

# Nominating and Corporate Governance Committee

## Terms of Reference

The board of directors (the “**Board**”) of Enerflex Ltd. (the “**Corporation**”) has established a Nominating and Corporate Governance Committee of the Board (the “**Committee**”), which shall consist of at least three directors, each of whom shall be independent. Members of the Committee shall be considered independent if they meet the test of independence contained in applicable securities legislation and the rules of any stock exchange on which securities of the Corporation are listed and posted for trading.

The Committee shall review and reassess these terms of reference at least annually or, where circumstances warrant, at such shorter intervals as the Committee deems appropriate or necessary, to determine if further additions, deletions or other amendments are required. Members of the Committee shall be appointed by the Board.

The principal responsibilities of the Committee are reviewing and making recommendations as to all matters relating to effective corporate governance in order to assist the Board in carrying out its responsibilities. The Committee is also responsible for assisting the Board in fulfilling its responsibility to oversee the Corporation’s governance initiatives, goals, and public disclosures.

Without limiting the generality of the foregoing, the mandate of the Committee is as follows:

- periodically consider the effectiveness of the Board, as a whole, the committees of the Board, and the contributions of individual directors;
- review and consider the appropriate size of the Board and its composition, including the ratio of independent and non-independent directors;
- review the competencies, skills, diversity (including but not limited to business experience, geography, age, gender, and ethnicity), and personal qualities that are necessary for the Board, as a whole, to possess and compare that to the existing competencies, skills, , diversity, and personal qualities of current Board members, and revise the competency matrix if appropriate;
- (a) consider and recommend to the Board the nominees to fill vacancies on the Board or to be proposed by the Board as candidates for election as directors at the annual meeting of the shareholders;
- receive and consider recommendations for new Board candidates from individual directors or from the Board at large;
- recommend the appropriate balance of expertise among Board members, seek out qualified, diverse candidates to fill Board positions, and aid in attracting qualified candidates to the Board;
- interview and assess the qualifications (including competencies and skills) of prospective Board candidates (whether to fill vacancies on the Board or otherwise), on a merit based system having regard to the *Policy Regarding Diversity on the Board and within the Executive Management Team* and the needs of the Board, and report and make a recommendation to the Board as to the suitability of each candidate;
- oversee the training and orientation of new directors (under the *Orientation and Continuing Education Policy*) and the continuing education of current directors (under the *Director Education Policy*);
- review directors' relationships with outside entities with regard to potential conflicts of interest and interlocking board positions;

- consider and recommend directors' compensation, including any incentive award grants, to the Board;
  - review Directors and Officers Indemnity Agreements and insurance policies and recommend appropriate coverage levels;
  - review the mandate of the Board and the terms of reference of each committee of the Board (being this Committee, the Audit Committee, and the Human Resources and Compensation Committee) and the position descriptions of the Chairs of each committee of the Board and recommend any changes to the same, and any additional committees, to the Board;
  - review the relationship between management and the Board and make recommendations with respect to such relationship when and where it is deemed appropriate;
  - ensure that any issues relating to governance that are identified by directors are raised with management;
  - oversee the Corporation's corporate governance strategies, policies, and practices, including but not limited to the *Code of Conduct*, the *Respectful Workplace Policy*, the *Insider Trading Policy*, and *Majority Vote Policy for Director Elections*, and review compliance with applicable corporate governance laws, regulations, and best practices;
- (b) in conjunction with the Human Resources and Compensation Committee (the "**HRCC**"), review the *Share Ownership Guidelines* and *Policy Regarding Diversity on the Board and within the Executive Management Team*, and compliance with such policies; the Committee shall monitor compliance with such policies with respect to directors, and the HRCC shall monitor compliance with such policies with respect to the officers and employees of the Corporation;
- provide oversight on the social media practices of the Corporation through the *Social Media Policy*;
  - review and present to the Board for approval the Corporation's reporting on governance in the annual Management Information Circular and Annual Information Form, , on the Corporation's website, and in all other reporting; and
  - provide oversight on the adoption of any additional governance-related performance metrics, goals, and disclosures.
  - at least annually, review those Corporation's policies that do not fall within the mandate of any another committee, including governance policies, processes, and materials presented by management, and recommend that the Board approve any substantive revisions;

It is acknowledged that there may be, from time to time, the need for the Committee to retain the services of outside advisors and/or consultants to assist it in completion of its responsibilities. The Committee, with the final approval of the Chair of the Committee, is authorized to negotiate the terms, including fees, associated with any such engagement at the expense of the Corporation and to authorize the payment of such fees.

The Committee will report on its activities to the Board at least annually.