

BUILDING TOMORROW, SUSTAINABLY

TOROMONT

TOROMONT INDUSTRIES LTD.
2020 SUSTAINABILITY REPORT

Toromont Industries Ltd. employs over 6,000 empowered people across seven business units and more than 150 locations in a common cause: to create value through the provision of specialized brand-name equipment and lifecycle product support. We are united as one Toromont by the business model, corporate values and core strategies that fuel our performance.

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TO OUR STAKEHOLDERS

Toromont operates with long-term sustainability in mind. Our Board of Directors guides our efforts to assess and address the risks and opportunities inherent in our business and operating environment related to sustainability.

Our key focus areas include workplace safety, workforce development and environmental management. In each area, the Board's Environmental, Social and Governance Committee requires management to set appropriate strategies, ensure objectives and programs are in place to achieve those strategies and monitors results. The Committee has reviewed and approved this Sustainability Report.

With strong stewardship from our Board and executive leadership, we continue to entrench sustainability ever deeper in the way we do business by empowering our people and standing accountable for performance.

Yours sincerely,



Robert M. Ogilvie
Chair of the Board



Scott J. Medhurst
President and Chief
Executive Officer



Governance Structure

Good governance is fundamental to the long-term success of our organization. Our Board of Directors built a strong governance framework that creates value for all stakeholders, enhances long-term corporate sustainability and reduces business risk. Our governance program is led by the Board, the members of which are elected by and are accountable to the shareholders. The Board’s Environmental, Social and Governance (“ESG”) Committee oversees and monitors Toromont’s ESG programs and is comprised solely of independent Directors. Our governance program includes the activities of the leadership team that is appointed by the Board and charged with the day-to-day management. The Board oversees risk at Toromont, is directly involved in the strategic planning process, maintains a formal management succession plan that includes all senior

positions at Toromont, and operates with a Board and Leadership Diversity policy.

Toromont’s governance program complies with the rules and regulations that apply to us. These include:

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

To ensure continued effectiveness, the Board maintains a comprehensive annual board and director assessment process under the direction of the Lead Director. Through its ESG Committee, the Board regularly evaluates best practices in governance for applicability and, where appropriate, enhances its approach. Please see our annual management

ESG Framework



information circular for additional details on the Board's corporate governance practices.

Guided by Our Values

Toromont's Values reflect what we stand for as an organization and serve to guide us in the performance of our duties:

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

Toromont's Board sets the tone for responsible management and behaviours that are aligned to our Values by providing guidance and active oversight of the key priority areas set forth in this report. In each area, the Board ensures we operate with specific strategies, objectives, structured programs and monitoring/compliance systems to measure progress, evaluate outcomes and address areas for improvement.

Toromont's Executive Team provides the leadership to embed our Values across our operations and empowers Toromont's decentralized business units to take actions and make investments that are relevant to their operational realities. This approach not only ensures plans are specific to the needs of our diversified businesses and appropriate for Toromont as a responsible organization, it encourages broad, deep and abiding ownership of and accountability for results.

Code of Conduct

The company's Code of Conduct enshrines Toromont's Values. It applies to all who represent Toromont, including Directors, officers and employees. The Code is reviewed annually by the Board and amended as appropriate. Everyone at Toromont is required, in writing, to confirm they understand and comply with it each year. The Audit Committee and the Human Resources and Health and Safety Committee of the Board receive regular compliance reports on the Code.

Among Code provisions are requirements to:

- act with the utmost integrity at all times
- uphold all laws including international anti-corruption and trade regulations
- promote diversity and inclusion
- protect and positively contribute to environmental stewardship alone and in collaboration with customers and supply partners
- provide returns to all stakeholders including customers, employees, shareholders, suppliers and society

The Code specifically prohibits discrimination, harassment and conflicts of interest and encourages employees, customers, suppliers and shareholders to report any suspected violation to the company's General Counsel or anonymously through an independent third-party Compliance reporting system without fear of reprisal.

Toromont's Supplier Code of Conduct enshrines the key values and principles found in our corporate Code of Conduct. We ask our business partners to embrace our Supplier Code of Conduct as part of contractor qualification and compliance programs.

