

# Understanding Today, Improving Tomorrow

2021 ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT

**CECO**  
ENVIRONMENTAL



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# UNDERSTANDING & IMPROVING

Dear CECO Environmental Stakeholders,

I am pleased to present CECO Environmental's inaugural Environmental, Social and Governance (ESG) Report: **Understanding Today, Improving Tomorrow**. While this is our first ESG report, CECO has a proud history of delivering efficient and long-lasting solutions that protect people, the environment, and industrial equipment. Our industry-leading products and services ensure our customers meet or exceed environmental regulations and targets. And CECO's mission and values have long empowered our employees and partners to embrace the central tenets of ESG and what it represents.

I see tremendous value integrating an even more deliberate ESG approach to CECO's growth and operational strategies. We are early in our formal ESG journey, but it has already strengthened our resolve to make a positive impact. The formation of our Executive ESG Steering Committee brought together representatives from each of CECO's businesses and functions. This collaboration has strengthened our team alignment and will drive a focused investment in CECO's future ESG initiatives. We are proud of our history, but we realize our journey is far from complete. I am excited to share some of the many ways we are dedicated to advancing our ESG program to benefit all stakeholders.

## **Advancing Environmental Sustainability**

For decades, various international geopolitical and economic communities have entered into numerous agreements to reduce certain impacts industrial processes have on our planet. With global population growth and an ever-expanding middle class consuming more energy, food, water and general resources, the stress on our

environment is intense. CECO recognizes that as a company, we have a responsibility to reduce our own impact on the environment as well as lead in developing solutions to address global environmental challenges today and in the future.

To protect the environment from harmful byproducts of industrial production, CECO's industrial air filtration and emissions management solutions eliminate countless tons of airborne pollutants annually. These highly engineered, leading solutions meet or exceed the most stringent environmental regulation or environmental targets set by our customers and their communities. We not only protect the air we breathe but also the water we drink. CECO's flow control products ensure industrial waters are filtered and securely managed to protect people and the environment. So, whether it is industrial processes or infrastructure, CECO is engineering advanced solutions to positively impact our environment.

We are also not afraid to make important commitments and targets to reduce the environmental footprint generated from our operations and our extensive supply chain. We are investing to modernize our operating centers and continue to commit time, people, and capital to ensure we are reducing waste, energy consumption and advancing our already strong safety programs. As we complete our baseline data process, we will establish appropriate targets and invest in achieving our stated objectives.

## **Social Responsibility**

We have a unique opportunity and responsibility to continue to build a company that promotes social responsibility across our enterprise. This means recruiting, developing, retaining, and embracing a talented workforce that represents

**AT CECO WE ARE ENERGIZED BY  
OUR MISSION TO PROTECT PEOPLE,  
THE ENVIRONMENT,  
AND INDUSTRIAL EQUIPMENT.**

great diversity. It also means ensuring we have a safe environment to work and one that promotes learning and community involvement. I am honored to help lead CECO as we embrace this opportunity and am proud of the diversity and inclusion that exists in our leadership teams. Additionally, we continue to tackle the ongoing challenges associated with the COVID pandemic by promoting smart solutions to ensure our employees are aware of appropriate healthcare solutions and flexible work environments.

In 2022, we will introduce even more programs to promote our Win Right values and drive our accountability for performance culture. Each year we offer more training and development opportunities for our global workforce to gain new skills and network in their respective fields. These are just a few of the many ways we promote CECO as an employer of choice and a socially responsible enterprise.

### **Sound Business & Governance**

Creating value for our shareholders while ensuring we are leaning into the challenges of the ever-changing business environment is critical to CECO. Our Win Right values help guide our leadership and processes, and ensure we remain pointed to our “True North” of integrity and accountability.

CECO has a strong track record of governance, ethics, compliance, risk management and data security. We continue to broaden our diverse leadership with new skills and remain committed to investing in our governance programs to meet-or-exceed all leadership categories. We have regular progress reviews with our Executive ESG Steering Committee and engage in strategic and tactical reviews with our full Board of Directors.

### **The Future is Bright**

At CECO we are energized by our mission to protect people, the environment, and industrial equipment. And we are embracing sustainability inside our company and across the global business environment. This is not just a simple initiative, this is who we are. Thank you for joining us as we pursue the journey ahead. Together, we will make a real difference.

Sincerely,



**Todd R. Gleason**  
**Chief Executive Officer**



# MEET CECO ENVIRONMENTAL

CECO Environmental is a leading environmentally focused, diversified industrial company whose solutions protect people, the environment, and industrial equipment across the globe, serving a broad landscape of industrial and other niche markets. Our wide reach is highlighted by regional headquarters located in Dallas, Texas, USA; Nunspeet, Netherlands; Dubai, UAE; and Shanghai, China. United in more than our name, CECO is proud to serve diverse global industries offering a breadth of expertly engineered applications to help companies grow their business with safe, clean and more efficient solutions that help protect our shared environment. In regions around the world, CECO works to improve air quality, optimize the energy value chain, and provide custom-engineered systems for applications including power generation, petrochemical processing, general industrial, refining, midstream oil and gas, electric vehicle production, poly silicon fabrication, battery recycling, beverage can and water/wastewater treatment along with a wide range of other applications. We serve customers in more than 40 countries through our key business segments: **Engineered Systems and Industrial Process Solutions.**

## ENGINEERED SYSTEMS

Serving the power generation, refinery, water/wastewater and midstream oil and gas markets, we are a key part of helping meet the global demand for environmental and equipment protection through our highly engineered emissions management, product recovery, and water and gas separation solutions.

## INDUSTRIAL PROCESS SOLUTIONS

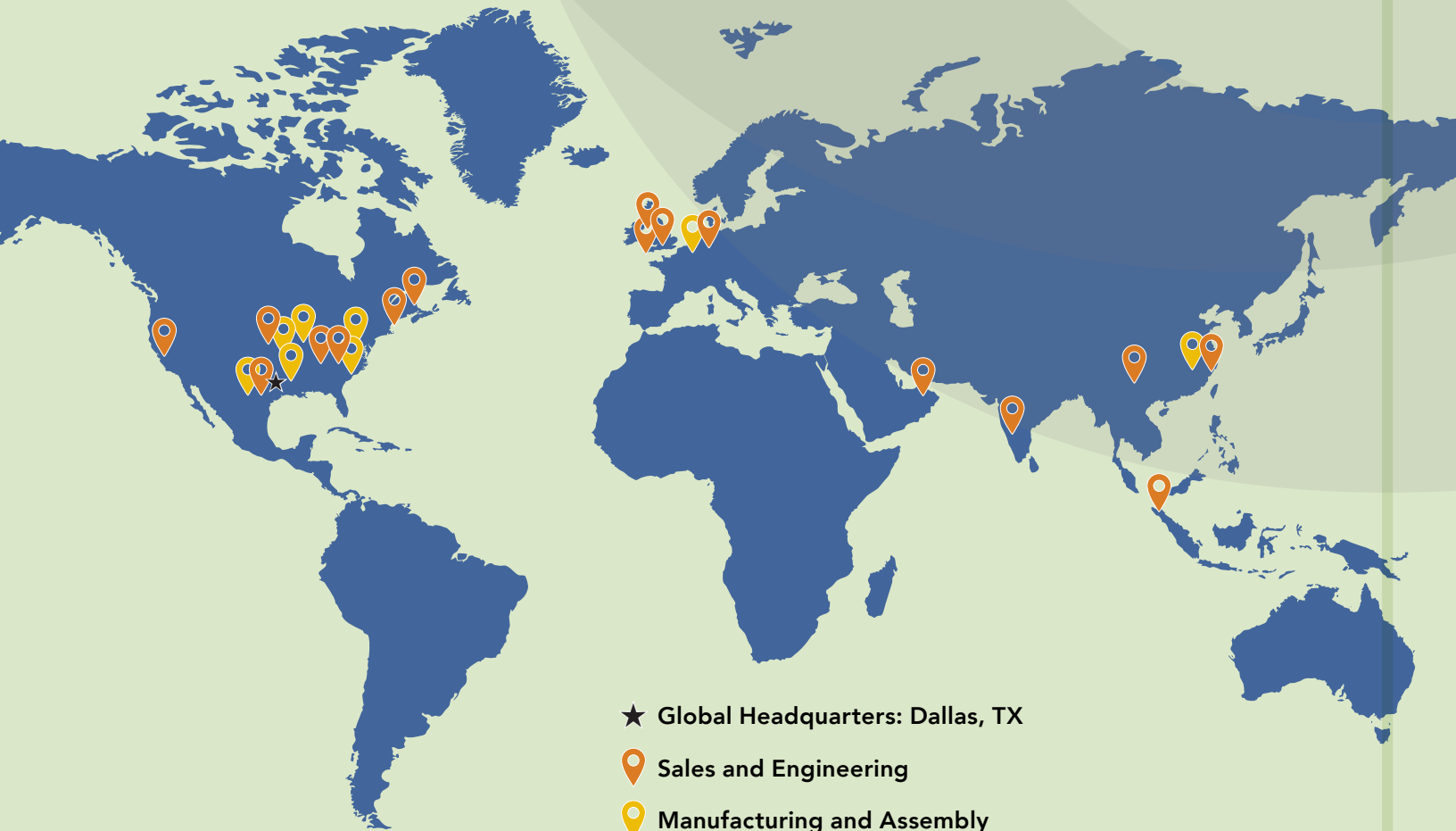
Serving the broad industrial air pollution control, beverage can, fluid handling, electric vehicle production, food and beverage, semi-conductor, process filtration, pharmaceutical, petrochemical, wastewater treatment, wood manufacturing, desalination and aquaculture markets. We protect the air we collectively breathe, maintain clean and safe operations for employees, lower energy consumption and minimize waste for customers, and ensure they meet regulatory compliance standards for toxic emissions, fumes, volatile organic compounds, and odors.

CECO

ENVIRONMENTAL

# OUR LOCATIONS

WE HAVE A MULTINATIONAL PRESENCE OF 25 PRINCIPAL OPERATING FACILITIES ACROSS 11 U.S. STATES AND EIGHT COUNTRIES:



GLOBALLY DIVERSE, BROAD REACHING ORGANIZATION:  
SERVING CUSTOMERS IN >40 COUNTRIES.

