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# Board Mandate

## Duties of Directors

### Introduction

As prescribed by the articles of incorporation of Enerflex Ltd. (the “**Corporation**”), the board of directors of the Corporation (the “**Board**”) shall have a minimum of three and a maximum of twelve directors at any given time. At least a majority of the Board shall be independent (as defined by applicable legislation and the applicable rules of any stock exchange on which securities of the Corporation are listed and posted for trading), and in any event management representation on the Board shall not exceed two members.

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. Management's discharge of its responsibilities is subject to continuing oversight by the Board. Subject to the Articles and By-laws of the Corporation, the Board retains the responsibility for managing its own affairs, including planning its composition, selecting its Chair (that shall be independent), nominating candidates for election to the Board, appointing committees, and determining director compensation.

The Board is responsible under law to supervise the management of the business and affairs of the Corporation. Without limiting the generality of the foregoing, the Board's principal duties fall into six categories.

#### 1. SELECTION OF MANAGEMENT

- a) The Board is responsible for the appointment and replacement of a President & Chief Executive Officer (“**President & CEO**”), for monitoring President & CEO performance, approving the corporate goals and objectives of the President & CEO, determining President & CEO compensation and benefits, and providing advice and counsel in the execution of the President & CEO's duties.
- b) The Board is responsible for approving the appointment and remuneration of all executive officers, taking into consideration the recommendation of the President & CEO.
- c) The Board is responsible for oversight of management succession, including retirement and termination decisions regarding executive officers.
- d) The Board is responsible, to the extent feasible, for satisfying itself as to the integrity of the President & CEO and other senior officers and for ensuring that such persons create a culture of integrity throughout the Corporation.

#### 2. MONITORING AND ACTING

- a) The Board is responsible for approving annual capital and operating plans and associated budgets, monitoring the Corporation's performance against these plans and budgets, and revising and altering its direction through management in light of changing circumstances.
- b) The Board is responsible for taking action when the Corporation's performance falls short of its goals or when other special circumstances warrant (for example, mergers and acquisitions or changes in control).
- c) The Board is responsible for approving all significant acquisitions, dispositions, investments, financings, and other significant matters outside the ordinary course, and for approving the Corporation's register of

authorities delegated to various levels of management.

- d) The Board is responsible for approving the Corporation's annual corporate donations budget.
- e) The Board is responsible for approving any payment of dividends to shareholders and other activities and transactions as specified by applicable corporate law.
- f) The Board is responsible for approving the selection of the outside auditor for appointment by the shareholders, taking into consideration the recommendation of the Audit Committee.
- g) The Board monitors on a periodic, regular basis management's identification and assessment of the principal business risks facing the Corporation and keeps informed of how these risks are being handled by management, including through the implementation of appropriate controls.
- h) The Board is responsible for overseeing the integrity of the Corporation's internal control and management information systems.

### 3. STRATEGY DETERMINATION

The Board is responsible for overseeing the development by management of the mission of the business, its objectives and goals, and the strategy by which it proposes to reach those goals. The Board oversees the Corporation's strategic planning process and monitors progress in achievement of the strategic plan.

### 4. POLICIES AND PROCEDURES

- a) The Board is responsible for approving and monitoring compliance with all significant policies and procedures by which the Corporation is operated.
- b) The Board has a particular responsibility to oversee the Corporation's compliance with applicable laws and regulations, and the operation of its business in accordance with appropriate ethical standards. To this end the Board has approved the Enerflex Business Code of Conduct (the "Code") and oversees compliance with the Code.
- c) The Board is responsible for developing the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines.

### 5. REPORTING TO SHAREHOLDERS

- a) The Board is responsible for adopting a corporate disclosure policy including overseeing financial reporting to shareholders, other security holders, and regulators on a timely and regular basis.
- b) The Board is responsible for ensuring the timely reporting of any other developments that have a significant and material impact on the value or the reputation of the Corporation.
- c) The Board is responsible for reporting annually to shareholders on its stewardship for the preceding year, as required by applicable law.
- d) Shareholders are entitled to provide feedback to the Corporation and directly to the Board as set forth in the *Shareholder Engagement Policy*.

### 6. LEGAL REQUIREMENTS

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- a) The Board is responsible for overseeing compliance with applicable legal requirements.
  - b) Canadian law identifies the following as the standards for the proper discharge of the Board's responsibilities.
    - i. to manage the business and affairs of the Corporation.
    - ii. to act honestly and in good faith with a view to the best interests of the Corporation.
    - iii. to exercise the care, diligence and skill that reasonable prudent people would exercise in comparable circumstances.
    - iv. to act in accordance with its obligations contained in the *Canada Business Corporations Act* and the regulations thereto, applicable securities laws, applicable rules of any stock exchange on which securities of the Corporation are listed and posted for trading, other relevant legislation and regulations, and the Corporation's articles and by-laws.
  - c) In particular, it should be noted that the following matters must be considered by the Board as a whole and, in accordance with the *Canada Business Corporations Act*, may not be delegated to a Committee:
    - i. any submission to the shareholders of a question or matter requiring the approval of the shareholders;
    - ii. the filling of a vacancy among the directors or in the office of the auditor, or the appointment of additional directors;
    - iii. the issuance of securities, including the issuance of any shares in one or more series;
    - iv. the declaration of dividends;
    - v. the purchase, redemption, or any other form of acquisition of shares issued by the Corporation;
    - vi. the payment of a commission to any person in consideration of the purchase or agreement to purchase shares of the Corporation from the Corporation;
    - vii. the approval of management proxy circulars;
    - viii. the approval of any take-over bid circular or directors' circular;
    - ix. the approval of the financial statements of the Corporation to be submitted to shareholders; and
    - x. the adoption, amendment, or repeal of by-laws of the Corporation.

## Additional Expectations of Board Members

In addition to the responsibilities and duties described above, there are additional expectations of the Corporation's directors including the following:

1. Board members are expected to maintain the highest personal and professional values, integrity, and ethics. This shall include compliance with the Code and certification on an annual basis.

2. Board members are expected to bring a probing and objective perspective to the Board, and be prepared to challenge management.
3. Board members are expected to attend all Board and Committee meetings (as applicable) and devote the necessary time and attention to Board matters. This includes the advance review of materials, adequate preparation for Board meetings, and keeping informed about the Corporation's business and relevant developments outside the Corporation that affect its business.
4. With the exception of the Chair of the Board, independent Board members are expected to sit on at least one Board Committee.
5. Directors are expected to own securities in the Corporation in compliance with the *Share Ownership Guidelines*.