Workplace Safety: Governance and Strategies

Safety is paramount at Toromont. To protect employees, those we work with and our neighbours, we invest to create a strong safety culture and an extensive safety program designed to proactively mitigate risk. Our commitment begins at the Board level – where detailed strategies and objectives are overseen and regularly reviewed for effectiveness by our Human Resources and Health and Safety Committee – and cascades throughout the organization. Everyone at Toromont is accountable for compliance with the safe operating practices embodied in our *Five Cardinal Safety Rules*.

Dedicated business-unit personnel, supported by external subject-matter experts, ensure safety policies and programs are properly designed and functioning,

deliver educational programs for employees, monitor for compliance and, with the full support of our Board and senior leaders, drive continuous improvements so that safety is not just top of mind at work, but a way of life. To further support the importance of safety, the variable compensation of our senior leaders is tied to safety outcomes measured by Total Recordable Injury Rate (“TRIR”).

2020 Safety Actions and Outcomes: COVID-19

Toromont’s safety programs responded quickly to help protect our employees, customers and business partners from COVID-19, while we maintained our ongoing focus on embedding safety as a cultural norm. By virtue of the industries and customers we serve, and the specialized equipment we provide and service, Toromont is considered an essential business under government pandemic protocols.

“Over the past five years, TRIR declined 9% on the strength of 110,000 hours of safety training.”

In the early stage of the pandemic, our Critical Incident Executive Response Team “ERT” was activated by Toromont’s CEO. Comprised of key leaders across the business including operations, finance, information technology, legal and human resources, the ERT guides and supports the organization’s response to the pandemic. ERT continually monitors guidelines from government and health authorities, assesses business impacts, develops protocols, mobilizes and disseminates resources and provides the critical communication and information channel to assist the entire company’s efforts to:

1. Keep our team safe and healthy.
2. Continue to meet customer needs as a provider of essential services.
3. Protect our business for the future.

Through the end of 2020, the measures taken and resources deployed have proven effective, but with

COVID-19 cases continuing in many communities where we operate, we remain vigilant.

2020 Safety Actions and Outcomes: Foundational Safety Programs

Toromont is uncompromising in its commitment to provide a healthy, safe work environment and to prevent occupational injuries, accidents, hazards and illnesses. Accordingly, we have long operated with core safety programs. We measure progress toward a sustainable, injury-free workplace using TRIR. Over the past five years, Toromont’s TRIR declined 9% on the strength of over 110,000 hours of safety training – including 14,000 hours in 2020. Continued focus on hazard identification, which has increased ten-fold over the past five years, has led to ongoing improvement. Over 50% of Toromont locations achieved a TRIR of zero in 2020.

To make further gains, we continue to cultivate our culture of personal ownership, where individual knowledge and commitment lead to a “Safety Starts With Me” attitude.

By leveraging technology, we continued to advance our safety priorities in 2020. We:

- launched an online job safety hazard assessment app that allows field-service technicians to complete mandatory pre-job hazard assessments electronically, upload job site photographs directly from hand-held tablets and improve reporting for shared accountability and recordkeeping for auditability
- introduced *Pure Safety*, our online safety training and educational platform, for operations in Québec and the Maritimes
- created web-based driver training for Battlefield Equipment Rentals
- implemented Velocity EHS, Toromont’s safety management system at Toromont Cat in Québec and the Maritimes as well as at Toromont Material Handling (“TMH”) to enhance our incident management, investigation and root-cause analysis
- introduced virtual safety inspections at Toromont Cat, a COVID-19 safe way of remotely verifying branch safety program compliance, and a

no-travel, no-contact innovation with the added benefit of reducing the environmental footprint associated with physical travel by plane and car to remote locations

Beyond technology, we:

- piloted a *Work Alone Program* in Québec that builds on best practices used in other Toromont locations
- added regional safety coordinators at CIMCO and introduced several new safety training courses to address key risk categories: working with electricity; hand injuries; and musculature strains
- created a new driver onboarding program and new driver's manual at Battlefield Equipment Rentals, which, along with GPS monitoring of driver performance, helped employees improve their safety record

We take pride in safety excellence and show it annually with the *Safety Bucket* award presented to the Toromont Cat branches that surpass all others in safety indicators. Battlefield Equipment Rentals provides quarterly and annual awards for safe driving and clean inspections.