We create value for our stakeholders through our leading solutions and application expertise for customers across a variety of industries. CECO's technologies help companies grow while protecting their employees, the environment, and their industrial products. While our 2021 starting backlog was lower than in 2020 due to the far-reaching effects of the COVID-19 pandemic, we expect to grow our businesses steadily as 2021 demonstrated steady bookings' growth. CECO continues to invest in innovative solutions and services to expand our market and geographic reach. At the core of our business strategy are our people and our values:

**At CECO, our mission is to protect people, the environment and industrial equipment.  
We aim to Win Right in everything we do.**





# ECONOMIC IMPACT 2020 HIGHLIGHTS

As an engineering and services company focused on helping our customers meet or exceed regulatory or self-appointed environmental targets, we understand that we have a responsibility to reduce our internal environmental footprint. We are also committed to ensuring that we are fostering a diverse and inclusive workforce and strong processes around controls and transparency.

**GLOBAL PRESENCE:**

**40+**  
**COUNTRIES**

**2020 ORDERS:**  
**\$280M**

**2020 NET  
REVENUE: \$316M**

**2020 EBITDA:**

**\$33M**

**ACTIVE FULL-TIME  
EMPLOYEES:**

**734**

(AS OF DECEMBER 31, 2020)

## STOPPING POLLUTION WHERE IT STARTS, ONE FACILITY AT A TIME

As an environmentally focused diversified industrial company, CECO provides engineering solutions that simultaneously protect our customers' operating environment and the natural environment. Our experts solve some of the most critical air quality, separation technologies, water treatment and fluid handling challenges.

To ensure our customers across all platforms receive services that are unmatched in quality and consistency, CECO facilities in the United Kingdom, United Arab Emirates, United States, Netherlands, China, Singapore,

and India hold ISO 9001 certification, which not only ensures quality in products and services, but also includes a strong focus on risk management. We also maintain ISO 45001 and 14001 certifications at select facilities in the United Kingdom, United Arab Emirates, China, Singapore, and India, which highlights our commitment to the environment and occupational health and safety. CECO plans to continue to evaluate the need to obtain additional ISO certifications based on the needs of our key stakeholders, including our customers and employees.

SITES WITH CURRENT <sup>1</sup> EHS AND QUALITY CERTIFICATIONS	ISO 9001	ISO 45001	ISO 14001
Pune, India	X	X	X
Singapore	X	X	X
Stansted, United Kingdom	X	X	X
Dubai, United Arab Emirates	X	X	X
Zhenjiang, China	X	X	X
Denton, Texas	X		
Birmingham, United Kingdom	X		X
Nunspeet, Netherlands	X		
Elma, New York	X		
Guangzhou, China	X		

<sup>1</sup>As of the writing of this report, CECO facilities in India, Singapore, and China achieved ISO 45001 certification in 2021.

CECO's collaborative approach to protecting our shared environment while helping customers meet their environmental goals through innovative solutions is highlighted through some of our success stories below.

CUSTOMER CASE STUDY:

## Electric Vehicle Manufacturer

An **electric vehicle manufacturer** needed high efficiency **volatile organic compounds (VOC) abatement** for their paint shops. The customer had a very aggressive schedule and required state-of-the-art **Regenerative Thermal Oxidizer (RTO)** VOC abatement systems and Internet of Things (IoT) connected smart systems. CECO's extensive VOC abatement expertise and experience integrating our RTOs with complementary paint lines delivered an engineered solution to meet the customer's needs.

**SITUATION OVERVIEW** This was a greenfield opportunity for a substantial Electric Vehicle (EV) paint shop that required cost effective VOC controls for 10 complementary paint lines as well as prime, E-coat and flash ovens for truck and car bodies. The customer needed to meet the United States Environmental Protection Agency (USEPA) and state environmental standards for stringent VOC Destruction Removal Efficiency (DRE) requirements of 99% for RTO and 97% for Zeolite Rotary Concentrator. The contract required an extremely compressed engineering, sourcing and fabrication timeline of less than three months, all while meeting the customer's detailed technical 3D drawing requirements and submittal schedule.

**SOLUTION** The electric vehicle manufacturer selected CECO due to extensive paint shop VOC abatement and experience integrating our RTOs with complementary paint lines. CECO's technical knowledge, lowest RTO energy usage and cost, and project management expertise met the customer's tight timeline. CECO engineered a high-efficiency, low profile 3 Tower RTO and integrated the modular Zeolite Rotary Concentrator.

**RESULT** The CECO RTO and Zeolite Rotary Concentrator have been operating reliably since the July 2021 startup. The rapid cold and warm RTO startup times have provided a great customer experience through increased paint shop uptime.

**QUANTITATIVE SNAPSHOT**

- 38,000 scfm Regenerative Thermal Oxidizer and 88,000 scfm Rotary Concentrator
- Reduced 99% VOC, achieving 97% destruction and removal efficiency (DRE) with Zeolite Concentrator
- Gained 1.6 mm btu/hr flameless natural gas efficiency
- Operational since July 2021



CUSTOMER CASE STUDY:

# Manufacturer of Building Materials

A manufacturer of building materials needed to **comply with new EPA particulate emissions standards**, meet their production demand increase, and **improve working conditions** on their asphalt shingle lines. CECO re-engineered the air collection system. By providing the customer with **high efficiency CECO Mist Collector (CMC) units** and completing substantial revisions to their hooding and ductwork systems, our team helped them meet the increased production while **improving air quality inside and outside of the plant.**

**SITUATION OVERVIEW** Our customer needed to improve the working conditions inside the plant on four asphalt lines. One of the existing collectors required a tremendous amount of maintenance and was also inefficient. The plant was required to release no more than 0.04 grains of particulate matter per cubic foot of air by 2021 to comply with the EPA requirements. The customer also required special capabilities to switch back and forth between collectors during filter change outs to keep the plant in operation.

**SOLUTION** CECO re-engineered the collection system for the higher volume requirements, special capture hoods and ducting systems with special sealing dampers. The new system included a total of two (2) Critical Micelle Concentration (CMC) units rated at 30,000 cfm and a 58,000 cfm unit.

As a condition of the specification, we took on all portions of the project including foundations, field wiring, mechanical piping, fire protection (CO2 and sprinkler) and a control room with special panels and a human machine interface for the variable frequency drive.

**RESULT** The systems CECO designed and installed along with CECO CMC collectors have improved the working environment inside the plant and has met or exceeded the EPA requirements, providing great customer satisfaction. The new automatic dampening portions of the system have added much needed flexibility for the customer and the new collection equipment will require much less maintenance than the previous equipment.

- QUANTITATIVE SNAPSHOT**
- 2x less than EPA required Hazardous Air Pollutants (HAPS) emissions
  - Double the efficiency gains from system hood design
  - 15% reduced hours of downtime from filter maintenance diverter devices





CUSTOMER CASE STUDY:

# Aluminum Beverage Can Producer

Our customer continues to **expand capacity for its aluminum beverage can production** as global demand to replace plastic bottles accelerates. Their facilities require **state-of-the-art VOC abatement systems** to achieve environmental compliance. Our solution-oriented team at CECO designed, manufactured and installed an integrated VOC Abatement System **treating solvent laden air** with both high thermal and destruction efficiencies and utilized the **recovered energy for the plant's hot water system**.

**SITUATION OVERVIEW** Our customer needed a total VOC Abatement System to provide environmental compliance for their plant emissions. They needed the plant to be installed and commissioned quickly to ensure that compliance was achieved in the commissioning of their new manufacturing line. The customer wanted a turnkey system supplied by a specialist that they knew they could rely upon to meet all their corporate engineering requirements.

**SOLUTION** CECO designed, manufactured, installed and commissioned the total system including:

- A Rotary Concentrator to handle the cold flows
- A large RTO to treat the oven exhausts and the concentrated exhaust from the Rotary Concentrator
- A Reverse Jet Filter for the sprays and individual Ink Mist and Organic Vapor (OV) filters
- Full capture and ductwork systems for all hot and cold exhausts
- A Heat Recovery System to recover heat into the washer circuit

**RESULT** The plant was completed and commissioned August 2020 on time and the environmental compliance requirements achieved. The customer expectations were fulfilled with the final plant.

**QUANTITATIVE SNAPSHOT**

- Significant reduction in emissions with over 99% reduction in the mass of VOC that was being discharged
- No visible exhausts
- Autothermal operation when the inlet solvent load is sufficiently high
- Over 1 megawatt of energy per year is being recovered into the plant hot water system



## CORPORATE RESPONSIBILITY AT CECO

We are proud to mark our 150<sup>th</sup> year of innovation and deep application expertise at CECO Environmental. Our heritage dates back to 1869, when the Dean Brothers Pump Company was established to solve the world's high temperature pumping challenges. One hundred years later, the Claremont Engineering Company was founded and has since become known as CECO Environmental. Today we are single-minded in helping make the world a better place with our simple but timeless mission.

### OUR MISSION:

**We protect people, the environment and industrial equipment.**

At CECO, our growth potential is fueled by megatrends and critical environmental solutions. Specifically, there is a global need for clean air and clean water, as well as for the reduction of toxic emissions generated from a variety of industries. As environmental regulations change, there is a direct impact on corporate infrastructure and responsibility.

Challenges associated with the global COVID-19 pandemic have dramatically changed the economic landscape across all industries, bringing us to a critical juncture to focus on sustainable growth and resilience. While our previous efforts and policies have positioned CECO to mitigate risks in the face of the unexpected, 2020 offered us the opportunity to initiate a more targeted approach to Environmental, Social and Governance (ESG).

In 2020, we formalized an ESG Steering Committee, comprised of leaders across



ESG is a global movement that will require global efforts to precipitate change. The transformative power of our products plays an important role in that, and our talented workforce is proud of the difference that CECO makes in the world. We embark on our ESG initiatives to continue the momentum, and we want our people to be proud to work for a company with a leadership voice on these issues.

**PAUL GOHR**  
Chief Accounting Officer

CECO's business units and functional areas. We also created an ESG Task Force, consisting of operational and functional leaders. These two groups focused on engaging our employees and developing our ESG plan for the road ahead. As the world rapidly changes and as we face the unknown, we believe our investment in developing and implementing a sound ESG program will improve our business resiliency.

In 2021, the ESG Steering Committee and Task Force completed a materiality assessment,

a foundational exercise to guide us through our ESG strategy and inaugural sustainability report. Our materiality assessment defined the most relevant environmental sustainability topics for strategy and disclosure and validated the social and governance topics that are material for our inaugural report.

Standards developed by the Global Reporting Initiative (GRI); the Sustainability Accounting Standards Board (SASB) Industrial Machinery & Goods Sector; and the Task Force on Climate-related Financial Disclosures (TCFD)

were used to develop our materiality assessment. Through this process, we identified CECO's 2021 key strategic environmental initiatives as Operational Energy Use and Management, Waste Management and Reduction, and Operational Greenhouse Gas Emissions and Reduction. Additionally, the Materiality Assessment process highlighted several ESG topics that are important from a reporting and disclosure perspective. These ESG topics are outlined in more detail throughout this report.

