



Canadian Oil Sands

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September 23, 2013

VIA EMAIL

Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, Ontario M5H 3S8

Attention: The Secretary

Dear Sirs/Madam:

Re: OSC Staff Consultation Paper 58-401: Disclosure Requirements Regarding Women on Boards and in Senior Management (the "Consultation Paper")

Canadian Oil Sands Limited ("COS") appreciates the opportunity provided by the Ontario Securities Commission (the "OSC") with respect to its views on mandating disclosure requirements regarding women on boards and in senior management positions of public issuers.

COS holds a 36.74 per cent working interest in the Syncrude joint venture, providing a pure investment opportunity in Syncrude's crude oil producing assets. Located near Fort McMurray, Alberta, Syncrude Canada operates large oil-sands mines and an upgrading facility that produces a light, sweet crude oil on behalf of its joint venture owners.

Diversity is not an end unto itself but rather COS believes diversity leads to better business results. COS strongly supports initiatives that encourage diversity on a number of facets: gender, age, religion etc. Syncrude itself promotes diversity in the workforce at all levels and is one of the largest employers of aboriginals in Canada and about 20% of its workforce is staffed by women. At COS, we currently have one female board member out of a total of eleven members with 33% of our officers being women. For COS, having diversity on the board and in senior management is an important issue. The Board and officers at COS aim to mentor and promote all capable candidates, whether male or female, to succeed. We would note that the principles below relating to increasing diversity should apply to all "minorities", not just women.

With respect to the specific consultation questions in the Consultation Paper, we would provide the following comments:

1. What are effective policies for increasing the number of women on boards and in senior management?

Policies which require a board or a nominating committee of the board to consider the diversity on the board (gender, race and age) is effective when combined with a disclosure model of reporting on the results of implementing that policy. Having a written policy to which the board or its committees and management need to steward to provides ongoing conscious effort and is a reminder to the employees and directors that having diversity in the workforce and the boardroom is an important principle of the business. The policy itself however should not be so prescriptive or restrictive that negative impacts could result. Each company and industry is unique and to prescribe set requirements does not allow for business leaders to best tailor their needs to the resources available. For example, an issuer needs to consistently choose the best candidate for a position. Diversity in terms of gender, race, age, etc. should be a factor in the decision and we support having the issuer explain how this policy and the search process works but do not support prescriptive quotas.

2. What type of disclosure requirements regarding women on boards and in senior management would be most appropriate and useful?

It would be most appropriate to have companies share their policy on gender diversity for the board and senior management, the actions that they undertook and the progress as they measure the changes in the number of appointments. Additionally, the issuer should disclose how the company is trying to foster and create an ongoing development of females for senior management and board positions. We are also supportive of disclosing the number of women on a board and in senior management, but feel that the size of the corporation needs to be taken into account in such disclosure.

3. Are the proposed scope and content of the model disclosure requirements appropriate? Are there additional or different disclosure requirements that should be considered? Please explain.

We support the OSC's proposal to require non-venture issuers to disclose on an annual basis:

- a) policies regarding the representation of women on the board and in senior management;
- b) consideration of the representation of women in the director selection process; and
- c) measurement regarding the representation of women in the organization and specifically on the board and in senior management.

An issuer should have a policy such that there is a principle established by which management and the board can focus the development and promotion of women who meet the criteria for a particular role. Having such a policy creates an awareness and promotes active development and consideration of women for a role. To then require the issuer to describe how the issuer considered women when selecting directors or senior managers provides the balance needed whereby there clearly will be pressure on issuers to increase the representation of women in both the boardroom and senior management but not at the expense of appointing a woman for the sake of meeting a quota or directive. We do not support having set quotas as every business needs to

take into account the qualifications needed for a particular role and assess which person, male or female, is the best candidate. The point of having a diversity policy is to encourage broader thinking and perspectives in business scenarios in order to improve the business itself. We do not support the proposed disclosure requirements dealing with the issuers' consideration of the representation of women in the board evaluation process. The evaluation process itself is for all the directors to feel that they are being assessed individually and collectively as board members, regardless of gender, age or race. The focus is on performance itself not particular gender aspects of the person. Additionally, boards need to maintain an element of confidentiality so that members feel comfortable providing frank views on each person's attributes. Singling out gender does not focus on the real issues of whether the member contributes to the overall effectiveness of the board or did that person discharge their duties and responsibilities.