Workforce Development: Governance and Strategies

We value employee empowerment and believe enabling this value has contributed significantly to Toromont's success. Our culture is shaped by full alignment to our Values, business model, core strategies and management principles and fosters employee authority with accountability. We operate with comprehensive human resources strategies and practices to empower our employees, attract and retain the industry's best people and ensure the sustainability and competitiveness of our workforce. The Human Resources and Health and Safety Committee of the Board oversees short- and long-term incentive plans and is responsible for executive officer appointments and overseeing succession planning and leadership development. In turn, our corporate executives provide guidance and support to our business units to ensure that workforce development and succession programs are in place and functioning with programs that focus

on business needs and the improvement of employee knowledge, skills, productivity and effectiveness. Every year, employees are encouraged to set personal goals for performance and skills development aligned to business-plan objectives. This ensures the knowledge gained is relevant to the organization and to their personal advancement with the company.

2020 Training and Development Actions and Outcomes

COVID-19 did not stop employees from developing critical skills and building business knowledge. In many cases, the pandemic created opportunities for additional learning as employees were encouraged to use Toromont's comprehensive online training curriculum while working from home.

As part of mobilizing for the pandemic, Toromont created an online Remote Work Enablement Resource Centre. This online learning café features information portals geared to the needs of employees and supervisors working at home. Resources were made available on topics including fostering connected virtual teamwork and best practices in virtual meetings. Tips on working remotely as well as strategies for managing through stressful pandemic challenges added further relevance.



Jean-Maurice Valois, Toromont Cat Technical Trainer, provides virtual instruction to customers from the shop in Pointe-Claire, Québec.

Employees developed their talents with

51,000 hours of instruction

in 2020

Not counting use of the Resource Centre, employees completed 51,000 hours of training in 2020. This was down from 2019 when we recruited a large number of technicians and because of the suspension of in-person training due to COVID-19. Nonetheless, it was an impressive showing by a workforce dedicated to continuous learning.

CIMCO continued to support on-the-job service technician development through coaching and in the U.S. found advantage in its apprenticeship program launched in 2019. The program is based on best practices used in Canada and assists in recruitment, skill set development, technician advancement and the enhancement of industry professionalism. Separately, a central engineering library has been created at CIMCO with over 2,000 resources. This library is used for onboarding, training and competency assessments.

Employee wellness supports the development of a high-performing workforce and was of particular importance in 2020 as we coped with the pandemic. Toromont promotes wellness through training and awareness programs and our leaders are coached to recognize and support employee well-being. In 2020, Toromont added virtual wellness workshops to its programming in partnership with recognized industry leaders in wellness and fitness. Under the watchful eyes of fitness and health experts, employees and their families participated in online yoga, healthy cooking classes and mental health seminars.

2020 Recruitment & Retention Actions and Outcomes

Toromont's focus in 2020 was to sustain, protect and engage its workforce in the face of the business

impacts and the health risks posed by COVID-19. Through our focused efforts, we minimized work disruptions for our employees by encouraging training opportunities, promoting work from home and leveraging various government programs including Work Sharing and other government support. To aid in the cause, Toromont's Board of Directors and senior leadership voluntarily reduced their compensation.

These efforts, along with the loyalty and commitment of employees, allowed Toromont to protect and support its workforce over the past year. Total employment at year end was over 6,000, a decline from 2019 as we manoeuvred through COVID-19-related impacts with targeted workforce adjustments. Nearing the end of 2020, we increased our focus to selectively recruit in areas where we anticipate resources will be needed to meet longer term demand and support our growth objectives. In particular, technician recruitment efforts remain a priority. Toromont gains competitive advantage from long-tenured employees. The average tenure of our senior leadership team is 18 years and over 45% of that team has been with the company for over 20 years. Across the entire workforce, average tenure is over 10 years.

Recognizing the limited supply of skilled workers and the need to encourage young people to enter skilled trades, we continued to create student apprenticeships in 2020 and maintained our connections with over 40 vocational schools, colleges and post-secondary institutions across Canada, which continue to produce well-qualified graduates and future Toromont employees.

Annually, Toromont's Management Development Program (see below) brings new talent to our business. Although hiring levels moderated due to the pandemic, the focus on hiring leaders of the future through this program continued throughout 2020.