## CECO'S MATERIAL ESG TOPICS

### ENVIRONMENTAL

- Operational Energy Use and Management
- Waste Management & Reduction
- Operational GHG Emissions & Reduction
- Water Consumption and Stewardship
- Environmental Compliance
- Product Efficiency

### SOCIAL

- Employee Health and Safety and Wellness
- Talent Attraction
- Training & Education
- Diversity, Equity and Inclusion
- Human Rights and Fair Labor Practices
- Corporate Citizenship and Philanthropy

### GOVERNANCE

- Governance Policies
- Business Ethics
- Enterprise Risk Management
- Board Diversity
- Cyber Security Efforts

This report includes highlights from our 2018, 2019 and/or 2020 operations, and acknowledges key 2021 milestones as well as our response to unprecedented events. In keeping with our commitment to transparency, we plan to report on additional issues identified in our materiality assessment in future disclosures. We look forward to building on this initial disclosure and plan to focus on a broader number of priority issues for subsequent reports. We are working to further align with guidelines set by GRI, SASB and TCFD, and this will be a priority for us in future reports.

## OUR COMMITMENT TO PEOPLE

CECO is a multinational company with 25 principal operating facilities across 11 U.S. states and eight countries supporting a global customer base. We bring together people of various backgrounds, ages, nationalities and geographies. Our people are our biggest advantage, and we believe that our high-integrity culture and talented employees drive our success. Their knowledge and skills are crucial to providing consistent quality solutions and an excellent customer experience, and we can only ensure the continuous growth and improvement of our company by ensuring their well-being, safety and professional growth.

### PRIORITIZING EMPLOYEE WELL-BEING DURING THE COVID-19 PANDEMIC

At CECO, our commitment to our employees is demonstrated through the various employee health, safety and wellness initiatives we have deployed. It is our goal to provide our employees with opportunities to improve their lives inside and outside the workplace.

When the COVID-19 pandemic swept across the globe, we knew we had to provide support to our employees and adjust our methods of operation. We quickly formed a COVID Task Force and implemented an Emergency Paid Pandemic Leave policy to ensure that anyone who was sick was able to stay home.

To further show our stakeholders our commitment to them during the pandemic, we released timely updates on our website including a CEO message to stakeholders, special updates on office re-openings, FAQs on how CECO was handling business during



COVID-19 has been the single largest global health crisis in our lifetime and has changed how businesses operate worldwide. Through relentless efforts and hard work, we have mitigated health issues, business continuity challenges, and compliance issues.

**PAMELA TURAY**  
**Senior Vice President**  
**Human Resources**

the pandemic, and contacts for anyone who had questions. We saw it as our duty to openly communicate and be transparent with our stakeholders during the pandemic to provide even the slightest sense of relief.

We adhered to all international, federal, state, and local policies, in addition to the following, to keep our team members safe during the pandemic:

- Added work-from-home flexibility for office-related roles
- Required masks to be worn in all locations, where permitted by local law



- Increased cleaning and safety protocols across all locations
- Deployed Microsoft Teams world-wide to enable collaboration while ensuring team safety
- Initiated regular communication regarding impacts of the pandemic, including health and safety protocols and procedures
- Established new physical distancing procedures for employees who needed to be on-site
- Prohibited all non-essential domestic and international travel for all employees
- Provided travel go kits for any employee who needed to travel to a customer site
- Implemented a computer/mobile app self-certification health assessment for all employees, partners, and vendors at our facilities, where permitted by local law to ensure a safe environment and manage contact tracing
- Implemented contact tracing, quarantine and testing protocols to address actual and suspected COVID-19 cases and potential exposure
- Engaged employees to report vaccine compliance through an anonymous survey
- For on-site visitors traveling by plane, required a negative Polymerase Chain Reaction (PCR) COVID-19 test before entering the facility

### PROVIDING A SAFE WORKPLACE

Providing a workplace with effective safety processes and protocols is a top priority at CECO. We believe that all injuries, occupational illnesses and incidents are preventable, and we are committed to operating with a zero-incident culture.

## COMMITTED TO OPERATING WITH A ZERO-INCIDENT CULTURE

To meet our commitment to operating with zero incidents, we have implemented several policies, procedures and formal training programs related to topics such as accident reporting, emergency action plans, hazard identification, hearing conservation, personal protective equipment (PPE) and housekeeping. Through our environmental, health and safety program we implement policies and training programs, as well as perform self-audits to ensure our employees leave the workplace safely every day.

While the COVID-19 pandemic has prompted additional considerations related to health and well-being protocols and work-from-home arrangements, CECO has always had a strong safety training program that meets or exceeds regulatory safety standards.

### Our robust safety program consists of the following:

- 28 Safety Policies
- 6 Safety Procedures
- 27 Safety Awareness Programs
- 4 PPE Programs
- 6 Mobile Equipment Safety Policies
- 4 Environmental Safety Policies
- 4 Gas Hazard Policies
- 8 CAL/OSHA Policies
- 15 Specialty Programs

In 2022 we are committed to rolling out our updated safety manual to further our commitment to our employees and ensure safety is an integral part of our daily operations. Every CECO employee across the globe will receive access to the safety manual, which will be tailored to meet the local policies where we operate.

To bolster our culture of operational-level health and safety, **we implemented safety committees at each site including all offices.**

Our safety committees meet monthly and are responsible for:

- Liaising between employees and management
- Increasing awareness of safety at the facility
- Identifying workplace risks and creating a plan (or making recommendations) to reduce risks
- Integrating safety and health priorities into corporate culture
- Conducting safety training for employees and management
- Completing monthly audits, mitigating risks and demonstrating corrective action
- Performing routine safety inspections

With the guidance of safety committees, we can take a proactive approach to safety. **Our goal as a company is to avoid every incident of workplace injury by dedicating the resources, training and accountability to accomplish this goal.** We believe in order to achieve this, we must openly communicate our safety objectives and goals with employees and other stakeholders to help instill this culture in our daily work. We have also developed our **Safety Roadmap** as guidance for employees and other stakeholders to outline key safety goals and objectives; the value proposition of safety committees; committee structure; and members of each committee.

## SAFETY ROADMAP: GOALS FOR THE NEXT 1–3 YEARS

### COMPLIANCE

- Implement 5S\* program in all manufacturing facilities to drive consistency and efficiency
- Implement a preventative maintenance program for company equipment and tools

### PEOPLE

- Develop safety conscience leaders to manage the sites
- Identify employees for safety committee leadership
- Foster a culture of safety awareness

### COMMUNICATION

- Leverage tools & KPIs to optimize productivity
- Promote visible and ongoing messaging
- Connecting safety leaders to share B.P. and learnings

### CULTURE

- Facilitate
- Define standards & reward performance
- Implement a recognition program

\*5S: A methodology that results in a workplace that is clean, uncluttered, safe, and well organized to help reduce waste and optimize productivity.



Safety is of utmost importance at CECO, and my two decades of working at the company have allowed me to witness that and continue to grow the safety standards at CECO. My previous experience working on the shop floor has allowed me the chance to gain firsthand knowledge of the safety risks associated with CECO operations and better relate with my colleagues. I will continue to embed safety into CECO's culture for years to come.

**SHAWN BLACK**  
Corporate Safety Manager

To better understand employee safety at the site level, we launched a proactive program of safety scorecards and best practice sharing between sites in January 2021. We currently share scorecard information monthly to foster visibility, accountability and commitment across our workplace, communicating and celebrating successful results across the enterprise. In addition to lagging indicators such as injury performance, the scorecards highlight leading indicators such as safety observations and near-misses, as well as other proactive actions taken at each site to ensure worker safety. Goals are set for near misses/resolution; number of observations; number of safety trainings; and number of COVID-19 cases. This innovation actively seeks the identification of hazardous conditions through the analysis of the organization's near-miss reporting, hazard assessments and job assessment processes. We plan to disclose our leading safety indicator data in future sustainability reports.

We have also developed **Shop Floor Skills Matrices** to help track and monitor employee competencies at each facility, covering specific employee proficiency and level of training received on certain skills such as machinery operation, safety adherence and quality of work. **Each employee completes a minimum of 12 hours per year of training time, plus any additional training for their specific job duties.** Dates when the employee was trained on a certain skill are recorded, monitored and regularly updated to ensure each employee's training is up to date before handling machinery.

## CELEBRATING

# SAFETY

WE HAVE REDESIGNED PROCESSES AND IMPLEMENTED NEW TOOLS TO REDUCE PHYSICAL STRAIN ON EMPLOYEES

At CECO's **Indianapolis, Ind.** site, we celebrate our wins as much as we celebrate our opportunities. We have made great strides in improving our test lab safety and improved ergonomics throughout the plant. For example, we have redesigned processes and implemented new tools to reduce physical strain on employees. We celebrate our safety record quarterly through catered lunches and raffles. Our monthly safety audit takes place consistently, and we encourage all to speak up and participate around safety related concerns.

EMPLOYEES PARTICIPATED IN AN APP-BASED CHALLENGE TO ANSWER TRIVIA QUESTIONS ON SAFETY CONCEPTS AND WORK PRACTICES

In 2021, our facility in **Shanghai, China**, organized a safety campaign. Employees participated in an app-based challenge to answer trivia questions on safety concepts and work practices. Our team enjoyed the competition as it helped boost our safety knowledge, raise awareness and reinforce that we must cohesively work together towards the goal of zero incidents.

WE COMPLETED A STUDY TO DETERMINE THE MOST APPROPRIATE SAFETY MECHANISMS FOR OUR PRESS BRAKES

At our site in **Columbia, Tenn.**, we completed a study to determine the most appropriate safety mechanisms for our press brakes. We found a braking system that relies on lasers as a safety mechanism. If anything breaks the plane of the system's laser beams, the machine stops and has to be reset. This is another example of how CECO strives to be on the leading edge of technology when it comes to safety.



We are committed to continuous improvement and are taking steps to improve our safety record. **Over the last eight years, we've had a 27-percent reduction** in Interstate Experience Modifier Rate (EMR). For the year ended December 31, 2020, CECO's domestic **Total Recordable Incident Rate (TRIR) was 1.9 percent as compared to our benchmark industry average TRIR of 4.1 percent.**

U.S. HEALTH AND SAFETY METRICS	2018	2019	2020
Total Recordable Injuries	2	5	10*
Total Hours Worked	1,190,670	1,554,931	1,030,040
Total Recordable Incident Rate	0.33	0.64	1.94
Lost Time Injuries	1	2	6
D.A.R.T. <sup>2</sup>	0.16	0.25	1.16
Interstate Experience Modifier Rate (EMR)	0.80	0.67	0.65
Employee Count	560	560	449

\*Higher recordables due to COVID-19

<sup>2</sup>D.A.R.T. = Injuries or illnesses resulting in Days Away from Work, restricted work activity, or job transfer for every 100 full-time workers

CECO pursued ISO 45001 at several facilities to demonstrate our commitment to providing a workplace where the risk of illness or injury to our employees and to the communities where we operate is eliminated or minimized. Implementation of ISO 45001 has provided us with a systematic and proactive approach to hazard identification and risk assessment which in turn has led to improved organizational health and safety. Our safety committees conduct monthly audits to improve identified inadequacies and to continue to foster our workplace safety culture.

