



December 5, 2018

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: CSA Notice and Request for Comment – Proposed National Instrument 52-112 “Non-GAAP and Other Financial Measures Disclosure” and Proposed Companion Policy 52-112 “Non-GAAP and Other Financial Measures Disclosure”

Dear Commissions:

Canadian Natural Resources Limited (“Canadian Natural”) is pleased to respond to the Canadian Securities Administrators (“CSA”) notice and request for comment on Proposed National Instrument 52-112 “Non-GAAP and Other Financial Measures Disclosure” (“the Proposed Instrument”) and Proposed Companion Policy 52-112 “Non-GAAP and Other Financial Measures Disclosure” (“the Proposed Companion Policy”).

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.

As a general comment, we note that the purpose of Management’s Discussion and Analysis (“MD&A”) is to provide a narrative explanation, through the eyes of management, of how the company performed during the period covered by the financial statements. If non-GAAP measure requirements are too restrictive, there is a risk that management may opt not to disclose these measures at all or revert to boilerplate disclosures, depriving the reader of the

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ability to understand different measures that are of importance to management. In addition, we found the wording of the Proposed Instrument is often difficult to follow and to tie to the Proposed Companion Policy, which may result in inconsistent interpretation by issuers. To the extent practical, we encourage the CSA to simplify the wording in the Proposed Instrument to improve readability and understandability prior to issuing the final Instrument and Companion Policy. Answers to the specific questions posed by the CSA are included in the attached Appendix.

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

Sincerely,

“SIGNED”

Corey B. Bieber
Chief Financial Officer &
Senior Vice-President, Finance

“SIGNED”

Ron Kim
Vice-President, Finance - Corporate

Appendix

Question 1

Does the proposed definition of a non-GAAP financial measure capture (or fail to capture) specific financial measures that should not (or should) be captured? Please explain using concrete examples.

We have not identified any non-GAAP financial measures that are not captured by the proposed definition.

Question 2

Are there any specific additional disclosures not considered in the Proposed Instrument, that would significantly improve the overall quality of disclosure and be of benefit to investors? Please explain using concrete examples.

We have not identified any additional disclosures not considered in the Proposed Instrument.

Question 3

Is specific content in the Proposed Companion Policy unclear or inconsistent with the Proposed Instrument?

In our review of the Proposed Instrument and Proposed Companion Policy, we found that the wording is often difficult to follow, and that it was often difficult to tie the rules in the Proposed Instrument with the guidance in the Proposed Companion Policy and the general overview in Annex C. This may result in inconsistent interpretation by issuers. To the extent practical, we encourage the CSA to simplify the wording in the Proposed Instrument to improve readability and understandability prior to issuing the final Instrument and Companion Policy

The disclosures and reconciliations required for Segment Measures, Supplementary Financial Measures, Disaggregation and Capital Management are newly introduced requirements in the Proposed Instrument that were not included in previous guidance issued by the CSA. As such, we believe that preparers and users will benefit from additional guidance to fully understand the concept and how to apply the requirements. This should include illustrative examples of disclosures to demonstrate the application of the guidance and best practice expected by the CSA. In the absence of clarification as described above, issuers may default to providing unnecessary additional disclosures in instances where they are not required, or omitting the previous non-GAAP or other financial measure disclosure entirely, even though it provides useful information.

Financial Outlooks are often given as a range due to uncertainties inherent in predicting the future. It is unclear from the guidance how to reconcile a range to a specific amount identified as the most directly comparable financial measure and how such forward looking information is to be disclosed for the comparative period under paragraph 3.(c).

Question 4

Is the proposed exemption for SEC foreign issuers appropriate? If not, please explain.

We agree with the proposed exemption for SEC foreign issuers as these issuers file in accordance with the requirements of the SEC, which we understand are substantially similar to the Proposed Instrument. For Canadian issuers that also file documents with the SEC, issuing a comparison with SEC rules may be beneficial.

Question 5

Is the proposed exclusion of oral statements to the application appropriate? If not, please explain.

We agree with the proposed exclusion of oral statements from the scope of the Proposed Instrument.

However, we believe that it would be beneficial to include additional guidance regarding the form of the disclosures provided (i.e. can the transcript disclosures refer to existing disclosures already provided in other documents or is the issuer required to create separate disclosures specifically for the transcript?). Also, it would be beneficial to provide guidance to clarify an issuer's requirements for disclosures with respect to transcripts prepared by organizations other than the issuer.

We believe that the Proposed Instrument should specifically indicate that the issuer is only responsible for disclosures made by the issuer and not for statements made, or information provided, by subsequent users of issuer information.

Question 6

Is the proposed inclusion of all documents to the application appropriate? If not, for which documents should an exclusion be made available? Please explain.

We agree with the inclusion of the documents in the Proposed Instrument. However, the inclusion of identical required reconciliations and disclosures in multiple documents within a reporting period contradicts previous initiatives of the CSA to reduce duplication of disclosures.

We suggest that the ability to incorporate by reference to a singular source for the description of non-GAAP measures would eliminate duplication of disclosure.