



Canadian Oil Sands

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April 7, 2014

**VIA EMAIL AND COURIER**

Ontario Securities Commission  
20 Queen Street West  
22<sup>nd</sup> Floor  
Toronto, ON M5H 3S8

**Attention: The Secretary**

Dear Sirs/Mesdames:

**Re: Comments on Proposed Ontario Securities Commission (the "OSC") OSC Amendments to Form 58-101F1 *Corporate Governance Disclosure of National Instrument 58-101 Disclosure of Corporate Governance Practices* (the "Proposed Amendments")**

With respect to the above noted Proposed Amendments, Canadian Oil Sands Limited ("COS") would like to submit the following comments for your consideration. COS is a reporting issuer listed on the Toronto Stock Exchange and, as at April 11, 2014, had a market capitalization of **[\$11 billion]**.

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: skills, experience, gender, age, ethnicity, etc. By allowing a comply and explain approach to those topics outlined in the Proposed Amendments, the OSC recognizes that each issuer must take an approach that fits its business. We applaud the OSC for recognizing that there needs to be diversity in the approach that each board determines what is most appropriate for that particular issuer's business and circumstance to achieve the best corporate governance for itself. Dictating quotas or targets would not properly recognize the differences among businesses, industries and specific geographical regions and may harm the overall business objectives of an entity rather than helping improve its business fundamentals.

With respect to the specific requests for comment, we would respond as follows:

**1. Application of Proposed Amendments**

We believe that the Proposed Amendments should apply to all non-venture issuers and that there should not be a distinction based on market capitalization. With the comply or explain approach, we believe that each issuer should put their mind to the question of a diversity policy and be able to adequately explain why or why not they have chosen to implement a policy.

**2. Disclosure regarding term limits**

We support the OSC's proposal to require non-venture issuers to disclose on an annual basis whether they have director term limits or to provide an explanation for the absence of such limits. We agree that board renewal contributes to the effectiveness of a board and that having age or term limits may promote such a renewal process. At COS, we also recognize the need to ensure an orderly transition of knowledge specific to the business, especially one as complex as an oil sands mining and upgrading business. We are considering amending our current policy and may impose an age limit of 72 or 12 consecutive years as a member of the board. We currently only have an age limit. We recognize that other issuers may have different requirements and therefore support the OSC leaving it up to each issuer to determine what limits, if any, best suit that particular business and entity.

**3. Disclosure regarding new board appointments**

We support the OSC's proposal to require non-venture issuers to disclose annually the number of new director appointments and whether those appointments took into account the issuer having diversity on the board. While COS supports having women representation on boards, we feel that the larger focus should be on having diversity as a whole on the board. This includes diversity of gender but also age, experience, skills and ethnicity. Policies which require a board or a nominating committee of the board to consider the diversity on the board in this broader sense is effective when combined with a disclosure model of reporting on the results of implementing that policy.

This means that an issuer should describe the selection process and criteria that is appropriate for that issuer, given the current composition of its board in light of skills, experience, gender, age and ethnicity. All facets of diversity are important in having robust, strategic discussion at the boardroom table. 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, ethnicity, 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 or targets.

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.

If a policy has been adopted, we also 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. These types of requirements also help 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.

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 look externally and "hire women" to meet a quota or target.

We would respectfully refer you to our earlier submission to the OSC' Consultation Paper that preceded these Proposed Amendments.

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

Yours truly,

**CANADIAN OIL SANDS LIMITED**

A handwritten signature in black ink, appearing to read "Trudy M. Curran", followed by a large, stylized flourish or scribble.

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

c.: 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  
Alberta Securities Commission