ZHENJIANG, CHINA HEALTH AND SAFETY METRICS (ISO45001)	2020
The incidence of noise-deaf occupational disease	0
The incidence of pneumoconiosis occupational disease	0
The occurrence rate of gas cylinder leakage and explosion	0
Number of serious injuries and fatal accidents	0
Number of minor injuries	1
Fire and electric shock accidents	0

## EMPLOYEE WELLNESS PROGRAMS

In line with industry benchmarks, CECO offers employees competitive benefits and pay packages. All our full-time employees are eligible for enrollment in our benefits programs upon hire. These benefits include paid time off, parental leave, group health insurance, life insurance, pharmacy benefits, health savings accounts, flexible spending accounts, dental benefits, vision benefits, pet insurance, identity theft protection, employee assistance programs, a 401(k) plan with company match, and an employee stock purchase plan. Additionally, throughout the COVID-19 pandemic, including when Family First government benefit programs expired, we offered paid pandemic leave of up to two weeks each year to encourage our employees to take care of their health and stay home when they are not well.

CECO is committed to fostering a healthy work environment and lifestyle for employees. The CECO Living WELL@Work program encourages CECO employees to live healthier lives, providing tools for best work practices as well as tips for employee well-being. Our HR team sends weekly wellness update emails to all employees that include a wide variety of health-related information including wellness challenges, tips, updates, and fun facts to keep employees informed and up to date on their personal Health & Welfare. Additionally, we partner with the American Heart Association (AHA) to promote movement through Move More such as the annual Heart Walk, and to host a virtual health fair for all CECO employees in November 2021 that focused on mental well-being and physical health.



## OUR CULTURE OF GROWTH

To continually grow as a company and drive innovation and operational excellence, we strive to identify, attract, retain and motivate world-class talent. We believe that CECO is only as good as its people, which inspires us to invest in our employees and help them succeed in their careers. Our teams grow, lead and innovate through opportunities to develop and expand their skills and expertise while achieving their career goals. We believe that investing in our employees today will help us excel as an organization in the future and therefore, we have allocated resources for employee development initiatives. The aim of these initiatives is to provide employees and leaders with the tools and skills they need to succeed and advance both personally and professionally.

### CECO's Employee Development Initiatives

- **LinkedIn Learning:** In 2020, CECO implemented an online learning platform through LinkedIn Learning so our employees could continue to enhance their skill sets and knowledge while working remotely due to COVID-19. Every CECO employee is given a learning roadmap and learning goals that relate to their job function. In addition to assigned trainings, we offer unlimited access to the full catalog of trainings offered by LinkedIn Learning. Since July 2020, out of 500 employees who enrolled in the learning platform, 82 percent activated their learning profile. Our goal is to achieve an activation rate of 100 percent in the near future.
- **Manager Essentials Training:** Our internal Manager Essentials program trains on the most critical topics, skills and competencies essential for current managers to be effective in their roles. Split into five modules, this course focuses on effective communication, building a high-performance team and leadership. Our employees hone their management skills by learning to identify personal management styles, values and expectations. There is also strong emphasis placed on team performance objectives and workplace practices that promote a customer-centric mindset. Based on the success and positive feedback we received from our team in China in 2021, we plan to roll this program out across the entire enterprise in 2022.
- **Leadership Essentials:** For more experienced leaders within CECO, we plan to roll out our custom Leadership Essentials training in 2022. The Leadership Essentials training is a week-long program that teaches management skills for leadership and performance improvement. Our goal for this program is to help senior-level leaders within CECO build upon their capabilities of strategy development and leadership.
- **Executive Leadership Development:** We partnered with a third-party firm to help CECO leaders develop the mission, vision, cultural goals and other leadership skills that define CECO. For example, we utilize the ExecOnline platform to partner with leading universities across the United States to offer accredited synchronous and a-synchronous learning executive certificate programs so executives can develop skills on their own time.



In addition to investment in employee career development, we believe employee engagement is critical to ensuring employee job satisfaction. Each quarter, following our earnings reports, our leadership team provides a State of the Business update for all employees to discuss financial performance, provide initiative updates and highlight new customer wins. Our senior vice president of human resources, Pam Turay, also connects with employees regularly through her “Pizza with Pam” lunchtime chats.



## PIZZA WITH PAM

Starting in 2018, our senior vice president of human resources, Pam Turay, began connecting with employees several times a year to gain their personal perspectives on why they chose to work at CECO, what CECO can improve on, and any ideas they may have for new initiatives for employee engagement. Small groups of employees meet with Pam over pizza and chat in a casual and fun setting. During COVID-19, we continued this tradition virtually through Teams.

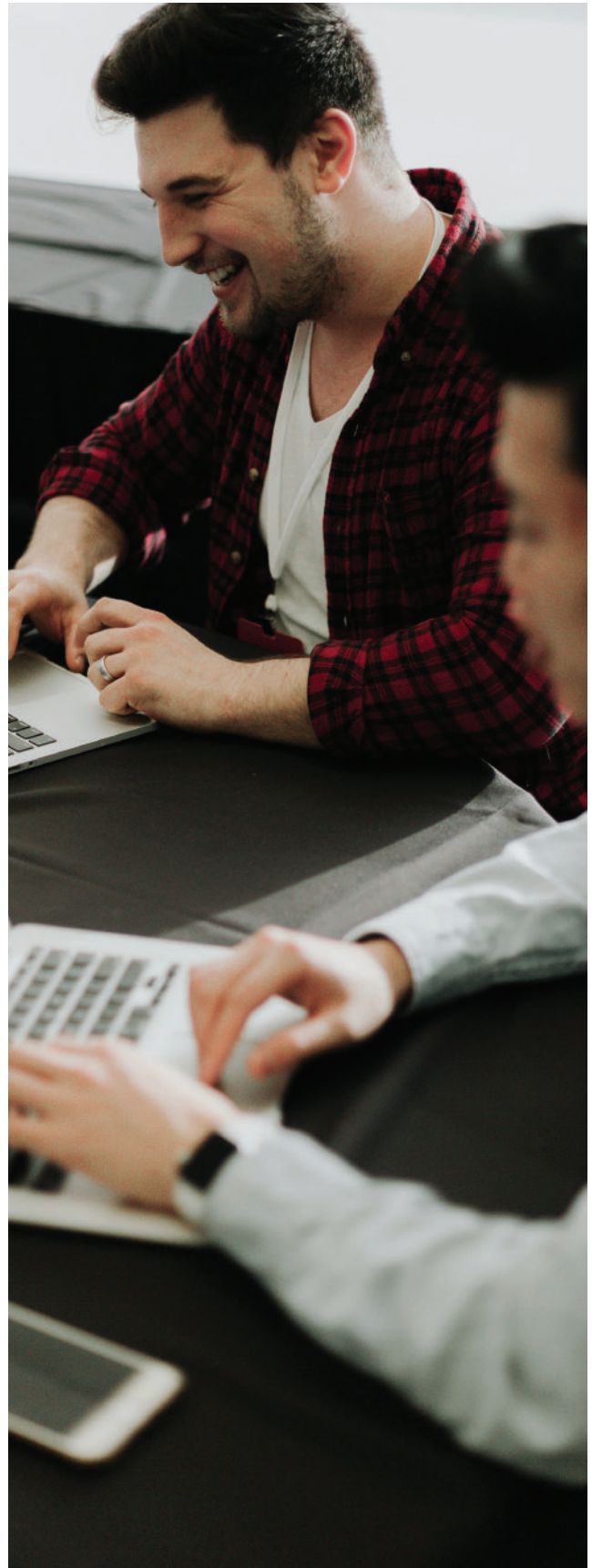
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*“I use LinkedIn Learning to learn new concepts and subjects, which helps me bring a fresh approach to efficiently manage my work and team. Tools like this have democratized access to the best training and courses to everyone, irrespective of their location, domain or position in the organization.”*

–ARIJIT SEN

Senior Proposals Engineer,  
CECO Peerless – Dubai

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As CECO continues to grow, we are always seeking out top quality candidates to join our team. We value our current employees and engaging with them through our employee referral program, Refer a Valuable Employee (RaVE), encourages and empowers them in a meaningful way. The referral program allows our employees to feel trusted and valued since they are participating in our future and growth, and they receive a financial boost through an employee referral bonus. At the same time, they feel a sense of pride and accomplishment when they help their friends with their next career move. Celebrating our employees' personal connections is a win-win for us all.

We recognize the importance of both retaining and attracting the best talent. In the fourth quarter of 2021, we kicked off an external partnership to elevate CECO's employment brand. Establishing our recruiting program in the marketplace will enhance our company's impact and reach by highlighting reviews from current employees and leveraging our current employees as company ambassadors.

	2019	2020
<b>Headcount as of January</b>	781	884
<b>Total number and percent of voluntary employee turnover</b>	99; 12%	116; 15%
<b>Total number and percent of involuntary employee turnover</b>	99; 12%	171; 21%
<b>Employee tenure for the entire company</b>	<5 years: 473 5–9 years: 149 10–14 years: 93 15+ years: 168	<5 years: 380 5–9 years: 125 10–14 years: 80 15+ years: 149
<b>Average employee tenure (years)</b>	7.88	8.34
<b>Total number of hours in the reporting period devoted to training on career development</b>	Data unavailable	999
<b>Percentage of employees trained on career development during the reporting period</b>	Data unavailable	63%
<b>Percentage of total employees who received a regular performance and career development review</b>	76%	94%

## OUR FOCUS ON DIVERSITY, EQUITY, AND INCLUSION

At CECO, we recognize that having a diverse team of employees helps make us innovative, collaborative and a great place to work. We want all employees to feel accepted, regardless of their race, gender, sexual orientation, beliefs or culture, which is why we have set goals to strengthen our diversity, equity and inclusion (DEI) commitments and management plan at CECO. Starting in November 2021, our senior vice president of human resources enrolled in a Yale University course focused on DEI, which will help further our efforts in this area as she shares her learnings and assembles a DEI project task force to further build DEI champions and build out our DEI roadmap for 2022 and beyond.

