

# CECO ENVIRONMENTAL CORP

## CORPORATE GOVERNANCE GUIDELINES FOR THE BOARD OF DIRECTORS

The Board of Directors of CECO Environmental Corp. has adopted these governance guidelines to assist it in following corporate practices that serve the best interests of the Corporation and its stockholders. The Board of Directors intends that these guidelines serve as a framework within which the Board may conduct its business. The guidelines should be interpreted in the context of all applicable laws, the Corporation's charter documents and other governing legal obligations.

### I. BOARD COMPOSITION

A. Size of the Board. The Corporation's Bylaws provide that the Board will be not less than 3 nor more than 9 directors. The Board will periodically review the appropriate size of the Board.

B. Majority of Independent Directors. It is the policy of the Board that a majority of the directors will not be current employees of the Corporation and will otherwise meet appropriate standards of independence. In determining independence, the Board will consider the definition of "independent director" in the listing standards of The Nasdaq Stock Market LLC ("Nasdaq") as well as other factors that will contribute to effective oversight and decision-making by the Board.

C. Management Directors. The Board anticipates that the Corporation's Chief Executive Officer ("CEO") will be nominated annually to serve on the Board. The Board may also appoint or nominate other members of the Corporation's management whose experience and role at the Corporation are expected to help the Board fulfill its responsibilities.

D. Chairman; Lead Independent Director. The Board will appoint a Chairman. All directors, including the CEO, are eligible for appointment as the Chairman. If the Chairman is also the CEO, one of the independent directors, shall be elected by the independent directors to be the "Lead Independent Director." Each term of service for the Chairman/Lead Independent Director position is one year. The Chairman (if he or she is not also the CEO) shall have the following roles and responsibilities, in addition to those set out in the Bylaws of the Corporation: authority to call meetings of the non-management directors; presiding at all executive meetings of the non-management directors; serving as principal liaison between the non-management directors and the CEO; communicating from time to time with the CEO and disseminating information to the rest of the Board as appropriate; reviewing and approving agendas, meeting schedules to assure that there is sufficient time for discussion of all agenda items, and information provided to the Board (including the quality, quantity and timeliness of such information); being available, as appropriate, for consultation and direct communication with major stockholders; presiding over the annual self-evaluation of the Board; and performing various other duties as may be assigned from time to time by the Board. The Lead Independent Director shall have the following roles and responsibilities: authority to call meetings of the independent and non-management directors; presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent and non-management directors; serving as principal liaison between the independent and non-management directors and the Chairman/CEO; communicating from time to time with the Chairman /CEO and disseminating information to the rest of the Board as appropriate; providing leadership to the Board if circumstances arise in which the role of the Chairman may be, or may be perceived to be, in conflict; work with the Chairman/CEO to review and approve agendas, meeting schedules to assure that there is sufficient time for discussion of all agenda items, and information provided to the Board (including the quality, quantity and timeliness of such information); being available, as appropriate, for consultation and direct communication with major stockholders; presiding over the annual self-evaluation of the Board; and performing various other duties as may be assigned from time to time by the Board.

E. Selection of Nominees to the Board of Directors. The Board will be responsible for the selection of nominees for election or appointment to the Board. The Nominations and Governance Committee shall recommend candidates for election to the Board. The Nominations and Governance Committee considers nominees recommended by directors, officers, employees, stockholders and others using the same criteria to evaluate all candidates. The Nominations and Governance Committee reviews each candidate's qualifications, including whether a candidate possesses any of the specific qualities and skills desirable in certain members of the Board.

To recommend a prospective nominee for the Nominations and Governance Committee's consideration, submit the candidate's name and qualifications in writing to CECO's Chairman of the Nominations and Governance Committee with a copy to CECO's Secretary at the following address:

CECO Environmental Corp.  
14651 N. Dallas Parkway  
Suite 500  
Dallas, TX 75254

When submitting candidates for nomination to be elected at the Corporation's annual meeting of stockholders, stockholders must follow the notice procedures and provide the information required by the Corporation's By-laws.

F. Board Membership Criteria. Nominees for the Board should be committed to enhancing long-term stockholder value and must possess a high level of personal and professional ethics, sound business judgment and integrity. The Board's policy is to encourage selection of directors who will contribute to the Corporation's overall corporate goals. The Nominations and Governance Committee may from time to time review the appropriate skills and characteristics required of Board members, including such factors as general business experience, diversity, and personal skills in technologies related to the business, finance, governance, international business experience, financial reporting and other areas that are expected to contribute to an effective Board. In evaluating potential candidates for the Board, the Nominations and Governance Committee considers these factors in the light of the specific needs of the Board at that time.

G. Board Compensation. The Board, through the Compensation Committee, will review, with the assistance of management or outside consultants if desired, appropriate compensation policies for the directors serving on the Board and its committees. This review may consider board compensation practices of other large public companies, contributions to Board functions, service as committee chairs, and other appropriate factors.

H. Other Board Memberships. Without prior approval from the Board, no director may serve on more than four public Corporation boards (including the Corporation's Board). Without prior approval from the Board, the Corporation's CEO may not serve on any outside public Corporation boards.

I. Board Evaluations. The Board shall conduct a self-evaluation at least annually.

## II. BOARD MEETINGS AND MATERIALS

A. Scheduling of Full Board Meetings. Board meetings will be scheduled in advance and may be held in person or by electronic or other means sufficient for all attendees to hear and participate.

