

Governance Standards

The Board of Directors (the “Board”) of Comfort Systems USA, Inc. (the “Company”) will discharge its duties in accordance with both the letter and the spirit of all of the laws and government regulations that are applicable to the Company and its operations. This is the Board’s primary governance standard and it is a companion to the Company’s Corporate Compliance Policy. The following requirements and proscriptions, which are reviewed by the Board and its committees at least annually and are subject to revision from time to time, are intended to serve as supportive standards in this regard.

Board Members

- The following are the core requirements for membership on the Board:
 - Directors must be of the highest ethical character and share the Company’s values as reflected in our Mission and Values statement.
 - Directors must have reputations, both personal and professional, consistent with the image and reputation of the Company.
 - Directors must have experience and the ability to exercise sound business judgment on a broad range of issues and consistent with the size and nature of the Company’s business.
 - Directors must be financially literate and have a strong understanding of business strategy, leadership and corporate governance.
 - Directors must have significant experience and proven superior performance in their professional endeavors.
 - Directors must value Board, team and Company performance over individual performance, demonstrate respect for others, be comfortable with constructive conflict and be effective with collaborative Board interaction.
 - Directors must be able and willing to devote the required amount of time to the Company’s affairs, including preparing for and attending the meetings of the Board and its Committees.
- The entire Board will be elected annually.
- A Director will not be a candidate for reelection after his or her seventy-second birthday.
- Directors should advise the Chairman of the Board and the Chairman of the Governance and Nominating Committee in advance of accepting an invitation to serve on another public company board or an assignment to the audit committee of another public company board. Non-employee Directors will be expected to serve on a maximum of up to four other public company boards, and employee Directors will be expected to serve on a maximum of one other public company board. Non-employee Directors will be expected to serve on a maximum of up to three public company audit committees.
- Directors will be expected to tender their resignation, for acceptance at the Board’s discretion, upon a significant change in their primary avocation or upon exceeding the maximum recommended public company board or audit committee seats listed above.
- Directors are encouraged to become stockholders. The Governance and Nominating Committee requires each Director to own an amount of shares of Company stock equal to ten times the Director’s annual cash retainer payable to all Directors (excluding, for the avoidance of doubt, any lead director, chairperson or committee retainers, meeting fees or any other compensation or expense reimbursement received by the Director) within five years of being elected or appointed to the Board. The Governance and Nominating Committee will evaluate each Director’s stock ownership on an annual basis. At the time

of such evaluation, the value of the stock ownership will be determined by reference to the higher of: (i) the original share (or share equivalent) purchase/issuance price, and (ii) the value of the share (or share equivalent) price at the time of determining compliance with these stock ownership requirements. The Governance and Nominating Committee may modify these stock ownership requirements in its reasonable discretion and is authorized to make exceptions to these stock ownership requirements when special circumstances arise.

Board Committees

- Committees of the Board, and members of committees of the Board, will be appointed by affirmative vote of Directors holding a majority of the Directorships.
- The membership of the Audit Committee, the Governance and Nominating Committee, and the Compensation Committee will consist entirely of independent Directors.
- The Governance and Nominating Committee will formally review, at least annually, the effectiveness of the Board.
- The Governance and Nominating Committee will prepare or review, at least annually, a written succession plan for the Chief Executive Officer.
- The lead audit partner for the Company's independent accountant may serve in such position for a maximum of five years.

Functioning of the Board

- The Board acts as the management team's adviser and monitors management's performance.
- The Board reviews and, if appropriate, approves significant transactions and develops standards to be utilized by management in determining the types of transactions that should be submitted to the Board for review and approval or notification.
- Directors will receive materials relative to decision items as far in advance of Board meetings as is feasible.
- Directors are encouraged to speak directly to any member of management regarding any questions or concerns the Directors may have.
- When the Chief Executive Officer of the Company serves as the Chairman of the Board, the independent Directors shall select an independent Director to preside at meetings of the Board at which the Chairman of the Board and Chief Executive Officer is not in attendance, and at executive sessions of the independent Directors of the Board.
- The independent Directors will meet at least four times per year without any member of management present.
- The Board and/or the Audit Committee shall each have express and independent authority to engage consultants and advisors.

Non-Employee Director Compensation

- Non-employee Directors receive compensation that consists of a combination of cash and equity.
- Employee Directors are not paid additional compensation for their service as Directors.
- The Governance and Nominating Committee recommends to the Board the form and amount of cash and equity based compensation to be paid or awarded to non-employee Directors for service on the Board and its committees based on the Governance and Nominating Committee's consideration of a variety of factors, including the responsibilities and time commitment of Company Directors, applicable survey data, recommendations from an independent compensation consultant and other relevant information.

Officers

- The Board will evaluate, annually, in an executive session of independent Directors of the Board, the performance of the Chief Executive Officer of the Company.
- The Chief Executive Officer will report, annually, to the Governance and Nominating Committee of the Board, and to the Board, regarding succession planning and management development.
- Acceptance by any Officer of the Company of a compensated appointment to the governing body of another business entity will be subject to prior approval by the Board.
- Awarded stock options will not be repriced, except in the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, distribution of assets or other change in the corporate structure or shares of the Company.
- Officers are encouraged to become stockholders. On the later of either March 31, 2008 or the three-year anniversary date of the executive officer's hire or promotion to a position covered by this guideline, the executive officer shall have ownership interest in the Company's stock in the following multiples of base salary: CEO – 5X; CFO – 3X; COO – 3X; General Counsel – 2X; SRVP – 2X; CAO – 1X. Further, for purposes of calculating the ownership interest, all unvested grants of equity shall be treated as if already vested, and all grants are to be valued at either the current market value or the cost basis of the equity, whichever is higher.

Director Orientation and Continuing Education

- The Company will provide new Directors with access to information and meetings with management in order to familiarize Directors with the Company's business.
- The Board encourages each Director to participate in independent educational opportunities as necessary in order to maintain the requisite level of expertise to perform his or her responsibilities as a Director, including programs addressing legal, financial and regulatory issues. The Governance and Nominating Committee will periodically set minimum expectations for continuing Director education in its reasonable discretion. The Company will pay for such programs; provided, however, that Directors must obtain pre-approval from the Chair of the Governance and Nominating Committee prior to attending if the cost of such program exceeds a dollar threshold (periodically reviewed and updated by the Governance and Nominating Committee).

Executive Compensation Recovery Policy

It is the policy of the Board of Directors of Comfort Systems USA, Inc. that, to the extent permitted by applicable law, the Board may seek to recoup any cash compensation paid to executive officers and certain other officers identified by the Board where the payment was predicated upon the achievement of certain financial results that were satisfied based upon such officer's intentional fraudulent or illegal conduct. The Board shall have the sole discretion in determining whether the officer's conduct has or has not met any particular standard of conduct. The Board may, in its sole discretion after considering the best interests of the Company, determine not to recover such payment. In the event that a restatement of the Company's financial statements is required, the Company will seek to recover any compensation received by the Chief Executive Officer and Chief Financial Officer that is required to be recovered by Section 304 of the Sarbanes-Oxley Act of 2002.

(last revised August 2019)