One of the incentives and rewards of working at Toromont is our Employee Share Purchase Plan ("ESPP") where we offer financial and administrative support to employees to become Toromont

shareholders. Approximately 39% of eligible employees were enrolled in the ESPP at the end of 2020.

Workforce Diversity and Inclusion: Governance and Strategies

Toromont recognizes that diverse capabilities, experiences and perspectives enable greater organizational leadership, strength and performance and create a more stimulating and rewarding work experience. Accordingly, we embrace diversity and inclusion at all levels. Diversity includes characteristics such as gender, gender identity, sexual orientation, race, ethnicity, age, cultural background, physical and mental ability, religion and other features that make individuals unique.

“Despite steady gains in recruiting women over the years, the journey is far from over.”

Toromont acknowledges the benefits of a diverse workforce in our Code of Conduct and considers diversity and inclusion in promotions and new hires, consistent with our Employment Equity Policy and our Board and Leadership Diversity Policy. Our Board, its ESG Committee and senior management regularly review the outcomes of our diversity strategies and look for new opportunities to foster a culture of inclusion.

2020 Diversity and Inclusion Actions and Outcomes

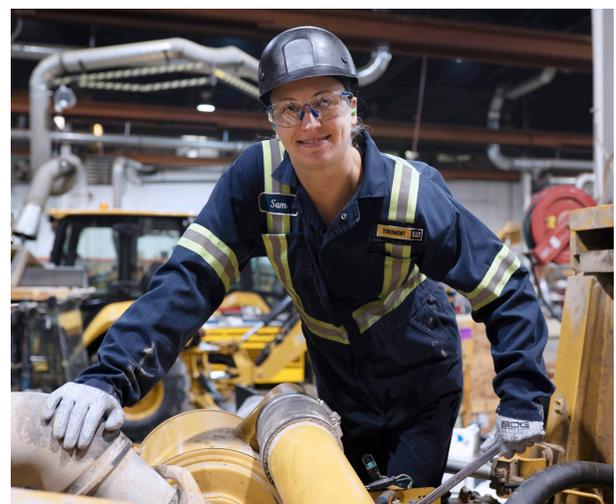
In recruiting, marketing, communications and through internal promotions, Toromont continued to build a diverse and inclusive workforce in 2020.

One of the most visible ways we show our commitment is diversity in our senior ranks. At year end, women comprised 22% of our senior management team. Persons with disabilities and visible minorities represented 11% and 5% of our senior management team, respectively. In addition, three of 11 members of our Board of Directors are women.

In 2020, Toromont received recognition in The Globe and Mail newspaper’s feature “Women Lead Here” for its efforts. We also proudly hosted International Women’s Day events to acknowledge the women on our team for their leadership. We do not hire or promote women to gain recognition; we do so because it improves our organization and is simply the right thing to do.

During 2020, many women were hired into historically male-dominated occupations including parts, account management, rental equipment sales and our workforce of mechanics. Additionally, women were promoted to serve in a variety of roles including Regional Manager, Branch Supervisor, Manager, Strategic Projects, and Product Support Manager.

Despite steady gains in recruiting women over the years, the journey is far from over. To drive real change, it is necessary to break down long-standing barriers that keep women from seeking positions in the trades that Toromont employs. By our estimates, women represent just 1% of total enrollment across the vocational institutions from which we recruit. While expanding our post-secondary educational partnerships has helped, we also recognize the value



Samantha McGillion, Apprentice Technician at Toromont Cat’s Toronto Branch is photographed prior to the pandemic.

of starting earlier by promoting skilled trades in secondary schools and participating in events such as:

- *Jill of all Trades* for Ontario high school students
- *Women in Trades Conference* at St. Lawrence College in Kingston, Ontario

Toromont recognizes student academic achievement through THINK BIG scholarships and the Honourable Journey award open to young Québécois. We are pleased to note that a 2020 winner of the Honourable Journey award has since been hired at Toromont Cat in Québec City where she is serving as a technician apprentice.

Toromont's Management Development Program ("MDP") has long been an important accelerator for advancement. In 2020, five MDP positions were awarded. Two of these future leaders are women, one is a visible minority and two are bilingual. Participation in events such as the *Women in Engineering* industry night and a National Society for Black Engineers networking event at McMaster University served us well in meeting prospective management trainees and candidates for our mining group.

