



CORPORATE GOVERNANCE GUIDELINES

(effective as of January 1, 2019)

The Board of Directors of Douglas Dynamics, Inc. (the “Company”) has adopted the corporate governance principles set forth below as a framework for the governance of the Company. The Nominating and Corporate Governance Committee will review these Guidelines annually and recommend changes to the Board of Directors as appropriate.

ROLE AND COMPOSITION OF THE BOARD OF DIRECTORS

Role of the Board

The Board of Directors, which is elected by the Company’s stockholders, shall oversee the management of the Company and its business. The Board shall select the senior management team, which shall be responsible for operating the Company’s business, and monitor the performance of senior management. Consistent with the oversight function of the Board, the Board’s core responsibilities include:

- Determining the compensation of directors for service on the Board and its committees (or delegating this function to a committee of the Board, as the Board deems to be appropriate);
- Approving equity awards for executive officers and directors (or delegating this function to a committee of the Board, as the Board deems to be appropriate);
- Planning for Chief Executive Officer (“CEO”) and senior management succession and overseeing senior management development;
- Reviewing the Company’s strategies and monitoring the implementation and results of those strategies;
- Overseeing the integrity of the Company’s financial statements and the Company’s financial reporting process;
- Overseeing the Company’s processes for assessing and managing risk;
- Overseeing legal and regulatory compliance;
- Nominating the Company’s director candidates and appointing committee members; and
- Providing advice and counsel to management regarding significant issues facing the Company and reviewing and approving significant corporate actions.

Size, Composition and Membership Criteria

In accordance with the rules of the New York Stock Exchange (“NYSE”), a majority of the Board shall be comprised of independent directors. An “independent” director is a director who meets the NYSE definition of independence, as determined by the Board. The Board shall make an affirmative determination regarding the independence of each director annually, based upon the recommendation of the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee shall consider and make recommendations to the Board regarding the size, structure, composition and functioning of the Board.

The Nominating and Corporate Governance Committee shall be responsible for establishing processes and procedures for the selection and nomination of directors, and for developing and recommending Board membership criteria to the Board for approval and periodically reviewing these criteria. The Board’s criteria include: (i) personal and professional ethics and integrity; (ii) specific business experience and competence, including an assessment of whether the candidate has experience in, and possesses an understanding of, business issues applicable to the success of a publicly-traded company; (iii) financial acumen, including whether the candidate, through education or

experience, has an understanding of financial matters and the preparation and analysis of financial statements; (iv) educational background; and (vi) whether the candidate has expressed a willingness to devote sufficient time to carrying out his or her duties and responsibilities effectively and is committed to service on the Board. The Committee shall consider these criteria in the context of the perceived needs of the Board as whole and shall seek to achieve a diversity of experience, opinion and occupational and personal backgrounds on the Board.

The Nominating and Corporate Governance Committee shall review the qualifications of director candidates in light of criteria approved by the Board and recommend candidates to the Board for election by the Company's stockholders at the annual meeting. The Nominating and Corporate Governance Committee also shall consider director candidates recommended by Company stockholders. Stockholders may recommend director nominees for consideration by the Nominating and Governance Committee by writing to the Corporate Secretary at Douglas Dynamics, Inc., 7777 North 73rd Street, Milwaukee, Wisconsin 53223, specifying the nominee's name and the qualifications for Board membership. Stockholders may also nominate directors for election at the Company's annual meeting of stockholders by following the provisions set forth in the Company's Bylaws.

Board Leadership

Upon the recommendation of the Nominating and Corporate Governance Committee, the Board shall annually elect a Chairman of the Board, who may be an Executive Chair, from among the directors, who may or may not be the CEO of the Company. If the individual elected as Chairman of the Board is the CEO or is an Executive Chair, the independent directors shall elect a Lead Independent Director. The Chairman of the Board shall schedule and (together with the Lead Independent Director, if there shall be one) set the agenda for meetings of the Board, shall preside at all meetings of the stockholders and of the Board as a whole and shall perform such other duties, and exercise such powers, as from time to time shall be prescribed in the Company's Bylaws or by the Board. The Lead Independent Director (or, if there is no Lead Independent Director, the Chairman of the Board) shall:

- Preside over executive sessions of the Company's independent directors;
- Have the authority to call meetings of the independent directors;
- Facilitate information flow and communication among the directors, including by approving (i) agendas for meetings of the Board, (ii) the scope of information being provided to the directors and (iii) meeting schedules, to ensure allotted time is sufficient for discussion; and
- Be available for consultation and direct communication with major stockholders if requested by such stockholders.

If there is a Lead Independent Director, he or she shall also preside at all meetings of the Board in the event of the absence of the Chairman of the Board, serve as a liaison between the Chairman of the Board and the independent directors, and perform such other duties as may be specified by the Board.

Service on Other Boards and Audit Committees

Ordinarily, directors may not serve on the boards of more than four other companies in addition to the Company's Board. In addition, any director who is also an executive officer of a public company ordinarily may not serve on the boards of more than two other companies in addition to the Company's Board. Service on the boards of subsidiary companies, non-profit organizations and non-public for-profit organizations is not included in the calculation of the limits on board membership in this paragraph. Moreover, if a director sits on several mutual fund boards within the same fund family, it will count as one board for purposes of such calculation. Directors should also advise the chairperson of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on another corporate board. Members of the Audit Committee may not serve on the audit committees of more than two other public companies.