B. Attendance. Absent unusual circumstances, each director is expected to attend all meetings of the Board and all meetings of any committee on which such director serves. Each director is also expected to attend, absent unusual circumstances, all annual and special meetings of stockholders.

C. Agenda and Materials. The CEO, in consultation with the Chairman (if separate from the CEO) and the Lead Independent Director, if any, will have primary responsibility for preparing the agenda for each meeting and arranging for it to be sent in advance of the meeting to the directors along with appropriate written information and background materials so that Board meeting time may be effective and discussion time focused on questions that the Board has about the information provided. Board members are expected to prepare for and participate in each meeting of the Board and committee on which they serve. Each director, is encouraged to suggest items for inclusion on the agenda. The Board reserves authority to meet in executive sessions to discuss sensitive matters without distribution of written materials.

D. Independent and Non-Management Directors Discussions. It is the policy of the Board that the independent members of the Board meet separately at least twice per year to discuss such matters as the independent directors consider appropriate. In addition, the non-management Directors will also meet separately at least twice per year to discuss such matters as the non-management Directors consider appropriate. The Corporation's independent auditors, finance staff and other employees may be invited to attend these meetings.

E. Board Presentations and Access to Information. The Board encourages the presentation at meetings by managers who can provide additional insight into matters being discussed or who have potential that the CEO believes should be given exposure to the Board. The Corporation's executive management will afford each Board member with access to the Corporation's employees and the independent auditors. The Board encourages management to arrange presentations at Board meetings by the Corporation's managers and provide other reports that will enhance the flow of meaningful financial and business information to the Board.

F. Director Orientation and Continuing Education. Upon appointment, the Corporate Secretary shall provide new board members with director orientation materials, including presentations from senior executives and Corporation policies. Each director is expected to participate in continuing education programs in order to maintain the necessary level of expertise to perform his or her responsibilities. The Corporate Secretary shall work with the Chairman of the Nominations and Governance Committee as necessary to periodically provide materials that would assist directors with their continuing education.

### III. BOARD COMMITTEES

A. Committees. The current standing committees of the Board are: Audit Committee; Compensation Committee; and Nominations and Governance Committee. From time to time the Board may establish a new committee or disband a current committee depending upon the circumstances.

B. Committee Member Selection. The Board will designate the members and Chairman of each committee, endeavoring to match the committee's function and needs for expertise with individual skills and experience of the appointees to the committee. The membership of the Audit, Compensation and Nominations and Governance Committees shall consist solely of independent directors, which directors shall also meet applicable criteria for independence under Nasdaq, SEC and/or tax rules applicable to such committees.

C. Committee Functions. The number and content of committee meetings and other matters of committee governance will be determined by each committee in light of the authority delegated by the full Board to the committee, the committee's charter (if any) and applicable regulations or principles. The

Corporation will provide to each committee access to employees and other resources to enable committee members to carry out their responsibilities. The full authority and responsibilities of each committee is fixed by resolution of the full Board and the committee's charter, if any. Committee charters are available on the Corporation's website at [www.cecoenviro.com](http://www.cecoenviro.com) in the "Investor Relations" section, and a brief description of committee functions is available in the Corporation's most recent annual proxy statement.

#### IV. OWNERSHIP GUIDELINES

A. Director Stock Ownership. To further align the interests of non-management directors and stockholders, each non-management director is required to own shares of the Corporation's common stock having a value equal to at least three times the non-management director's regular annual cash retainer. Non-management directors shall have three years from the latter of the date of adoption of these Governance Guidelines or his or her election or appointment to the Board to attain such ownership levels. The Compensation Committee in its discretion may extend the period of time for attainment of such ownership levels in appropriate circumstances. For purposes of these Guidelines, a non-management director's stock ownership includes all shares of the Corporation's common stock owned by the non-management director outright or held in trust for the non-management director and his or her immediate family, plus a non-management director's deferred or restricted stock or equivalent units. The value of a share shall be measured as the greater of the then current market price or the closing price of a share of the Corporation's common stock on the acquisition or grant date.

B. CEO Stock Ownership. To further align the interests of the CEO and stockholders, the CEO is required to own shares of the Corporation's common stock having a value equal to at least five times his or her base salary. The CEO shall have five years from the latter of the date of adoption of these Governance Guidelines or his or her appointment as CEO. The Compensation Committee in its discretion may extend the period of time for attainment of such ownership levels in appropriate circumstances. For purposes of these Guidelines, The CEO's stock ownership includes all shares of the Corporation's common stock owned by the CEO outright or held in trust for the CEO and his or her immediate family, plus the CEO's deferred or restricted stock or equivalent units. The value of a share shall be measured as the greater of the then current market price or the closing price of a share of the Corporation's common stock on the grant date.

#### V. MANAGEMENT RESPONSIBILITIES

A. Management Succession and Development Planning. The CEO will review with the Board succession and development plans for senior executive officers. The Board may from time to time ask the Compensation Committee to undertake specific reviews concerning management succession planning.

B. Financial Reporting, Legal Compliance and Ethical Conduct. The Board's governance and oversight functions do not relieve the Corporation's executive management of the primary responsibility for preparing financial statements which accurately and fairly present the Corporation's financial results and condition. Executive management shall maintain systems, procedures and a corporate culture that promote compliance with legal and regulatory requirements and the ethical conduct of the Corporation's business.

Effective August 3, 2016