One way we currently demonstrate our commitment to DEI is through our consideration of candidates from different backgrounds, ethnicities, and cultures in our hiring processes. We have a global mix of employees that feeds our talent pipeline — and we want to continue to foster a culture of diversity and inclusivity that promotes collaboration, belonging and acceptance. To accomplish this, we have initiated recruitment efforts to attract and build a more diverse workforce, expanding job postings on career websites and job boards that appeal to diverse groups of people, as well as leveraging search engines that aggregate and display job openings by employers, including those dedicated to candidates of all backgrounds.

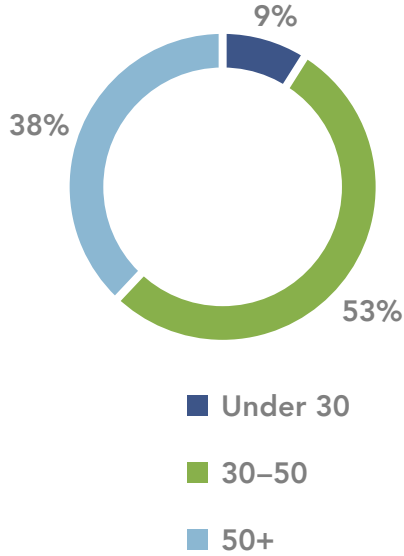
To supplement our DEI recruitment efforts, we are implementing training to raise awareness of unconscious bias and further promote personal and professional development.



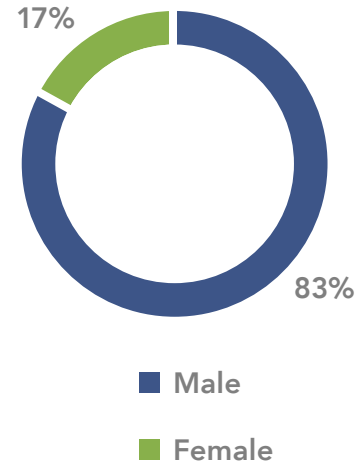
As a global diversified environmental company, diversity, equity, and inclusion are vital and serve as the key to our overall success. Our view extends beyond the traditional definition to include diversity of thinking and leadership styles, and to ensure inclusion enables our global talent — at every level — to achieve its full potential.

**RAMESH NUGGIHALLI**  
Chief Operating Officer

**% EMPLOYEES IN EACH AGE RANGE (2020)**



**% EMPLOYEES BY GENDER (2020)**



	2019			2020		
	Under 30	30-50	50+	Under 30	30-50	50+
<b>CECO Executive/Senior Level Officers by Age</b>	0%	51%	49%	0%	45%	55%
<b>Employees Within CECO by Age</b>	11%	52%	37%	9%	53%	38%

	2019		2020	
	Male	Female	Male	Female
<b>CECO Executive/Senior Level Officers by Gender</b>	91%	9%	87%	13%
<b>Employees Within CECO by Gender</b>	83%	17%	83%	17%

## HUMAN RIGHTS

We have policies and processes in place to protect the rights of our employees, business partners, vendors, suppliers, and customers. At CECO, we respect the international human rights principles, including the UN Guiding Principles on Business and Human Rights; the UN Universal Declaration of Human Rights; the International Labor Organization Declaration on Fundamental Principles and Rights at Work; and, the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

**We have policies and processes in place to protect the rights of our employees, business partners, vendors, suppliers, and customers.**

We use due diligence to identify and mitigate human rights risks to people in our business and value chain. In the event we identify adverse human rights impacts resulting from or caused by our business activities, we are committed to providing for, or cooperating in, their fair and equitable remediation. In addition, we seek to promote access to remediation where we are linked to or involved in those adverse impacts through our relationships with third parties.

Fostering human rights takes many forms at our company and is reflected in our policies and initiatives in areas including workplace inclusion, employee safety, our [Human Rights Policy](#), [Code of Business Conduct and Ethics](#), and our [Supplier Code of Conduct](#).

## CECO C.A.R.E.S. PROGRAM

At CECO, caring for the communities where we operate is just as important as caring for our people and our business. We established the CECO C.A.R.E.S. (Community Action through Responsible Environmental Stewardship) program to support a cleaner, safer, more efficient world by allowing all full-time CECO employees eight hours per calendar year of paid time off for volunteering at an organization of their choosing. At the same time, CECO recognizes that participating in community activities enriches the lives of its employees and the communities they serve.

Through a newly created partnership with the American Heart Association (AHA), a commitment to celebrating Earth Day each year, and local community gatherings, we are working on leveraging our presence in local

### AMERICAN HEART ASSOCIATION PARTNERSHIP

CECO recently partnered with the American Heart Association (AHA). The number one contributor to health care costs at CECO is heart disease and related conditions. In alignment with this partnership, CECO promoted heart-healthy activities and wellness challenges where employees could receive prizes based on participation. In 2021, CECO matched donations made by employees to the American Heart Association up to \$10,000.





*In 2019, employees at our Telford, Penn., facility planted trees across the local community.*

communities around the globe where our employees and their families live and play. For example, in 2019, employees at our Telford, Penn., facility planted trees across the local community, and our Dubai office conducted a local beach cleanup. In addition, our office in the Netherlands sponsored two CECO employees that participated in a cycle tour. All the funds raised from the tour were donated to an organization that develops artificial kidneys for those in need. With this continued commitment, we hope that our employees will serve their communities to improve the social and environmental landscapes around the world, and make a lasting impact on those causes closest to their hearts.



In 2021, we committed as an organization to COVID-19 vaccine education and promotion across our company. To do so, we created a contest for all employees to develop a slogan promoting the vaccine, which was designed on a t-shirt and gifted to all employees. The winning slogan was "Here's Your Shot to Make a Difference!" We believe that doing our part to educate our employees on the importance of the COVID-19 vaccine benefits individuals at CECO, the environment and society as a whole.

## EARTH DAY 2021

Beginning in 2021, CECO made a company-wide commitment to celebrate Earth Day each year, even during the COVID-19 pandemic. This year's theme for Earth Day celebrations at CECO was "Restore our Earth."

Due to restrictions from the pandemic, employees participated in a virtual celebration and were sent seed packets for planting in their local communities. In addition, our office in China gathered to collect trash in Jinshan Park in honor of Earth Day.





## OUR COMMITMENT TO PROTECTING OUR SHARED ENVIRONMENT

CECO's mission is to help companies grow their business with clean, safe and more efficient solutions that help protect our shared environment. As we embark on our ESG journey, we are prioritizing environmental topics and initiatives as outlined in our published [Environmental Policy](#). We recognize our responsibility to minimize adverse impacts of our own activities, just as our teams help customers around the world achieve economic growth while eliminating harmful emissions that affect the air we all breathe.

CECO believes that it is important to be transparent in disclosing our environmental footprint. In this report, we are disclosing the available environmental data tracked and collected across several of our manufacturing locations. We will leverage our current environmental data tracking process as a best-management practice to align our facilities in the data tracking and transparency initiative.

We are committed to dedicating resources to track energy use, greenhouse gas emissions and waste production at all CECO facilities to establish a baseline of our impact. CECO is committed to establishing measurable objectives and targets to ensure continued improvement aimed at the elimination of waste, pollution, environmental harm and threats to human health.



The CECO team has established an environmental data tracking process. This information is being used to monitor the company's environmental improvement initiatives and track our progress. The team takes this responsibility seriously and stewards the environmental protection for our communities while improving the quality of life for our employees and citizens.

**DAN BERRYMAN**  
Vice President, Global Operations

### ENERGY CONSUMPTION AND MANAGEMENT

Reducing energy consumption and responsible energy management practices plays an integral role in reducing reliance on non-renewable energy sources, reducing operational costs and decreasing the amount of greenhouse gas emissions released into our atmosphere. Through investment in updating lighting fixtures to LED in our facilities, installing timers and

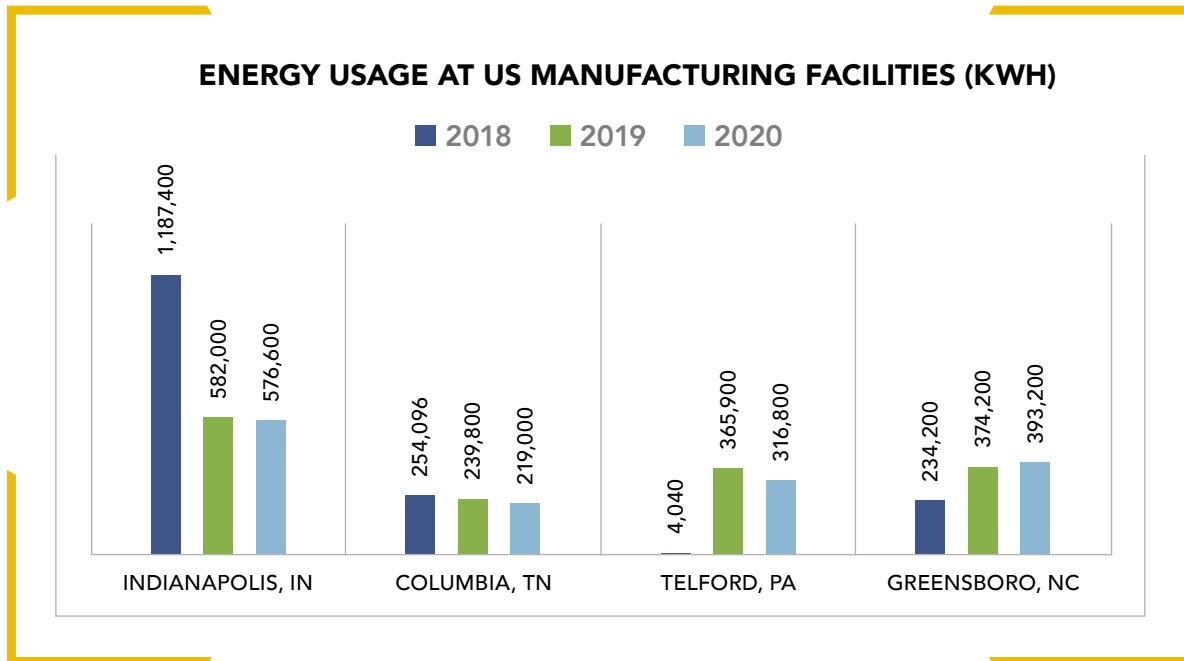
motion sensors, and upgrading to efficient manufacturing machinery, CECO has been taking steps towards reducing the company's energy usage.