We also support requiring an issuer to disclose whether it has a policy for advancing the participation of women in senior management roles and/or for the identification and nomination of female directors. Without having a policy or program to identify and promote women, there is less awareness at all levels of an organization of potential talent for a job. If a policy has been adopted, we agree that the issuer should:

- a) provide a summary of its key provisions or disclose the policy;
- b) set out how the policy is intended to advance the participation of women on the board and in senior management of the issuer;
- c) explain how the policy has been implemented;
- d) describe any measurable objectives that have been established under the policy;
- e) disclose annual and cumulative progress by the issuer on achieving the objectives of the policy and where the objectives are measurable, disclose progress in quantitative terms; and
- f) describe how the board or its nominating committee measures the effectiveness of the policy.

If the issuer does not have such a policy, the issuer should explain why not and identify any risks or opportunity costs associated with the decision not to have such a policy or its reasoning for not adopting such a policy. These types of requirements we believe increase awareness in an organization and industry of the importance of women candidates at all levels exist and helps to encourage mentoring and development of women throughout an organization such that the level of talent and ability is increased not only within the particular organization but also for the industry as a whole. Given that about half of university graduates are women and an increasing number of women in trades exist today, it is important that there continue to be a mentoring of those women so that they may progress through their career path to their greatest potential and accordingly assume more senior positions over time. This developmental program concept we believe is the key to meeting the targets or quotas that ultimately governments are looking to attain. We do not support mandating quotas or having set requirements by specific years, however, since forcing issuers to "promote" a woman regardless of skill and fit with an organization is not productive for the woman or the organization. Rather, allowing companies to choose the best candidate and also to encourage the company to develop their female staff is the better approach.

We agree with the OSC suggestion that an issuer should explicitly indicate whether, and if so how, the board or its nomination committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election

to the board. If the issuer does not take the representation of women into account in this process, it should explain why not and identify any risks or opportunity costs associated with the decision not to do so. However, we do not agree that the issuer needs to disclose whether and how adherence to the policy for diversity or achieving any objectives set out in the policy has been measured as part of the annual evaluation of the board and its nominating committee. The numbers and the explanations are sufficient for how a particular company is doing on its diversity objectives and public pressure is sufficient compared to fines in causing issuers and industries as a whole to move towards more diversity in the boardroom and in senior management.

As part of the disclosure, we believe that it is useful for the issuer to disclose the proportion (in percentage terms) of:

- a) female employees in the whole organization;
- b) women in senior executive positions; and
- c) women on the board.

Issuers should also provide any information or explanation that is relevant in order to properly understand the quantitative information disclosed. For example, if an issuer does not have any senior women in management or on the board but is effectively mentoring and promoting its more junior staff with a view to training them and progressing their careers overtime to the senior roles, that is often more effective than simply having an issuer go externally and “hire women” to meet a quota or target.

4. What type of statistics, data and/or accompanying qualitative information regarding the representation of women in their organization should non-venture issuers be required to disclose? Should such disclosure be reported for the non-venture issuer only or for all of its subsidiary entities also?

We believe disclosing the number of women on the board, in senior management and in managerial roles is helpful. It should, however, be up to the issuer to determine what additional information supports this position. For example, a mining company may not have many senior management women but it may use a mentor training process to start having more middle management positions filled by women which in turn should lead to more women in the future at senior levels.

5. What practices should we recommend for facilitating increased representation of women on boards and in senior management?

- a. **For example, should we recommend that non-venture issuers have a gender diversity policy? If so, should we set out recommended content for the policy?**
- b. **Should non-venture issuers be required to comply with the recommended practices or explain why they have not complied (i.e. a “comply or explain” model of disclosure?**

We believe practises such as mentoring programs and industry lead initiatives such as The Diversity 50 program lead by The Canadian Board Diversity Council, and the mentor program that Women on Board provide assist in the promotion of women. Initiatives such as the OSC’s Consultation Paper have also helped highlight the issue of diversity

on boards and in senior management roles. The key moving forward is to continue to promote mentoring programs at all levels and in industry in order to have qualified candidates ready for such senior positions.

We do not support extending the requirements on diversity to venture issuers as the number of regulations that impact the smaller issuers is already very onerous. We believe that over time if the non-venture issuers have the diversity disclosure requirements outlined above, then there will be a natural movement for the venture issuers towards having more women in senior management and on the board.

Thank you for the opportunity to comment on the Consultation Paper. If you would like to discuss our comments please do not hesitate to contact me at (403) 218-6240 or at tcurran@cdnoilsands.com.

Yours truly,

CANADIAN OIL SANDS LIMITED



Trudy M. Curran
Senior Vice President, General Counsel & Corporate Secretary

cc: Donald. L. Lowry, Chairman of the Board
Ian A. Bourne, Chairman of the Corporate Governance and Compensation Committee
Wesley R. Twiss, Chairman of the Audit Committee