HUMAN RESOURCES AND COMPENSATION COMMITTEE
TERMS OF REFERENCE

The board of directors (the "**Board**") of Enerflex Ltd. (the "**Corporation**") has established a Human Resources and Compensation Committee of the Board (the "**Committee**"), which shall consist of at least three directors, each of whom shall be independent directors. 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.

The Committee shall review and reassess the 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 include oversight and review of the compensation of executive officers and other senior management of the Corporation, short and long-term incentive programs, pension and other benefit plans, executive officer appointments, evaluation of performance of the Chief Executive Officer, succession planning, executive development, and matters relating to health, safety and the environment.

The Committee shall review and determine the following and report to the Board:
- Overall annual bonus pools.
- Overall budget requests for salaries.
- Salaries and bonus allocations for the non-executive salary employees of the Corporation.
- Issuance of any LTIP awards (aside from stock options) for non-executive employees.
- The STIP and LTIP performance metrics to be used by the Corporation including the threshold, target and stretch.
- The composition of the Executive Peer Group.
- The diversity of the executive management team.
- Performance of the Chief Executive Officer relative to the corporate objectives and strategies, as well as the specific annual goals and objectives of the Chief Executive Officer.
- The corporate goals and objectives for the Chief Executive Officer.

The Committee shall review and recommend the following to the Board for approval:
- Salaries and short term bonus for the executive management team.
- Officer appointments.
- Issuance of any stock options to non-executive employees.
- Issuance of any LTIP awards (including stock options) to the executive management team.
- Amendment of the STI plan or any of the LTI plans, including the option plan .
- Management recommendations for pension plans and the administration of pension plans.
- Implementation of or changes to compensation and retirement policies.

- Report of the Committee for the annual management information circular and any other executive compensation disclosure.
- Changes where necessary to the position description of the Chief Executive Officer position.

The Committee will monitor and review with management and discuss with the Board:

- Succession planning process for the executive officers and the training and development of the executive officers as part of such succession planning process.
- Matters relating to health, safety and the environment.
- *Code of Business Conduct* (the "**Code**") (and non-financial related breaches of the Code).
- In conjunction with the Nominating and Corporate Governance Committee, the *Share Ownership Guidelines* and *Diversity Policy*, and compliance with such policies.

The Committee shall meet at least twice annually or on any such dates that the Chairman of the Committee shall determine.

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 Chairman of the Committee, is authorized to negotiate the terms, including fees associated with any such engagement at the expense of the Corporation.

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