Energy usage tracked at four of our manufacturing facilities in the United States is shown in the table below. In Indianapolis, Ind., CECO decreased the energy usage by

51 percent from 2018 to 2019. Energy reduction of 132,000 kilowatt-hours (kWh) at this facility is attributed to the conversion to LED lights, investing in efficient machine centers and improving manufacturing throughput. At the manufacturing facility in Columbia, Tenn., we achieved an annual decrease in energy use of at least six percent between 2018 and 2020.

ENERGY USAGE AT US MANUFACTURING FACILITIES					
	Total (kWh)	Facilities			
		Indianapolis, IN	Columbia, TN	Telford, PA	Greensboro, NC
<b>2020</b>	1,505,600	576,600	219,000	316,800	393,200
<b>2019</b>	1,561,900	582,000	239,800	365,900	374,200
<b>2018</b>	1,679,736	1,187,400	254,096	4,040 <sup>3</sup>	234,200

<sup>3</sup>Telford, PA facility expanded production in 2019, significantly increasing the energy consumption.



CECO also took steps to reduce our digital footprint, thus reducing the energy used to support our virtual systems by decreasing the number of data servers owned and maintained by the company and moving our digital presence to cloud-based frameworks.

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## Looking Forward:

- *CECO is committed to creating a SASB-aligned sustainability report to track and disclose energy use at all facilities and establish a baseline for energy reduction goal-setting in 2022.*
  - *CECO is dedicated to establishing measurable objectives and targets to improve energy efficiency and reduce energy usage where feasible.*
- 

### WASTE MANAGEMENT AND REDUCTION

Optimizing use of resources and minimizing waste are essential components of sustainable development. CECO is committed to responsible and efficient use of natural resources in company operations, and encourage this in our suppliers and stakeholders as outlined in our [Environmental Policy, Code of Business Conduct and Ethics](#) and [Supplier Code of Conduct](#).

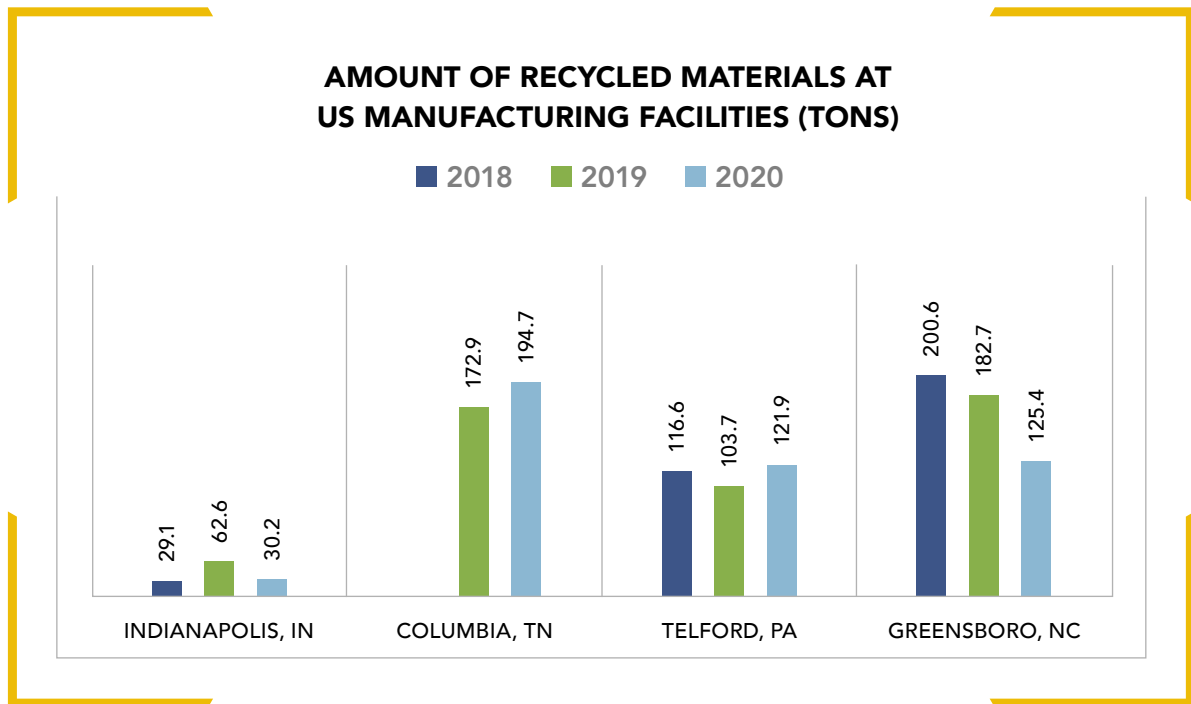
CECO has invested in recycling programs across office and manufacturing operations. In the office environment, recycling programs are implemented for paper, toners, and other office supplies. To further reduce waste generated in CECO's offices, the company has installed filtration water systems which provide purified water access to our employees. The water systems dispense at least 1,155 gallons annually, diverting approximately 12,230 plastic bottles annually from landfills and the environment.

In 2020, CECO recycled 28,077 pounds of paper from our four main manufacturing locations in the United States. Our plan is to go 15 percent paperless in 2023 and grow from this point by enhancing electronic manufacturing work instructions and order processing. Our recycling program extends to the shop floor and includes repurposing and reuse of scrap metal, as well as recycling of resin, fiberglass, nylon, cardboard, wood, plastics and acetone. Most of the acetone used at the Telford, Penn., facility is recycled and used for fueling. Over the past three years, from 2018 through 2020, we successfully recovered and reused 11,800 pounds of acetone, recycling it at a rate of approximately 80 percent. At the Mefiag facility in the Netherlands, scrap propylene waste generated from machining operations is sold to a third party, allowing CECO to divert this waste from landfill and recoup costs through this partnership. The manufacturing facilities in the United States and the Netherlands do not produce hazardous waste.

**AMOUNT OF RECYCLED MATERIALS AT US MANUFACTURING FACILITIES (TONS)**

	Total (tons)	Facilities			
		Indianapolis, IN	Columbia, TN	Telford, PA	Greensboro, NC
<b>2020</b>	472.2	30.2	194.7	121.9	125.4
<b>2019</b>	521.9	62.6	172.9	103.7	182.7
<b>2018</b>	346.3	29.1	NA	116.6	200.6

**AMOUNT OF RECYCLED MATERIALS AT US MANUFACTURING FACILITIES (TONS)**



Our manufacturing facility in Shanghai, China, tracks generation of both non-hazardous and hazardous waste. Non-hazardous waste generated by the production process include stainless steel and carbon steel

materials. Hazardous waste is collected in waste containers or stored as emulsions in a specialized hazardous waste warehouse, where is it collected by a third-party contractor and transported offsite for disposal.

**WASTE GENERATED AT MANUFACTURING FACILITY IN SHANGHAI, CHINA**

Year	Non-hazardous waste (tons)	Hazardous waste (tons)
<b>2020</b>	87.7	0.086

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# Looking Forward:

- *CECO's footprint varies globally based on operations, and we are committed to dedicating resources to measure and track waste production at all our facilities to establish a baseline in 2022.*
  - *In our daily operations, CECO is dedicated to adjusting our practices to operate in a way that minimizes waste directed to landfill and incineration. Once a baseline is established, CECO will develop a waste reduction goal.*
- 

## GREENHOUSE GAS EMISSIONS

As we face a global climate crisis, CECO recognizes our responsibility to minimize our impact on climate change by reducing our operational greenhouse gas emissions. In addition to the responsible energy management and energy use reduction, which will aid in decreasing our overall greenhouse gas footprint, CECO also seeks more direct measures in managing and reducing harmful emissions.

In 2020, CECO has taken steps to shift to digital platforms and develop our virtual working environment. This shift resulted in reducing exhaust emissions related to employee commuting times. As our communities recover from the pandemic, CECO seeks to allow our employees to maintain the flexibility of remote work while continuing to decrease greenhouse gas emissions within our operational footprint.



In our manufacturing locations, CECO has begun replacing diesel trucks with compressed natural gas alternatives to minimize harmful emissions. In our Netherlands office, two company fleet vehicles were replaced with full-electric and hybrid alternatives to reduce the use of non-renewable energy and greenhouse gas emissions.

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# Looking Forward:

- *In 2022, the ESG Steering Committee will work closely with the finance function to establish a centralized repository and procedure for data collection.*
  - *We are committed to calculating Scope 1 and Scope 2 greenhouse gas emissions to establish a baseline of our operational footprint and screening our Scope 3 emissions to understand the greenhouse gas impact of our value chain.*
  - *In subsequent reports, we will disclose our greenhouse gas reduction goal for Scope 1 and Scope 2 emissions to guide future operations.*
-



## WATER STEWARDSHIP

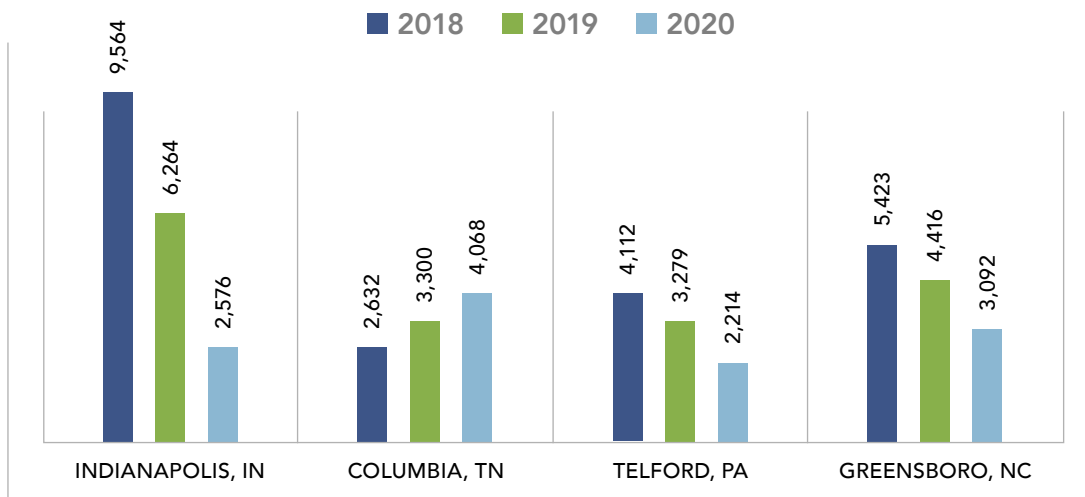
While CECO’s manufacturing processes are not water-intensive, increasing risks associated with water quality and water access around the globe make water stewardship an important topic to CECO. Protecting water resources is crucial for the health and resiliency of our communities, ecosystems and our business.

