



**Canadian Oil Sands**

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June 6, 2014

**VIA EMAIL**

British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority of Saskatchewan  
The 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 Territory  
Superintendent of Securities, Northwest Territories  
Superintendent of Securities, Nunavut

**Attention: Anne-Marie Beaudoin, Corporate Secretary**

Autorité des marchés financiers  
800, square Victoria, 22<sup>e</sup> étage  
C.P. 246, Tour de la Bourse  
Montreal, QC H4Z 1G3  
Fax: (514) 864-6381  
E-mail: [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

**Attention: The Secretary**

Ontario Securities Commission  
20 Queen Street West  
22<sup>nd</sup> Floor  
Toronto, ON M5H 3S8  
Fax: (416) 593-2318  
E-mail: [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

**Re: Proposed National Policy 25-201 Guidance for Proxy Advisory Firms (the “Proposed Policy”)**

Canadian Oil Sands Limited (“COS”) appreciates the efforts of the Canadian Securities Administrators (the “CSA”) to enhance the transparency of the services that proxy advisory firms provide. COS also appreciates the opportunity to comment on the Proposed Policy.

COS is a reporting issuer listed on the Toronto Stock Exchange and has a market capitalization of approximately \$11 billion. COS holds a 36.74 per cent working interest in the Syncrude joint venture and

is the only public entity 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. COS' primary business is its ownership in Syncrude and the marketing and sale of crude oil derived from such ownership.

COS has the following comments on the Proposed Policy:

### ***Conflicts of Interest***

There is potential for conflicts of interest in the proxy advisor industry and we agree with the potential conflicts of interest that have been identified in the Proposed Policy. We are encouraged that the CSA has suggested certain steps to manage actual or potential conflicts of interest, including establishing internal safeguards and controls. However, we are of the view that proxy advisory firms should be required to implement the steps outlined in the Proposed Policy. We also agree that proxy advisory firms should disclose actual or potential conflicts of interest to their clients and publicly disclose their procedures to deal with such conflicts.

### ***Transparency and Accuracy of Vote Recommendations***

The Proposed Policy does not encourage proxy advisory firms to consult with issuers prior to issuing their reports. Issuers spend considerable time and resources preparing the disclosure in their information circulars. The information circular disclosure contains important information on corporate governance and executive compensation and shareholder meetings allow shareholders to express their views on the governance of their company. Accordingly, it is imperative that the reports of the proxy advisory firms contain accurate information. To ensure that the reports of the proxy advisory firms do not contain mistakes of inaccuracies, issuers should be allowed to review the reports before they are issued. We are of the view that the CSA should strongly encourage proxy advisory firms to share their reports with issuers prior to issuing them.

We recognize that this may not always be practical as proxy advisory firms have to review a large volume of information circulars in a compressed period of time during the annual meeting season. However, where a proxy advisory firm intends to issue a recommendation to vote against a proposal of the issuer, then the CSA should mandate proxy advisory firms to discuss the negative vote recommendation and share their report with the issuer prior to issuing it. If the parties cannot resolve the issue, then issuers should be allowed the opportunity to provide a response in the report of the proxy advisory firm to ensure that the proxy advisory firm's clients are aware of the views of the issuer.

### ***Development of Proxy Voting Guidelines***

The Proposed policy states that proxy advisory firms may consider consulting with market participants in developing their proxy voting guidelines, but the Proposed Policy does not encourage such consultation. The proxy voting guidelines of proxy advisory firms have an influence on the corporate governance practices of issuers. Corporate governance should not have a "one size fits all" approach. Each issuer and industry is unique and often have differing corporate governance requirements and available resources. We are of the view that the CSA should, at the very least, encourage proxy advisory firms to take into account the perspectives of various issuers differing in size and industry when developing their proxy voting guidelines. This would allow proxy advisory firms to not develop policies that have unintended financial or governance consequences based on issuers size and/or business.

Thank you for the opportunity to comment on the Proposed Policy.

Yours truly,

**CANADIAN OIL SANDS LIMITED**

A handwritten signature in black ink, appearing to read "Trudy M. Curran", with a large, stylized flourish at the end.

Trudy M. Curran  
Senior Vice President, General Counsel and Corporate Secretary  
TMC/

- c. Donald J. Lowry, Chairman of the Board  
Wesley R. Twiss, Chairman of the Audit Committee  
Ian A. Bourne, Chairman of the Corporate Governance and Compensation Committee