

# CECO Environmental Corp. Conflict Minerals Policy

## I. BACKGROUND / INTRODUCTION

The United Nations Group of Experts on the Democratic Republic of the Congo (“DRC”) found that the trade of certain minerals, Columbite-Tantalite (Coltan/Tantalum), Cassiterite (Tin), Wolframite (Tungsten) and Gold, called Conflict Minerals (“3TG” or “Conflict Minerals”), is helping to finance the civil conflict in the DRC characterized by extreme levels of violence. In July 2010, US President Barack Obama signed the “Dodd-Frank Wall Street Reform and Consumer Protection Act” that includes section 1502(b) on Conflict Minerals. The US Securities and Exchange Commission (the “SEC”) released final rules in August 2012 requiring all public companies to disclose and report annually to the SEC if the 3TG minerals used in their products originated from the DRC or adjoining countries.

CECO Environmental Corp. and its subsidiaries and affiliates (the “Company” or “CECO”) recognizes that it has the responsibility to respect human rights and to avoid contributing to global conflict. As a result, the Company does not support the use of 3TG that are illegally mined, transported or traded because of the role such minerals play in financing armed conflict in the DRC and the adjoining countries, as well as in other high-risk and conflict-affected areas around the world.

It is therefore the policy of the Company to exercise due diligence over its supply chain with respect to 3TG in a manner consistent with the current edition of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, with the ultimate goal of eliminating 3TG from the Company’s supply chain that have not originated from sources verified as conflict-free.

## II. PURPOSE

This document contains CECO’s policy regarding Conflict Minerals in our supply chain and our due diligence program.

## III. SCOPE OF POLICY

This policy defines CECO’s due diligence requirements and expectations within our supply chain and applies to all of the Company’s suppliers and contractors worldwide.

## IV. DEFINITIONS

TERM	DEFINITION
3TG	Commonly referencing Tin, Tantalum, Tungsten, and Gold
Dodd-Frank Section 1502	Require publicly traded companies to report annually on the source and chain of custody of conflict minerals in products manufactured by the company
SEC Form Specialized Disclosure (SD)	Form used to satisfy special disclosure requirements implemented under the Dodd-Frank Wall Street Reform and Consumer Protection Act relating to conflict minerals contained in products
Smelting	Process of applying heat and a chemical reducing agent to an ore to extract a desired base metal product. Smelting uses heat and a chemical reducing agent to decompose the ore, driving off other elements as gases or slag and leaving the metal behind.

<p>Conflict Minerals Reporting Template (CMRT)</p>	<p>CMRT is an industry standard used to collect and verify data, and help companies determine the origin of materials used at the smelter level  <a href="https://responsiblemineralsinitiative.org">Conflict Minerals Reporting Template (responsiblemineralsinitiative.org)</a></p>
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## V. POLICY

CECO is committed to responsibly sourcing raw materials to mitigate the risk of using minerals from conflict-affected and high-risk areas and ensure sustainability within our supply chain. CECO endeavors to identify, assess, and remediate human rights violations in its supply chain, specifically as it relates to the procurement of minerals.

The Company recognizes that it has the responsibility to respect human rights and to avoid contributing to global conflict. As a result, the Company does not support the use of 3TG that are illegally mined, transported, or traded because of the role such minerals play in financing armed conflict in the DRC and the adjoining countries, as well as in other high-risk and conflict-affected areas around the world.

It is therefore the policy of the Company to exercise due diligence over its supply chain with respect to 3TG in a manner that helps to eliminate 3TG from the Company's supply chain that have not originated from sources verified as conflict-free.

Pursuant to Section 1502 of the Dodd-Frank Wall Street Reform Act, certain suppliers are required to make disclosure or certifications to their respective customers, regarding whether "conflict minerals" necessary to the functionality or production of their products originated in the DRC. These "conflict minerals" consist of certain specified minerals and derivatives thereof, including Tantalum, Tin, Tungsten and Gold. We have informed our suppliers of these products of our endeavors, and that it is our desire to purchase materials that are DRC "conflict free".

To accomplish the policy goals above, the Company has committed to implementing the following:

- The Company will distribute this policy to all suppliers and contractors and additionally, the Company contractually requires suppliers and contractors to comply with its Supplier Code of Conduct that outlines our core values and foundation of our relationship with our business partners.
- The Company will require its suppliers and contractors to complete the Conflict Minerals Reporting Template no less than annually. In doing so, suppliers must identify the smelters or refiners that processed the 3TG in the components and materials they supply to the Company and, where available, the country of origin of such 3TG.
- Suppliers and contractors must only source 3TG from smelters and refiners that are verified as conflict-free by the recognized third-party audit programs. Suppliers and contractors must not provide direct or indirect support to non-state armed groups through the mining, transport, or trade of 3TG. Suppliers and contractors that do not currently comply with this policy must publicly demonstrate progress toward a conflict-free supply chain by participating in a recognized third-party audit program.
- The Company reserves the right to periodically audit suppliers and contractors for compliance with this policy. The Company will suspend orders and/or terminate the business relationship with suppliers and contractors that fail to demonstrate progress toward a conflict-free supply chain or that otherwise put the Company at risk of failing to achieve the goals of this policy.
- The Company will distribute this policy to its procurement personnel and manufacturing facility management. The Company will provide appropriate training to relevant personnel and will provide oversight to ensure its personnel are carrying out this framework effectively and consistently.
- Company management will periodically review the Company's progress toward a conflict-free supply chain and will keep accurate records of its due diligence efforts, for use in its compliance

obligations to the SEC and other government authorities, and for assisting its customers in their own supply chain due diligence efforts.

### **Recognized Third-Party Audit Programs**

The Company may recognize other programs or organizations from time to time by updating this policy or by providing notice to its suppliers and contractors.

CECO expects its sub-suppliers to provide due diligence confirming that various minerals besides 3TG identified as a source of concern by the Responsible Minerals Initiative (“RMI”) have been responsibly sourced.

CECO suppliers are required: To source from socially responsible suppliers. This means we not only source from suppliers using sources from other regions but also source with suppliers who have confirmed non-conflict sources. To work toward sourcing only from RMI active smelters and refiners. To have policies and procedures in place to ensure that products and parts supplied to CECO are DRC Conflict-free. To provide all necessary due diligence information to confirm that all 3TG or other minerals supplied to CECO are DRC Conflict-free. To respond to CECO’s inquiries for due diligence information, and promptly implement corrective actions identified and requested by CECO.

CECO annually reviews this Policy and in the instances where suppliers do not perform risk assessments to smelters or refiners or fail to implement corrective action plans derived from the risk assessments, CECO shall require its applicable suppliers to ensure such actions are taken and validate the execution of the latter activities with its suppliers.

If these requirements are not met, CECO suppliers shall implement an immediate transition plan for the substitution of non-conformant smelters and refiners. CECO may terminate business relationships with suppliers that do not make substantive and prompt efforts to comply with this policy.

## **VI. RELEVANT TOOLS AND RELATED POLICIES**

- CECO Supplier Code of Conduct
- CECO Procurement Policy