Efforts to deepen our ties with First Nations continued. Toromont participated on a committee organized by Keepers of the Circle to develop an Indigenous Women



Hilda Antwi-Nsiah (Engineer, CIMCO), **Sunitha Michael** (Recruiter, Toromont Cat), and **Kamel** (McMaster University student) take a break from a pre-pandemic **National Society for Black Engineers** networking event to smile for the camera.

Hiring Policy and Retention Strategies for Northeastern Ontario. This engagement allowed us to improve our efforts in northern communities where we have several branches and customer assignments.

Environmental Governance and Strategies

Toromont recognizes the important role we have in protecting and preserving our environment. The ESG Committee of our Board of Directors oversees environmental matters. The Executive Team provides leadership and oversight, collaborates to set meaningful objectives and shares responsibility for compliance with our business unit leaders and all employees. Management reports regularly to the Board of Directors on environmental performance.

As part of our strategic and annual business planning processes, we monitor and benchmark our environmental footprint and set goals for continuous improvement. The Toromont Cat environmental team is responsible for developing annual priorities to improve our environmental footprint, educating and training the workforce and performing compliance and audit functions under the auspices of a formal Environmental Management Program.

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

Beyond internal efforts, we recognize that climate change and government policy responses affect customers. As responsible, market-driven operators,

we innovate in collaboration with our customers and supply partners to produce solutions that reduce greenhouse gas emissions and build a more efficient, sustainable future. This includes exploring opportunities to apply our equipment and product support in the field of alternative energy in our markets (for example, battery electric, wind, solar, landfill gas, and heat recapture).

2020 Environmental Actions and Outcomes: Emissions

Toromont takes inventory of its corporate carbon footprint annually with the help of independent environmental engineering firms using evolving best practice quantification methods. These assessments provide us with data needed to set goals, analyze trends, evaluate the efficacy of management actions and generally position Toromont to identify new reduction and offset opportunities.

“For 2020, emissions from Scope 1, 2 and limited Scope 3 sources were 75,454 CO₂-equivalent tonnes”

Our most recent three-year goal was to reduce Toromont Cat's Greenhouse Gas (“GHG”) Emissions Intensity Ratio by 10% exclusive of operations acquired during the period. The annual GHG inventory report received in March 2020 indicated that we met this objective. We have now set a new three-year goal for further improvement. In line with the internationally recognized GHG Protocol, the baseline for our new three-year goal will be subject to adjustment as we continue to integrate recently acquired operations through 2021 and normalize levels to account for COVID-19-related impacts experienced since early 2020.

Annual GHG inventory reports segment our carbon footprint by business unit, country and source. As our largest business, Toromont Cat has the largest carbon footprint, followed by Battlefield Equipment Rentals and CIMCO. Energy sources included natural gas, fuel oil, diesel, gasoline, propane, landfill gas and

electricity and were divided into direct emissions (fuel combustion and refrigerant losses), indirect emissions (purchased electricity, steam and cooling) and other indirect emissions (waste disposal, air travel). In a typical year, the greatest source of Toromont's greenhouse gas emissions is fossil fuel usage in fleet vehicles, followed closely by diesel and natural gas combustion. Building energy sources (electricity and oil) represent a smaller percentage of the total and air travel was the smallest contributor. All are monitored and managed with a conservation mindset.

Our most recent company-wide inventory included, for the first time, most of the operations we acquired in 2017. In 2021, we will continue to work on completing this integration. For 2020, emissions from Scope 1, 2 and limited Scope 3 (i.e., air travel, upstream fossil fuel and electricity) sources were 75,454 CO₂-equivalent tonnes.

To reduce emissions, Toromont:

- seeks to optimize fleet dispatch using intelligent dispatch software and by planning efficient routes



Toromont is working with **Sikumiut Environmental (SEM)**, an Aboriginal-owned environmental company, **Hatch Engineering** and **Caterpillar** to provide a 6.4 megawatt MAK generation system to Vale's mine in Voisey's Bay, Labrador. Pictured during pre-pandemic factory acceptance testing from left: **Nemat Baghernejad** (RINA), **Lou Colangelo** (Toromont), **Mark Kingsley** (Caterpillar), **Tiago Marques** (SEM-Hatch), **Patrick Barret** (Caterpillar) and **George Cooper** (SEM-Hatch). Photo courtesy of Vale.