In 2020, we updated to water-saving fixtures in our facilities. Three manufacturing facilities in the United States (Indianapolis, Ind.; Telford, Penn.; and Greensboro, N.C.) achieved at least 20 percent annual water use reduction per year between 2018 and 2020. We are working towards tracking and disclosing water usage at all of our manufacturing facilities. Detailed water usage for our domestic manufacturing facilities is included below:

**WATER USAGE AT MANUFACTURING LOCATIONS IN US**

	Facility Water Usage (cubic feet)			
	Indianapolis, IN	Columbia, TN	Telford, PA	Greensboro, NC
<b>2020</b>	2,576	4,068	2,214	3,092
<b>2019</b>	6,264	3,300	3,279	4,416
<b>2018</b>	9,564	2,632	4,112	5,423

**WATER USAGE IN USA MANUFACTURING FACILITIES (CU-FT)**



CECO is dedicated to decreasing our footprint as a water consumer throughout our operations and continuing our momentum in water use conservation.

## ENVIRONMENTAL COMPLIANCE

CECO is committed to ensuring that all environmental policies are followed, and procedures implemented, and that we are aware of and comply with all relevant laws and regulations. These commitments are published in CECO’s [Environmental Policy](#) and serve as a guiding principle in our operations. Environmental compliance is currently managed at the individual facility level.

Based on CECO’s range of services, the environmental obligations that apply to our operations include, but are not limited to, electronic waste; non-hazardous and hazardous waste; chemical management; lead acid batteries; universal waste; stormwater quality; air quality; and noise pollution. Reporting is conducted by our local teams, as required by appropriate country and local government agencies.

To ensure environmental compliance globally, CECO began implementation of the ISO 14001 Environmental Management System. CECO facilities in the United Kingdom and Dubai have been certified with ISO 14001 since 2012 and 2020, respectively. CECO facilities in China, Singapore, India and a second facility in the United Kingdom achieved ISO 14001 certification in 2021. CECO plans to continue to evaluate the need to obtain additional ISO certifications based on the needs of our key stakeholders, including our customers

and employees, to ensure that CECO’s environmental responsibilities are managed in a systemic manner on a global scale.

All manufacturing facilities in the United States and China comply with noise pollution regulations, which includes conducting third-party noise level inspections, providing appropriate PPE to all employees and visitors that may be at risk, and administering annual hearing conservation medical exams.

In the United States, our manufacturing operations implement numerous practices to ensure compliance. For example, we:

- Ensure that air quality protection devices and proper ventilation procedures are implemented at working sites
- Install and maintain all pump systems at CECO operations in accordance with the United States Environmental Protection Agency (EPA) requirements
- Maintain air permit compliance at our facility in Telford, Penn.; in 2020, the Telford facility generated 690 pounds of air emissions
- Monitor to ensure that our Indianapolis, Ind., location maintains air permit exemption as a small-quantity generator; in 2020 the Indianapolis facility generated 577 pounds of VOC air emissions
- Ensure compliance with our Cincinnati, Ohio, facility stormwater permit

### 2020 SIGNIFICANT FINES AND NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND/OR REGULATIONS IN TERMS OF:

(1) total monetary value of significant fines;	Zero
(2) total number of non-monetary sanctions;	Zero
(3) cases brought through dispute resolution mechanisms.	Zero

# OUR COMMITMENT TO CONDUCTING SOUND BUSINESS

At CECO, we pride ourselves on developing and maintaining a strong reputation of integrity, honesty, fairness, and accountability. While words matter, we know actions matter more. We strive to incorporate the letter and spirit of these four principles into our actions as we deliver on our commitments to each other, our customers, business partners, stockholders and the communities where we do business. Having strong corporate governance reinforces the foundation of our values and sets our standard for conducting ethical business practices so that we can continue our 150-year-old tradition of helping companies grow their business with clean, safe and more efficient solutions that help protect our shared environment.

## GOVERNANCE POLICIES

We have a robust set of practices and policies to ensure that our team is operating with integrity, honesty, fairness and accountability.

- Our [Code of Business Conduct and Ethics](#) serves as an important resource to guide our day-to-day decision making
  - Our [Supplier Code of Conduct](#) is the foundation of our relationship with our business partners — creating a mutual understanding of CECO’s core values and beliefs
  - Our [Insider Trading Policy](#) provides procedural guidelines for directors, officers and employees of CECO to follow when in possession of material non-public information about the company or other entities
  - Our [Conflict Minerals Policy](#) ensures we proactively manage our suppliers to ensure our products contain “conflict-free” materials
- Our [Anti-Corruption & Anti-Bribery Policy](#) has been established to comply with the U.S. Foreign Corrupt Practices Act (the FCPA), the U.K. Bribery Act, and any other related laws of the United States and other countries in which the company does or intends to do business
  - Our [Human Rights Policy](#) reinforces our commitment to treating all people with dignity and respect



Our daily actions reflect who we are as an organization, and ethical standards are built into CECO’s fabric. Taking time to establish, execute, and update our practices and policies is our responsibility. Our sound governance practices will ensure that we are fulfilling our commitments to our stakeholders today, tomorrow, and for years to come.

**ALYSON RICHTER**  
Assistant General Counsel

- Our [Privacy Policy](#) tells website visitors how CECO collects and processes personal data through use of CECO’s website, including any data provided through the website
- Our [Environmental Policy](#) recognizes that our activities may impact the environment, and establishes our commitment to minimizing adverse impacts
- Our Policy on Policies defines our annual review process for every policy and outlines procedures for putting new policies in place

Additionally, we have several other policies that apply to CECO employees, consultants, officers, board members or agents, complementary or contingent workers, and/or third parties acting on behalf of CECO:

- Sexual harassment and anti-bullying policies
- Anti-Boycott Compliance Policy
- Antitrust Policy
- Export Control and Trade Compliance Policy
- Lease Approval and Retention Policy
- Audit Committee Pre-Approval Policy
- Related Party Policy
- Conflicts of Interest Policy
- Gifts and Entertainment Policy
- Procurement Policy
- United States Government Contracting Compliance Policy
- Record Management and Document Retention Policy

CECO has a strong internal audit team that is dedicated to supporting the organization with the implementation and training on company governance practices and policies. Our company-wide training calendar, which was developed by a cross-functional team of representatives from legal, human resources, and internal audit teams, is utilized to organize monthly training modules which are initiated based on our team members’ specific roles. For example, in 2021, we implemented a company-wide training module that coincided with the publication of our Anti-Corruption & Anti-Bribery Policy. With respect to our Code of Business Conduct and Ethics, which guides our daily decision-making, all employees receive training upon hire and annually to refresh on our commitments. Every employee also signs an acknowledgment to adhere to CECO’s Code of Business Conduct and Ethics.

## BUSINESS ETHICS

To maintain our culture of ethics and integrity, all CECO employees have the responsibility to report violations of the Code of Business Conduct and Ethics, the law, or any other company policy or procedure. In addition to support from managers, the management team, the human resources team and the legal team, employees can leverage our third-party independent ethics helpline to report concerns confidentially or anonymously. Employees can report concerns anonymously via a 24-hour toll-free number or via the third-party website.

<b>Total number of hours in 2020 devoted to training on governance policies or procedures</b>	2,648 hours
<b>Percentage of employees trained in 2020 on governance policies or procedures</b>	94%
<b>Percentage of employees who acknowledge and are trained in Code of Business Conduct and Ethics</b>	100%

Under the United States Foreign Corrupt Practices Act, CECO employees must never make or promise to make, directly or indirectly, a bribe to any foreign official of a government, political party, or candidate for political office for the purpose of obtaining or retaining business for or with the company. While the company encourages employees to participate in the political process in a manner consistent with all relevant laws and company policies, employees are not permitted to make political contributions on behalf of CECO.

## BOARD GOVERNANCE AND DIVERSITY

The CECO Board is comprised of successful business leaders with demonstrated experience across various sectors, creating value for

our company by exercising good business judgment in the best interests of CECO across governance, strategic, organizational and operational areas without regard to personal gain. These expectations are reinforced in our [Corporate Governance Guidelines](#) for the board of directors. The board has adopted these guidelines to serve the best interests of CECO and its stakeholders.

The board currently consists of nine directors and is led by the chairman. To tap the specific talents, skills and knowledge of our board members, we have formed three committees to inform and educate the full board on particular areas of concern.

### AUDIT COMMITTEE

Provides oversight of the financial reporting process, the audit process, CECO's system of internal controls, and compliance with laws and regulation; typically meets five times per year

### COMPENSATION COMMITTEE


Reviews and approves the compensation of CECO's CEO and other executive officers; typically meets quarterly

### NOMINATIONS AND GOVERNANCE COMMITTEE

Evaluates CECO's board of directors and examines the skills and characteristics required of board candidates; responsible for oversight of the ESG Steering Committee which includes environmental health and safety, as well as social matters; typically meets quarterly



Our board seeks to represent a diverse range of characteristics and skills to function at an optimal level in exercising its oversight over our company. When evaluating a person for nomination for election, our board and Nominations and Governance Committee evaluate the qualifications and skills of the person to assess the contribution that person can make to our board. Our board applies a broad concept of diversity, which includes a robust list of criteria together with other factors such as the nominee’s experience and leadership abilities. When our board seeks to add new director candidates, replace directors who have resigned, or recommend the re-election of incumbent directors, our board selects director nominees with the goal of finding the best match.



Diversity helps to create a balanced board to effectively develop strategies for CECO’s growth.

**JASON DEZWIREK**  
Chairman of the Board

BOARD DIVERSITY MATRIX (AS OF 12/31/21)		
Total Number of Directors	9	
<b>Gender Identity</b>	<b>Female</b>	<b>Male</b>
Directors	1	8
<b>Demographic Background</b>		
Asian		1
White	1	7
<b>Age Group</b>		
30 – 50 years old		2
Over 50 years old	1	6

The board is also committed to having a membership that reflects a diversity of gender, race, ethnicity, age and background. This commitment is demonstrated by the fact that the board currently includes one female director and one director who identifies as an underrepresented minority. Our directors currently range in age from 50 to 71 years old. With respect to diversity of backgrounds, our board seeks to have directors and nominees composed of qualified professionals with a broad range of skills.

In alignment with the Securities and Exchange Commission (SEC) new listing rules submitted by the NASDAQ electronic stock exchange to advance board diversity, and ahead of the Board Diversity Disclosure Rule which begins in 2022, we are disclosing our current board diversity matrix.

## ENTERPRISE RISK MANAGEMENT

The board takes an active role in the oversight of CECO's enterprise risk management (ERM), working with our leadership team to identify risks inherent to CECO's business and operations and to ensure appropriate strategies are in place to manage and mitigate such risks. To enable the board's oversight of CECO's ERM, the company's internal audit team facilitates an annual survey process to collect board and CECO management insight.