FUNCTIONING OF THE BOARD

Agendas

The Chairman of the Board, together with the Lead Independent Director, if there shall be one, shall establish the agenda for each Board meeting, taking into account the suggestions from other members of the Board. Agenda items

that fall within the scope of responsibilities of a Board committee shall be reviewed with the chairperson of that committee. Directors are encouraged to suggest the inclusion of items on the agenda. Directors are also free to raise subjects at a Board meeting that are not on the agenda for that meeting.

Distribution and Review of Board Materials

Board materials related to agenda items will be provided to directors sufficiently in advance of Board meetings to allow directors to review and prepare for discussion of the items at the meeting. In some cases, due to timing or the sensitive nature of an issue, materials may be presented only at a Board meeting.

Executive Sessions

The non-management directors shall meet regularly in executive session without management present. If the non-management directors include directors who are not independent, the independent directors shall meet in executive session at least annually. The Chairman of the Board, if independent, will preside at executive sessions. If the Chairman of the Board is not independent, the Lead Independent Director will preside at executive sessions.

Strategic Planning

The Board shall review the Company's annual operation plan and long-term strategic plan and business initiatives at least annually.

Attendance at Annual Meeting of Stockholders

Directors are expected to attend the annual meeting of stockholders absent unusual circumstances.

STRUCTURE AND FUNCTIONING OF COMMITTEES

Number, Structure and Independence of Committees

The Board has three standing committees: Audit, Nominating and Corporate Governance and Compensation.

In accordance with the NYSE's rules, the Audit Committee shall have at least three members, all of whom are independent members under both the NYSE's independence rules and that of Rule 10A-3 of the Securities Exchange Act of 1934, as amended. Both the Nominating and Corporate Governance Committee and Compensation Committee shall consist entirely of independent members under the NYSE's independence rules.

The Board may also establish and maintain other committees from time to time as it deems necessary and appropriate.

Assignment of Committee Members

The Nominating and Corporate Governance Committee shall consider and make recommendations to the Board regarding committee size, structure, composition and functioning. Committee members and chairpersons shall be recommended to the Board by the Nominating and Corporate Governance Committee and appointed by the full Board.

Responsibilities

Each standing committee shall operate under a written charter that sets forth the purposes and responsibilities of the committee as well as qualifications for committee membership. Each standing committee shall assess the adequacy of its charter annually and recommend changes to the Board as appropriate. All committees shall report regularly to the full Board with respect to their activities.

Meetings and Agendas

The chairperson of each committee shall determine the frequency, length and agenda of the committee's meetings. Materials related to agenda items shall be provided to committee members sufficiently in advance of meetings where necessary to allow the members to review and prepare for discussion of the items at the meeting.

DIRECTOR ACCESS TO MANAGEMENT, EMPLOYEES AND ADVISORS

At the invitation of the Board, members of senior management may attend Board meetings or portions of meetings for the purpose of presenting matters to the Board and participating in discussions. Directors shall also have full and free access to other members of management and to employees of the Company.

The Board shall have the authority to retain such outside counsel, experts and other advisors as it determines appropriate to assist it in the performance of its functions. Each of the Audit, Nominating and Corporate Governance and Compensation Committees shall have similar authority to retain outside advisors as it determines appropriate to assist it in the performance of its functions.

DIRECTOR COMPENSATION

The Nominating and Corporate Governance Committee shall review the compensation of directors.

SUCCESSION PLANNING

The Board shall be responsible for oversight of succession planning for certain senior management positions. At least annually, the Board shall review succession planning and management development, including recommendations and evaluations of potential successors to fill these positions. The succession planning process includes consideration of candidates who could assume the position of CEO in the event that he or she unexpectedly becomes unable to perform the duties of this position.

FORMAL EVALUATION OF THE CEO

The Compensation Committee shall be responsible for setting annual and long-term performance goals for the CEO, evaluating the CEO's performance against those goals, and setting the CEO's compensation level based on this evaluation. The results of the evaluation shall be shared with the CEO and used by the Compensation Committee in considering the CEO's compensation.

DIRECTOR ORIENTATION AND CONTINUING EDUCATION

The Company shall have an orientation process for Board members that is designed to familiarize new directors with the Company's business, operations, finances, and governance practices. The Board shall encourage directors to participate in education programs to assist them in performing their responsibilities as directors.

BOARD AND COMMITTEE PERFORMANCE EVALUATIONS

The Board shall conduct an annual self-evaluation to assess its performance. The Audit, Nominating and Corporate Governance and Compensation Committees shall each conduct annual self-evaluations to assess their performance. The ability of individual directors to contribute to the Board shall be considered in connection with the re-nomination process.

The Nominating and Corporate Governance Committee shall be responsible for developing, administering and overseeing processes for conducting evaluations.

COMMUNICATING WITH MEMBERS OF THE BOARD

Interested persons may contact any individual director, the Board as a group, or a specified Board committee or group, including the independent directors as a group, by sending a written communication to the Company's Corporate Secretary at Douglas Dynamics, Inc., 7777 North 73rd Street, Milwaukee, Wisconsin 53223. Each communication should specify the applicable addressee or addressees as well as the general topic of communication. The Board has instructed the Corporate Secretary to review such correspondence and, in his discretion, not to forward items if he deems them to be a commercial or frivolous nature or otherwise inappropriate. Concerns about questionable accounting or audit matters or possible violations of the Company's Code of Business Conduct and Ethics should be reported pursuant to the procedures outlined in the Code of Business Conduct and Ethics.