- uses telematics to track idling time and monitor for hard accelerations and speeding that are unsafe for our team and hard on the environment
- operates with an anti-idling policy for all company vehicles and vehicles on our properties
- creates driver awareness through training of the need to conserve fuel to reduce emissions
- employs Auxiliary Power Units on our service vehicles, alleviating the need to idle engines and needlessly burn fuel
- assesses fleet additions on total cost of ownership including fuel economy, which has led to the acquisition of smaller, more fuel-efficient field-service vehicles
- minimizes the release of nitrogen oxide and sulfur during generator and engine testing at Power Systems and Remanufacturing operations in Ontario using selective catalytic reduction equipment and optimizing test run times

In addition to these actions, Toromont benchmarks its use of utilities to spot anomalies in energy expenditures, manage price volatility and reduce usage. It also makes ongoing investments in energy-efficient HVAC systems, lighting, overhead doors and compressed air tools.



Market uptake of Cat 988K XE electric drive machines began in Toromont's territories in 2020, particularly on demanding job sites where fuel efficiency makes a material difference in the machine's total cost of operation.

2020 Environmental Actions and Outcomes: EV and Alternative Fuels

Toromont is embracing opportunities to develop the sales and service of battery electric (EV), hybrid (dual fuel) and other alternative energy machines in our territories. We work closely with Caterpillar, our largest business partner to grow the market for these products. In addition to collaborating on pilot and feasibility projects with Caterpillar and customers, we have installed one of the largest Cat fleets of electric drive hydraulic mining shovels, taken the lead on developing customer safety training standards for zero emission underground battery electric vehicles (BEV) and invested in infrastructure to support BEV maintenance. By partnering with specialized equipment manufacturers who are dedicated to developing low and zero emission equipment and developing capabilities that support customer purchase decisions, Toromont contributes to the advancement of alternatives to the internal combustion engine (ICE). Our support includes financial modelling and then providing lifetime service and maintenance.

Electrification of machines provides opportunity for Toromont to learn and grow in the service of our customers and the environment. The transformation to EV and other alternative power sources will be a long-term process but is underway and we are capturing business and providing product support in various equipment markets for these sophisticated machines.

2020 Environmental Actions and Outcomes: Remanufacturing and Recycling

We support and promote zero-waste behaviour through our organization. Remanufacturing is one of the most important contributions we make to the circular economy. Within our remanufacturing operations, we clean, rebuild and recondition highly worn engines, hydraulic cylinders and other equipment parts as many as four times over the product lifecycle. In 2020, these operations kept over three million tonnes of equipment from the scrap yard.

Additionally, through our remanufacturing process, we update engines used in underground mining equipment by making ventilation reduction modifications. Through

piece-part changes to turbochargers and injectors, as well as software upgrades that modify fuel mapping, we reduce emissions. In the field, our product support operations closely monitor the condition of customer machines to assist in measuring, with greater precision, the remaining life of wear for parts and fluids. By regularly sampling fluids such as oil and other lubricants, we are better able to identify fluid change frequency needs and reduce waste and consumption as a result.

Toromont also draws attention to day-to-day habits that improve landfill diversion rates. In 2020, Toromont Cat Central branches joined other parts of the company in a Zero Waste program. Over the past three years, participating branches have increased landfill diversion by an average of 25%.

2020 Environmental Actions and Outcomes: Helping Customers Reduce Their Carbon Footprint

Reducing GHG emissions is important for our customers and we are playing our part at seven landfills in Ontario, one in Québec and one in New Brunswick, where Toromont-supplied generators capture harmful methane that is transformed into electricity. In 2020, we also helped:

- General Motors Canada reduce its reliance on the electrical grid and take a bite out of local greenhouse gas through the installation of cogeneration capabilities at its St. Catharines, Ontario engine plant. Fuelled by methane gas from a local landfill operated responsibly by Walker Industries, four 1.6 megawatt Cat generators supply about 35% of the plant's electricity needs while heat from the generators is captured to provide additional energy and reduce net GHG emissions by an estimated 70%.
- Brock University to extend the life of its cogeneration plant. When it was originally installed by Toromont 25 years ago, the plant operated with eight generators producing electricity and recovering energy within a thermal storage tank that is used to heat campus water and cool campus buildings. Reflecting technology gains, the same 6.4 megawatts of power is now produced with just four new generators.



