

## **Terms of Reference for Directors**

Each director owes a fiduciary duty to Xebec Adsorption Inc. and must ensure that he or she:

- a. acts honestly and in good faith with a view to the best interests of Xebec Adsorption Inc.; and
- b. exercises the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In carrying out his or her duties as a director, each director should:

- a. maintain confidentiality of all information which is learned in his or her capacity as a director except when such director is required to disclose by law or when such information is publicly available;
- b. exercise good judgment and act with integrity;
- c. declare conflicts of interest to the Board and ensure that such conflicts are handled in an appropriate manner;
- d. disclose contracts or arrangements with Xebec Adsorption Inc. in which the director has an interest;
- e. promptly inform the Board of any change in his/her personal or professional circumstances that might reasonably be perceived as adversely affecting his/her ability to effectively serve as a director of the Company;
- f. be an available resource to management and the rest of the Board;
- g. support and encourage legal, ethical and credible business practices;
- h. be available for communications with the Chairman and/or CEO between meetings; and
- i. if he/she is a non-executive director, be able to serve on one or more committees of the Board.

To promote the effectiveness of Board and committee meetings, each director should:

- a. prepare for such meetings by reviewing the materials sent out in advance of the meeting;

- b. attend each meeting whenever possible, and in any case (subject to extenuating circumstances such as illness) attend not less than 70% of all meetings of the Board and committees on which he/she serves;
- c. be in attendance for the full duration of the meeting, whenever possible;
- d. participate fully and frankly in deliberations and discussions during the meeting;
- e. encourage free and open discussion of the affairs of Xebec Adsorption Inc. by the Board members; and
- f. question senior management appropriately regarding strategy, operations and results.

In order to be able to make well-informed decisions, each director should:

- a. remain knowledgeable about Xebec Adsorption Inc.'s products and industry;
- b. develop a thorough understanding of Xebec Adsorption Inc.'s role in the industry and the community;
- c. maintain an understanding of the regulatory, business, social and political environments in which Xebec Adsorption Inc. operates; and
- d. remain knowledgeable about Xebec Adsorption Inc.'s facilities and visit them when appropriate.