



By email: comment@osc.gov.on.ca

September 6, 2023

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 (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

Re: Proposed amendments to Form 58-101F1 Corporate Governance Disclosure (Form 58-101F1) of National Instrument 58-101 *Disclosure of Corporate Governance Practices* (NI 58-101) pertaining to board nominations, board renewal and diversity, as well as ancillary amendments to section 1.1 Definitions of NI 58-101 (the Proposed Amendments); and

Proposed changes to National Policy 58-201 *Corporate Governance Guidelines* (NP 58-201) pertaining to board nominations, board renewal and diversity (the Proposed Changes).

Canadian Natural Resources Limited ("Canadian Natural" or "Company") is pleased to respond to the Canadian Securities Administrators' ("CSA") notice and request for comment on Amendments to Form 58-101F1 and NI 58-201 pertaining to board nominations, board renewal and diversity.

Canadian Natural is a senior independent oil and gas exploration and production company headquartered in Calgary, Alberta, Canada with operations in Western Canada, the North Sea and offshore West Africa. Our shares are publicly traded on the Toronto Stock Exchange and the New York Stock Exchange.

Board Nominations

Question 1

The Proposed Amendments would require the disclosure of the skills, knowledge, experience, competencies and attributes of candidates that are considered and evaluated. Does this requirement raise concerns for issuers regarding disclosure of confidential or competitively sensitive information? Please explain. (Please refer to the table entitled "Board Nominations" in Annex A for a description of this proposed requirement).

Answer: The disclosure of the general skills, knowledge, experience, competencies and attributes reviewed and evaluated by the Company as part of the Board recruitment and nomination process is not a concern. However, to the extent the proposed amendments require issuers to disclose information specific to candidates merely considered for nomination to the Board, such disclosure raises significant privacy

concerns. This privacy concern would also apply if disclosure was mandated for individuals that were reviewed but later determined to be unsuitable as part of the selection process. While it may be constructive to the investor community for an issuer to make reasonable disclosure about candidates who are ultimately nominated or appointed to Board positions, that is not the case for individuals that are unsuccessful in advancing through the selection process. Additionally, the selection process undertaken by the Company when recruiting, evaluating and selecting candidates is considered confidential and includes sensitive information that may benefit the Company's competitors. Furthermore, public disclosure related to the suitability of candidates for Canadian Natural's Board may unduly prejudice individuals in relation to their candidacy for other boards.

Approach to Diversity Question 2

We are consulting on two alternatives with respect to the requirement to provide disclosure on the approach to diversity (Form A and Form B). Which approach best meets the needs of investors for making investing and voting decisions? Which Form best meets the needs of issuers in describing their approach to diversity at the board and executive officer level? Do either of the approaches raise concerns for issuers? Are there certain requirements in either form that you find preferable to the equivalent requirement in the other form? Please explain.

Answer: The Company supports the diversity approach in Form A (Western Model).

Canadian Natural values diversity and the benefits that a diverse workforce can bring to the entire organization. Diversity promotes the inclusion of different perspectives and ideas, mitigates against group bias and ensures that the Company has the opportunity to benefit from all available talent. Canadian Natural believes diversity is best served through careful consideration of all of the knowledge, experience, skills and backgrounds of each individual in light of the needs of the organization without focusing on a single diversity characteristic. Canadian Natural also believes that it is in its best interests to have a Board whose members are diverse in background and experience and can bring a broad perspective to decision making for the good governance, guidance, direction and leadership of the Company. The Board supports diversity in all its forms and in sufficient numbers to bring a wide range of perspectives to its decision-making processes. Director nominees are selected for their ability to exercise independent judgment, experience and expertise and their individual background, experience and skills are always considered.

In light of the Company's existing approach, Form A (Western Model) is preferred as it provides a balance between the need of stakeholders to have transparency on an issuer's organizational diversity at the senior executive and board level, while supporting the issuer's need for flexibility to craft a 'fit for purpose' approach to fostering greater diversity without creating undue administrative cost and burden. The Western Model allows issuers to develop diversity strategies appropriate to their local markets and to aggregate and disclose diversity data (other than disclosure statistics in relation to gender), in a manner that is meaningful to its business. It also allows issuers to appropriately balance the privacy concerns of individuals when collecting and disclosing such diversity data.