The most recent round of ERM survey assessed the likelihood and impact of 35 risks in the categories of operational, strategic, compliance and reporting. Included within the survey were many ESG-related topics such as environmental regulations, pandemic response and cyber security. The survey also assessed climate-related risks such as natural disasters, the impact regulations can have on the demand for our products in the market and on our manufacturing practices, as well as our ability to develop innovative solutions to stay ahead of environmental needs. The survey was distributed to 90 individuals including members of the board and management team with an 80 percent response rate.

The internal audit team assesses and reports on the significant risks to the business, with top risks assigned to management team owners to drive risk response planning and mitigation activities. The management team reviews their assigned risks quarterly to update mitigation plans and report progress to the internal audit team. Progress updates are shared with the Audit Committee quarterly, which shares updates during each board meeting.



We understand the importance of including climate-related risks into our ERM process. We assess risks related to natural disasters and the impact that regulatory changes could have on the way our products are produced/ delivered or the demand for our products in the market. We also assess reputational damage and how negative perceptions could harm the company/brand. These assessments inform our strategy for long-term business resilience.

**MARCY KESTNER**  
Director of Internal Audit

As we complete our second year of our formal ERM Program, we identified our top ERM priorities as:

- Succession planning
- System functionality
- IT & Business Integration
- Cyber Security

## INFORMATION AND DATA SECURITY

We understand that our dependence on information systems and the failure of such systems could significantly disrupt our business and pose a risk to our financial condition, operations and cash flows. CECO's management team dedicates resources necessary to ensure data security to meet or exceed regulations that guide our business practices around the world.

Our IT team assesses our cyber security program against the National Institute of Standards and Technology (NIST) framework to identify areas of risk. As part of this process, in 2020 we completed internal and external vulnerability scans, and in 2021 we completed these scans and added the external penetration test to develop a roadmap for continuous improvement. We are focusing on areas such as cyber governance and maintenance, infrastructure and asset management.

We comprehensively monitor our networks and systems and maintain backup and protective systems to minimize the risk from advanced persistent cyber security threats. Our IT team provides regular updates to our chief financial officer on short term goals and risk mitigation progress. CECO's audit committee also provides oversight for cyber security and updates the board during quarterly meetings. Through our laser focused efforts, and increased Cyber Security Insurance, we have eliminated substantial risk.

We are also committed to ensuring our employees have the tools and knowledge they need to recognize cyber security phishing attempts. Through quarterly trainings and tests, employees gain critical skills on topics related to cyber security and guidelines on in-country regulations. For those who need extra support, we provide remedial training. Results of the training are reported to our leadership team quarterly.

We take data privacy very seriously. As stated in our [Privacy Policy](#), CECO respects personal privacy and is committed to protecting personal data. Our legal and human resources teams work closely to ensure we are complying with regulations such as European Union General Data Protection Regulation (GDPR), India's IR Act, China's Personal Information Protection Law (PIPL) and the California Privacy Act. To ensure compliance with GDPR, we initiated a data mapping process, and engaged a GDPR consultant to validate our mapping and related policies and controls. We also engaged a third party to train our multi-national workforce on GDPR compliance. We are continuing to shore up our policies and controls for safeguarding and the secure transfer of data.

## INFORMATION & DATA SECURITY RESULTS

<b>Total number of hours in 2020 devoted to training on data security policies or procedures</b>	1,432 hours
<b>Percentage of employees trained during 2020 on data security policies or procedures</b>	93%
<b>Total amount of monetary losses as a result of legal proceedings associated with user privacy</b>	Zero
<b>(1) Number of law enforcement requests for user information,</b>	Zero
<b>(2) number of users whose information was requested,</b>	Zero
<b>(3) percentage resulting in disclosure</b>	Zero

## ABOUT THIS REPORT

### SCOPE OF REPORT

Our 2020 Sustainability Report covers a wide range of environmental, social and governance topics that are relevant to us and our stakeholders. Quantitative data presented throughout this report covers 2018, 2019, and/or 2020 unless stated otherwise. The information in this report was gathered through internal compilation efforts, is subject to reasonable estimation where applicable, and has not been subject to any outside third party or other independent verification.





## ABOUT THIS REPORT

Although the information set forth herein is presented in good faith, CECO Environmental Corp. (“CECO”) makes no representations or warranties as to the completeness or accuracy thereof. You must make your own determination of its suitability and completeness for your own use. Unless otherwise stated the data in this report is related to CECO’s performance during the 2018 through 2020 fiscal years (January 1, 2018 to December 31, 2020).

This report includes forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934 (the “Exchange Act”) which are intended to be covered by the safe harbor for “forward-looking statements” provided by the Private Securities Litigation Reform Act of 1995. Any statements contained in this report, other than statements of historical fact, including statements about management’s beliefs and expectations, are forward-looking statements and should be evaluated as such. These statements are

made on the basis of management’s views and assumptions regarding future events and business performance. We use words such as “believe,” “expect,” “anticipate,” “intends,” “estimate,” “forecast,” “project,” “will,” “plan,” “should” and similar expressions to identify forward-looking statements. Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from any future results, performance or achievements expressed or implied by such statements. Potential risks and uncertainties, among others, that could cause actual results to differ materially are discussed under “Part I — Item 1A. Risk Factors” of Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and as revised or updated by our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or review any forward-looking statements, whether as a result of new information, future events or otherwise.



# CECO ENVIRONMENTAL DATA TABLE

Notes:

[1] D.A.R.T. = Injuries or illnesses resulting in Days Away from Work, restricted work activity, or job transfer for every 100 full-time workers

[2] Domestic facilities refer to our facilities in Indianapolis, IN; Columbia, TN; Telford, PA; and Greensboro, NC

	2018	2019	2020
<b>GENERAL INFO</b>			
Net Revenue	\$337M	\$342M	\$316M
EBITDA	\$31M	\$33M	\$33M
Total Number of Active Full-Time Employees	800	883	734
<b>SOCIAL</b>			
<b>United States Health and Safety Performance</b>			
Total Recordable Injuries	2	5	10
Total Hours Worked	1,190,670	1,554,931	1,030,040
Total Recordable Incident Rate	0.33	0.64	1.94
Lost Time Injuries	1	2	6
D.A.R.T.[1]	0.16	0.25	1.16
Interstate Experience Modifier Rate (EMR)	0.80	0.67	0.65
Employee Count	560	560	449
<b>China Health and Safety (ISO45001)</b>			
The incidence of noise-deaf occupational disease	NA	NA	0
The incidence of pneumoconiosis occupational disease	NA	NA	0
The occurrence rate of gas cylinder leakage and explosion	NA	NA	0
Number of serious injuries and fatal accidents	NA	NA	0
Number of minor injuries	NA	NA	1
Fire and electric shock accidents	NA	NA	0
<b>ISO Certifications</b>			
Total number of manufacturing sites with ISO 45001 certification	1	1	2
Total number of manufacturing sites with ISO 9001 certification	5	5	6
Total number of manufacturing sites with ISO 14001 certification	1	1	2
<b>Employee Wellness</b>			
% of employees who activated LinkedIn Learning	NA	NA	82%
<b>Employee Retention</b>			
Employee headcount as of January 1	NA	781	884
Total number of voluntary employee turnover	NA	99	116
% Voluntary employee turnover	NA	12%	15%
Total number of involuntary employee turnover	NA	99	171
% Involuntary employee turnover	NA	12%	21%

# CECO ENVIRONMENTAL DATA TABLE

	2018	2019	2020
Employee tenure for the entire company			
< 5 years	NA	473	380
5–9 years	NA	149	125
10–14 years	NA	93	80
15+ years	NA	168	149
Average employee tenure (years)	NA	7.88	8.34
Total number of hours in the reporting period devoted to training on career development	NA	NA	999
Percentage of employees trained on career development during the reporting period	NA	NA	63%
Percentage of total employees who received a regular performance and career development review	NA	76%	94%
<b>Diversity, Equity, and Inclusion</b>			
Percentage of employees per employee category by			
Male	NA	83%	83%
Female	NA	17%	17%
Age group: under 30 years old	NA	11%	9%
Age group: 30-50 years old	NA	52%	53%
Age group: over 50 years old	NA	37%	38%
Percentage of ethnically diverse leadership roles	NA	3%	0%
Percentage of women in leadership roles	NA	15%	17%
Percentage of individuals within the organization's executive/senior level officers			
Male	NA	91%	87%
Female	NA	9%	13%
Under 30 years old	NA	0%	0%
30–50 years old	NA	51%	45%
Over 50 years old	NA	49%	55%
<b>ENVIRONMENT</b>			
<b>Domestic [2] Manufacturing Energy</b>			
Total Energy Usage (kWh)	1,679,736	1,561,900	1,505,600
<b>Domestic [2] Manufacturing Recycled Materials</b>			
Total recycled paper (lbs)	NA	NA	28,077
Total recycled material (tons)	346.3	521.9	472.2
<b>Waste Generated at Manufacturing Facility in Shanghai, China</b>			
Total non-hazardous waste (tons)	NA	NA	87.7
Total hazardous waste (tons)	NA	NA	0.086

# CECO ENVIRONMENTAL DATA TABLE

	2018	2019	2020
<b>Domestic [2] Manufacturing Water Usage</b>			
Total water usage (cubic feet)	21,731	17,259	11,950
<b>Environmental Compliance</b>			
Air emissions from Telford, PA facility (lbs)	NA	NA	690
2020 significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of: (1) total monetary value of significant fines, (2) total number of non-monetary sanctions, and (3) cases brought through dispute resolution mechanisms	NA	NA	0
<b>GOVERNANCE</b>			
Total number of hours devoted to training on governance policies or procedures	NA	NA	2,648
% Employees trained on governance policies or procedures	NA	NA	94%
% Employees who acknowledge and are trained in Code of Business Conduct and Ethics	NA	NA	100%
<b>Individuals within the organization's board</b>			
Male	7	7	7
Female	1	1	1
30–50 years old	4	4	4
Over 50 years old	4	4	4
Asian	1	1	1
White	7	7	7
<b>Information and Data Security</b>			
Total number of hours in 2020 devoted to training on data security policies or procedures	NA	NA	1,432
% Employees trained during 2020 on data security policies or procedures	NA	NA	93%
Total amount of monetary losses as a result of legal proceedings associated with user privacy	NA	NA	0
(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	NA	NA	Zero Zero Zero





QUESTIONS OR COMMENTS Please send all questions or comments on this report to: [CECO-ESG@onececo.com](mailto:CECO-ESG@onececo.com)

[www.cecoenviro.com/esg](http://www.cecoenviro.com/esg)