Brock University in St. Catharines, Ontario extended the life of its cogeneration plant and its long partnership with Toromont by asking us to install these new Cat generators.

In refrigeration, CIMCO educates customers on the Global Warming Potential (“GWP”) of various refrigerants – a measure of how much heat a greenhouse gas traps in the atmosphere relative to carbon dioxide – and employs integrated building design and heat recovery systems to lower the carbon footprint of its equipment. More specifically, CIMCO provides alternative natural refrigerants, such as ammonia and CO₂ with a GWP of 1 and 0, respectively (a refrigerant with a GWP of 150 or above is no longer allowed in certain U.S. jurisdictions) and its patented ECO CHILL® lowers natural gas usage by capturing heat and applying it elsewhere within the building environment. In 2020, CIMCO made significant headway in broadening the use of natural refrigerants:

- Nine CO₂ ice rink packages were sold in the United States, including in California which is a recognized leader in the use of environmentally sustainable products and, as part of the U.S. Climate Alliance, recently mandated the use of CO₂ as a refrigerant in ice rinks.
- A large retailer became the first industrial purchaser of a full CO₂ package for its new cold storage facility in British Columbia.

Over the past 15 years, we estimate that customers using ECO CHILL have cumulatively offset more than 1 million CO₂-equivalent tonnes (the same amount

produced by approximately 240,000 cars operating for one year) compared to traditional refrigeration and saved almost 20 billion cubic feet of natural gas. By comparison, Toromont's entire annual emissions footprint is 71,125 CO₂-equivalent tonnes. As the world moves towards net zero emissions, we will play our part through the use of eco-friendly refrigerants and ability to recover and repurpose heat.

2020 Environmental Actions and Outcomes: Water Conservation

Toromont's operations are not water intensive. We recognize the far-reaching implications that water scarcity may have in the future and have taken steps to reduce consumption.

Toromont businesses use a variety of techniques to conserve, reclaim and treat water. In 2020, the Battlefield Equipment Rentals store in Barrie, Ontario added a wash bay system to recycle water, bringing to 15 the number of stores with this equipment. The largest store reduces water consumption by over 1.4 million litres per year using this system. Toromont Cat conserves water and reduces chemical usage during component cleaning through steam and pressure washers. Water and oil interceptor systems capture oil, sediment and water runoff in service bays and separate the ingredients for safe disposal.

Community Impact Governance and Strategies

From our Board, through our leadership ranks and across our workforce, we believe Toromont has a role to play in the health and well-being of the communities where we live and work. In line with our Values and focus on social responsibility, Toromont encourages community volunteerism through our Day of Caring Policy. It provides all employees with paid time off to volunteer for a charitable cause of their choice. Toromont's official charity is United Way, an organization chosen because it reaches all communities connected to our business units and provides opportunities for our employees to work together, in an enjoyable way, to focus fundraising efforts for the biggest community impact. We also

encourage our business units to contribute to philanthropic causes that resonate with them.

2020 Community Impact Actions and Outcomes

Pandemic restrictions did not stop Toromont employees from supporting community causes, but it did change the way they went about lending a helping hand. Toromont Cat's annual United Way campaign turned virtual. Online events and games including bingo, Toromont Trivia and a creative mask contest coupled with generous everyday donations raised enough funds for United Way to support 5,800 programs and projects across Canada. Not all activities were virtual. Non-perishable food donations complemented the effort. Other Toromont businesses continued their legacy of supporting local charities. Employees at Battlefield Equipment Rentals participated in a virtual walk to raise funds for Rare Charitable Research Reserve, an urban land trust and environmental institute in Ontario's Waterloo Region. When the going got tough for many Canadians, Toromont employees got going.



Roman Kravets, Toromont Cat Parts Logistics Coordinator, used 3D printing to develop this novelty mask for our employee-led creative mask contest, part of our annual United Way fundraising campaign.

CORPORATE INFORMATION

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Annual Meeting

The Annual and Special Meeting of the Shareholders of Toromont Industries Ltd. will be held at 10:00 am (EST) on Wednesday, May 5, 2021. Visit Toromont.com for more details.

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