In contrast, the proposed diversity disclosure requirements in Form B (OSC Model), which incorporate mandatory reporting of diversity statistics across 5 specified sub-categories, is highly prescriptive at a granular level, and, in our view, problematic. Form B requires the 'voluntary' collection of information from board and senior executives who may not be willing to provide information where such sensitive information is collected on small populations that work together closely, making it difficult to preserve anonymity. This is a significant privacy risk for issuers to manage that cannot be adequately addressed by the use of third party data collection and anonymizing. Individuals that elect to withhold such information have the potential to significantly skew the results towards underreporting of diversity, which undermines the utility of such information for investors and has the potential to unduly prejudice issuers. In addition, reporting diversity information for this number of sub-categories puts the impetus on issuers to also attempt to develop a recruitment strategy targeting every sub-category rather than focusing on the overall diversity of the organization and ensuring the most suitable qualified candidates are selected. The cost and administrative burden placed on issuers increases as they develop and invest in multiple recruitment campaigns targeting

sub-communities that may represent a very small portion of the overall population within the geographical areas and communities in which the Company operates and recruits. This is particularly challenging for industries where very small populations of individuals have the specialized qualifications and experience necessary to perform senior executive and Board roles, such as the oil and gas industry.

Question 3

Is information on the diversity approach and objectives of issuers with respect to executive officer positions useful for investors? Does this requirement raise concerns for issuers? Please explain. (Please refer to the table entitled "Approach to Diversity – Executive Officer Positions" in Annex A for a description of this proposed requirement).

Answer: This requirement raises concerns for issuers as executive officer positions are typically filled internally or from within the industry in which they operate. Issuers select from very small talent pools that have a combination of the necessary seniority, technical qualifications, and specialized industry and company experience to lead. Due to the time horizon it takes to develop candidates with the skills needed to move into senior executive positions, Canadian Natural's approach to diversity is broadly focused on enhancing the overall diversity of its corporate demographic rather than simply looking at the executive officer level in isolation. Accordingly, required disclosure of diversity at the executive office level may not be representative of the Company's overall level of diversity and may be misleading to investors.

To achieve gains over time, the Company encourages the advancement of women and minorities within the organization and supports diversity as a means to stimulate creativity and innovation while promoting professional development. As part of the overall management succession plans of the Company and in following its mission "to develop people", all employees have the benefit of having access to continuing education and career development opportunities within the Company. Appointments by the Board to the executive level are determined on the merit, performance, management skills, expertise and experience of the individual (all of which are influenced by their specific diverse characteristics) that is relevant to the area of responsibility that they will be assuming.

Question 4

Should issuers be required to disclose data about specified designated groups, consistent with the approach in Form B? Or should issuers be required to disclose data about women only and the identified groups for which they collect, data consistent with the approach in Form A? Please explain. (Please refer to the table entitled "Concept of Diversity" in Annex A for a description of "designated groups" and "identified group").

Answer: In our view, both issuers and investors are best served if issuers have the flexibility to provide diversity disclosure that represents business needs and circumstances as well as the market sectors in which they operate rather than imposing requirements to collect and disclose specified information not currently collected. As discussed, because disclosure is voluntary and the board and officer data set is relatively small, the ability to maintain anonymity and ensure privacy will be difficult, which, in turn, will impact the statistical disclosure as individuals may simply choose not to disclose.

Question 5

Would it be beneficial to require reported data to be disclosed in a common tabular format? Does this requirement raise concerns for issuers? Please explain.

Answer: A tabular format would not be the most suitable format for disclosing diversity data since corporate diversity varies by company and by industry. Tabular data would not effectively capture all relevant diversity information in the most meaningful way.

Question 6

For CBCA-incorporated issuers, are there issues or challenges in providing both CBCA disclosures and the disclosure proposed under either Form A or Form B? Please explain.

Answer: Not applicable to Canadian Natural.

Application to Venture Issuers

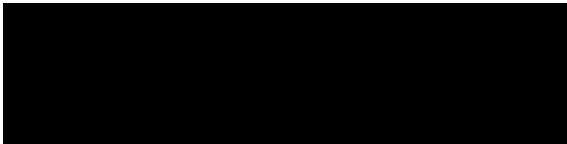
Question 7

Should we consider developing similar disclosure requirements for venture issuers in a second phase of this project? If so, should any changes be made to the proposed disclosure requirements to reflect the different stages of development and circumstances of venture issuers? Please explain.

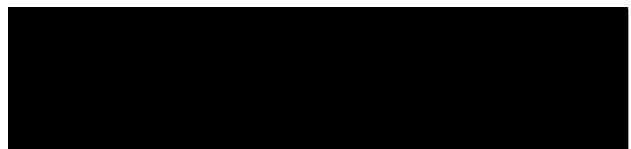
Answer: Not applicable to Canadian Natural.

If you would like to discuss our comments further, please do not hesitate to contact the undersigned.

Sincerely,



Mark Stainthorpe
Chief Financial Officer



Stephanie Graham
Corporate Secretary & Associate General
Counsel (Canada)