



# CLSI Board of Directors Individual Director Terms of Reference

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Canadian Light Source Inc.\*\*\*  
101 Perimeter Road  
University of Saskatchewan  
Saskatoon, Saskatchewan Canada

	Signature	Date
Author	_____ Beryl Lepage	_____
Approver	_____ Dr. William Thomlinson	_____

**The Individual Director Terms of Reference were approved at a meeting of the CLSI Board of Directors on November 24, 2005.**

## Revision History

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## TABLE OF CONTENTS

<b>1.0</b>	<b>PURPOSE</b> .....	<b>1</b>
<b>2.0</b>	<b>MEMBERSHIP</b> .....	<b>1</b>
<b>3.0</b>	<b>CODE OF CONDUCT</b> .....	<b>2</b>
3.1	General Duty and Standard of Care.....	2
3.2	Good Faith.....	2
3.3	Loyalty & Conflict of Interest.....	2
3.4	Duty of Diligence.....	3
3.5	Duty of Skill.....	3
3.6	Duty of Prudence.....	3
3.7	Violations.....	3

## 1.0 PURPOSE

As a member of the Board of Directors of CLSI, the Director's purpose is to exercise sound judgment in the formation of Board objectives and policies for the direction and guidance of management. Individually, a Director has no power in his/her own right except when power is vested by resolution of the Board.

Under common law, a Director has two basic duties:

- a. a fiduciary duty to act honestly and in good faith with a view to the best interests of the organization; and
- b. the duty of care – to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

## 2.0 MEMBERSHIP

In carrying out his/her role as Director of CLSI, each Director has the responsibility to:

- a. Understand and fulfill the legal requirements and fiduciary and other obligations of a Director with care, diligence, integrity and skill;
- b. Be cognizant of particular stakeholder views but act and use his/her abilities, experience and influence constructively in the best interest of the organization as a whole;
- c. Be knowledgeable about the organization's business and the environment within which it operates including maintaining an understanding of the scientific, academic, regulatory, competitive, political and social environments within which the organization operates;
- d. Understand, support and promote the organization's vision, mission and core values;
- e. Understand the strategic planning process, the strategic direction of the organization and the principal risks faced by the organization;
- f. Make a concerted effort to attend all Board and committee meetings and participate fully and frankly with the understanding that absence from Board meetings does not constitute freedom of a Board member from responsibility of decisions by the Board;
- g. Prepare fully for Board and committee meetings - analyze and comprehend operating and financial reports, seek pertinent information and ask discerning questions, focusing on strategy, policy and results rather than day-to-day management of the company;
- h. Be willing to participate, as requested by the Board, on Board committees and become knowledgeable in respect to the mandates and operations of the relevant committees;
- i. Be knowledgeable about the senior management structure and personnel of the organization;
- j. Recognize that he/she must act as an individual, not as an advocate or representative for any special interest;

- k. Keep Board deliberations and non-public information confidential;
- l. Not purport to speak for the CLSI Board unless he/she has been specifically authorized to do so;
- m. Disclose any personal or business related conflict of interest to the Chair of the Board and abstain from participation in discussion and decisions where a conflict might arise;
- n. Not use, for personal benefit or the benefit of any family member, any information derived through the exercise of his/her duties that is not otherwise in the public domain;
- o. Not direct the Executive Director or his senior management with respect to specific operational decisions or with respect to day-to-day operations of the CLSI unless specifically authorized to do so by the Board;
- p. Be available as a resource to the Chair of the Board, the Executive Director, and the Board when requested;
- q. Foster a collegial approach in performing his/her duties and responsibilities and contribute to the Board positively as a team member;
- r. Be prepared to commit the appropriate time and days required to effectively carry out his/her duties as a Director.

## **3.0 CODE OF CONDUCT**

### **3.1 General Duty and Standard of Care**

The Directors are required, in exercising their powers and discharging their duties, to act honestly and in good faith with a view of the best interest of CLSI.

To enhance the reputation of CLSI in the community, the Directors must maintain a high standard of integrity in the conduct of their personal, business and professional affairs.

The Directors will comply with all laws affecting Directors including securities and corporate laws.

### **3.2 Good Faith**

The Directors will not pursue an improper purpose, while acting on behalf of CLSI; staying within their legitimate authority as set out in the CLSI governance documents.

### **3.3 Loyalty & Conflict of Interest**

The Directors, when acting in their capacity as Directors, must give their undivided loyalty to CLSI, subordinating personal interests to those of the Company, including the interest of their employer.

Directors are in a position of trust with respect to the corporation; they will not:

- a. accept any payment, gratuity or other asset, for assisting in obtaining business or securing special concessions from the corporation;
- b. profit on the acquisition or disposition of corporate property; and
- c. improperly use corporate assets for personal benefit (including corporate trade secrets or knowledge of CLSI customers.)

A Director's personal interests and duty to the Company must not be brought into conflict, nor should a Director make a personal profit from their position.

Therefore:

- a. Directors will promptly report all actual, potential or perceived conflicts of interest to the Chair or Vice Chair. If in doubt, such conflict should be reported. The Chair or Vice Chair shall bring such conflict to the attention of the Governance and Human Resources Committee.
- b. No Director shall participate in Directors' discussions, deliberations or decision making affecting such conflicts relating to himself or herself as the case may be; and
- c. In the context of a Director who is also a synchrotron user, the Director shall ensure that they disclose their potential interest in a contract or issue and decline to vote on any matter concerning the particular contract or issue. On issues and policies of a general knowledge rather than specific application, the Director's experience and expertise is viewed as an asset to the Board's discussion and deliberations and normally would not require disqualification from participation and voting.

As Directors must act in the best interests of the corporation, they owe their duty to the corporation as a whole and not to any particular constituency thereof.

The Directors recognize that corporate information given to them as Directors is confidential and they will maintain such information in the strictest confidence.

#### 3.4 **Duty of Diligence**

Directors will take all required actions to become acquainted with the business of CLSI, including transactions of its business, organizational policies and delegation of tasks

Attendance at Board meetings is required to effectively ensure that they are informed of decisions and issues.

#### 3.5 **Duty of Skill**

Directors will exercise reasonable skill within their level of competence. Where a Director does possess specific expertise they are required to employ such expertise in their decisions and activities as a Director and for the benefit of the Company and its affairs. Directors must be cognizant of the environment and risks inherent in CLSI's business and seek advice as required to enable informed decisions.

#### 3.6 **Duty of Prudence**

Directors will act as a prudent person, that is both practical and cautious with a view of anticipating the probably consequences of any course of action that CLSI may take. A reasoned evaluation of risks in the context of the Company's activities is a necessary component of decision making.

#### 3.7 **Violations**

Any violation of this code of conduct may result in the Board of Directors requesting the resignation of any board member.

Annually, all Directors shall complete and submit a compliance and disclosure statement.