve annual capital and operating plans, to monitor the Company's performance against these plans and to revise and alter its direction through management in light of changing circumstances.
- (b) The Board has the responsibility to take action when performance falls short of its goal or other special circumstances warrant (for example, mergers and acquisitions or changes in control).
- (c) The Board has the responsibility for approving any payment of dividends to shareholders and other activities and transactions as specified by corporate law.
- (d) The Board monitors on a periodic, regular basis management's identification and assessment of the principal business risks facing the Company and keeps informed of how these risks are being handled by management, including through the implementation of appropriate controls.
- (e) The Board has the responsibility to oversee the integrity of the Company's internal control and management information systems.

3. STRATEGY DETERMINATION

The Board has the responsibility to oversee the development by management of the mission of the business, its objectives and goals, and the strategy by which it proposes to reach those goals.

4. POLICIES AND PROCEDURES

- (a) The Board has the responsibility to approve and monitor compliance with all significant policies and procedures by which the Company is operated.
- (b) The Board has a particular responsibility to oversee the Company's compliance with applicable laws and regulations, and the operation of its business in accordance with appropriate ethical standards. To this end, the Company has adopted a Code of Conduct. Only the Board may grant waivers under the Code of Conduct.
- (c) The Board is responsible for developing the Company's approach to corporate governance, including developing a set of corporate governance principles, guidelines and policies.

5. REPORTING TO SHAREHOLDERS

- (a) The Board has the responsibility for adopting a communication policy including overseeing financial reporting to shareholders, other security holders and regulators on a timely and regular basis.
- (b) The Board has the responsibility for ensuring the timely reporting of any other developments that have a significant and material impact on the value of the Company.
- (c) The Board has the responsibility for reporting annually to shareholders on environmental, social and governance matters for the preceding year as required by law.
- (d) Shareholders shall be entitled to provide feedback to the Corporation and the Board through mail addressed to the Chair, at the Company's head office, email through our website at www.toromont.com or through the Company's Compliance hotline.

6. LEGAL REQUIREMENTS

- (a) The Board is responsible for overseeing compliance with legal requirements.
- (b) Canadian law identifies the following as the standards for the proper discharge of the Board's responsibilities:
 - i. to manage or supervise the management of the business and affairs of the Company
 - ii. to act honestly and in good faith with a view to the best interests of the Company.
 - iii. to exercise the care, diligence and skill that reasonable prudent people would exercise in comparable circumstances.
 - iv. to act in accordance with its obligations contained in the *Canada Business Corporations Act*, the Securities Act of each Province and territory of Canada, other relevant legislation and regulations, and the Company's articles and by-laws.
- (c) In particular, it should be noted that the following matters must be considered by the Board as a whole and may not be delegated to a Committee:
 - i. any submission to the shareholders of a question or matter requiring the approval of the shareholders;
 - ii. the filling of a vacancy among the directors or in the office of the auditor;
 - iii. terms on which securities may be issued and the declaration of dividends;
 - iv. the purchase, redemption or any other form of acquisition of shares issued by the Company;
 - v. the payment of a commission to any person in consideration of the purchase or agreement to purchase shares of the Company from the Company;
 - vi. the approval of management proxy circulars;
 - vii. the approval of any take-over bid circular or directors' circular;
 - viii. the approval of the financial statements of the Company to be submitted to shareholders;
 - ix. the adoption, amendment or repeal of by-laws of the Company.

ADDITIONAL EXPECTATIONS OF BOARD MEMBERS

In addition to the responsibilities and duties described above, there are additional expectations of Toromont Directors including the following:

- (a) Board members are expected to maintain the highest personal and professional values, integrity and ethics. This shall include compliance with the Toromont Code of Conduct.
- (b) Board members are expected to bring a probing and objective perspective to the Board and be prepared to challenge management.
- (c) Board members are expected to attend all Board and Committee meetings (as applicable) and devote the necessary time and attention to Board matters. This shall include the advance review of materials to be adequately prepared for Board meetings and keeping informed about the Company's business and relevant developments outside the Company that affect its business.
- (d) Independent Board members are expected to sit on at least one Board Committee.

Directors are expected to own shares in the Company equivalent to at least three times the annual director retainer fee within five years of election as a Director.

This Mandate shall be reviewed and reassessed annually.

APPENDIX B

HUMAN RESOURCES AND HEALTH & SAFETY COMMITTEE MANDATE

The Board of Directors (the “Board”) of Toromont Industries Ltd. (the “Company”) has established a Human Resources and Health & Safety Committee (the “Committee”) of the Board to be constituted by independent Directors (as defined by applicable legislation).

This Mandate governs the operations of the Committee, as approved by the Board. The Committee shall review and reassess the Mandate annually. The Committee shall be appointed by the Board and shall be comprised of at least three Directors.

The roles and responsibilities of the Committee are in conjunction and collaboration with the Mandates of the Board and its other committees, including the Environmental, Social and Governance Committee and Audit Committee.

Principal responsibilities include compensation of executive officers and other senior management, short and long-term incentive programs, pension and other benefit plans, executive officer appointments, evaluation of performance of the CEO, succession planning, executive development, and health and safety.

The Committee shall determine the following and report to the Board:

- (a) salaries, bonus pools and bonus allocations, and benefits for the Officers of the Company and Tier One employees (except for the compensation of the CEO which shall be approved by the Board)
- (b) performance of the CEO

The Committee shall present the following to the Board for approval:

- (a) Officer appointments
- (b) schedule of LTIP grants for all recipients
- (c) management recommendations for pension plans and the administration of pension plans
- (d) report of the Committee for the annual Management Information Circular and any other executive compensation disclosure

The Committee will monitor, review with management and discuss with the Board:

- (a) succession planning and leadership development
- (b) Health and Safety
- (c) Code of Conduct (and non-financial related breaches of the Code)
- (d) Diversity, equity and inclusion initiatives and achievements

The Committee shall meet at least twice annually or on any such dates that the Chair shall determine.

It is acknowledged that there may be, from time to time, the need for the Committee to retain the services of outside advisors and/or consultants to assist it in completion of its responsibilities. The Committee, with the final approval of the Chair of the Committee, is authorized to negotiate the terms, including fees associated with any such engagement at the expense of the Company.

The Committee will report on its activities to the Board at least annually.

November 2023



TOROMONT

Toromont Industries Ltd.
Corporate Office
3131 Highway 7 West
P.O. Box 5511
Concord, Ontario L4K 1B7
www.toromont.com