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January 25, 2018

**SENT BY ELECTRONIC MAIL**

**TO THE ATTENTION OF:**

British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority of  
Saskatchewan  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
Financial and Consumer Services Commission  
of New Brunswick

Superintendent of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Superintendent of Securities, Newfoundland and  
Labrador  
Superintendent of Securities, Yukon  
Superintendent of Securities, Northwest Territories  
Superintendent of Securities, Nunavut

The Secretary  
Ontario Securities Commission  
20 Queen Street West, 22nd Floor  
Toronto, Ontario M5H 3S8  
Email: [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

Me Anne-Marie Beaudoin  
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Autorité des marchés financiers  
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C.P. 246, tour de la Bourse  
Montréal, Québec H4Z 1G3  
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Dear Sirs/Mesdames:

**Re: CSA Consultation Paper 52-404 – Approach to Director and Audit Committee Member Independence, published October 26, 2017 (the “Consultation Paper”)**

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George Weston Limited (“GWL”) is a publicly traded holding company which operates through two reportable operating segments: Loblaw Companies Limited (“Loblaw”) and Weston Foods (“Weston Foods”), and their respective subsidiaries in Canada and the United States. GWL is Canada’s largest private sector employer with approximately 220,000 employees.

Weston Foods is a fresh, frozen and artisan baking company in Canada and is engaged in frozen baking and biscuit manufacturing in the United States. Loblaw is Canada’s largest food and pharmacy retailer, providing grocery, pharmacy, health and beauty, apparel, general merchandise and financial products and services to Canadians. Loblaw is a publicly traded company in which the Weston Family, largely through GWL, holds approximately 50.1% of the outstanding common shares. GWL also controls, through its interest in Loblaw and its own direct holdings, Choice Properties REIT (“CP REIT”), a publicly traded real estate investment trust.

GWL, Loblaw and CP REIT are part of a common control group (the “Weston Group”). Mr. W. Galen Weston controls, directly and indirectly through private companies which he controls, approximately 63% of the outstanding common shares of GWL. Accordingly, the Weston Group companies are considered “controlled companies.”

The Weston Group takes matters of corporate governance seriously and we appreciate the opportunity to comment on the Consultation Paper. Each of GWL, Loblaw and CP REIT implement and enforce strong corporate governance policies and procedures to establish consistent and transparent practices and

accountability. We also engage with organizations such as the Canadian Coalition for Good Governance and Institutional Shareholder Services (“ISS”) regarding our corporate governance practices.

We believe that director independence is a fundamental principle of good corporate governance and that independent directors serve a critical function in ensuring that independent judgment is exercised by boards in fulfilling their responsibilities. With that in mind, we support the adoption of a principles-based approach to corporate governance that allows a board, which is vested with the duty to manage, or supervise the management of, the business and affairs of a company, to develop the governance practices and procedures that are most appropriate for the company and its stakeholders. We are not at all convinced that a strictly rules-based approach leads to better governance in practice. A principles-based approach recognizes that there is no single model of good corporate governance that is well suited to all issuers. Of note, ISS has adopted a more flexible view on director independence as compared to the prescriptive “bright line” test in respect of controlled companies. For example, in the 2018 Americas Proxy Voting Guidelines Update, ISS notes that “on a case-by-case basis director nominees who are or who represent a controlling shareholder of a majority owned company may be supported under ISS’ board and committee independence policies” if certain governance criteria are met.<sup>1</sup> This approach reflects an understanding that a prescriptive “bright line” test is not necessarily appropriate for all issuers, particularly controlled companies.

Thank you for the opportunity to comment on these important issues.

Yours truly,



Gordon A.M. Currie  
Chief Legal Officer

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<sup>1</sup> Institutional Shareholder Services, *2018 Americas Proxy Voting Guidelines Updates*, available at <https://www.issgovernance.com/file/policy/2018-Americas-Policy-Updates.pdf>