

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 entire Board will be elected annually.
- A Director will not be a candidate for reelection after his or her seventy-second birthday.
- Directors will be expected to serve on a maximum of up to four other public company boards.
- Directors will be expected to tender their resignation, for acceptance at the Board’s discretion, upon a significant change in their primary avocation.

- Directors are encouraged to become stockholders. New directors are required to own not less than 1,000 shares of company stock within ninety days of their initial election as a director. Directors are also required to own not less than 10,000 shares by the later of either the second anniversary of such Director’s election or the second anniversary of the date this policy is approved by the Board of Directors and 20,000 shares by the later of either the fourth anniversary of such Director’s election or the fourth anniversary of the date this policy is approved by the Board of Directors.

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

- Directors will receive materials relative to decision items as far in advance of Board meetings as is feasible.
- When the Chief Executive Officer of the Company serves as the Chairman of the Board, unless the independent directors decide otherwise, the Chairman of the Audit

Committee will 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.

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 Compensation and Executive Development 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.

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 February 2017)