

22<sup>h</sup> June 2021

The Board of Directors  
Canadian Natural Resources  
855 Second Street Southwest  
Suite 2500  
Calgary, AB T2P 4J8

Dear Members of the Board:

By way of introduction my name is Chad Padowitz, and I am Co-Chief Investment Officer of the Investment Team at Talaria Capital. Talaria Capital is a global equities fund manager based in Melbourne, Australia. CNQ represents a meaningful investment for Talaria reflecting our strong belief that CNQ can continue to generate significant cash flow from its diverse portfolio of Oil and Gas assets.

I would like to take this opportunity to congratulate your executive team for successfully navigating through the COVID-19 crisis and ensuring that CNQ remains in a strong position. The quality of the Assets and the ability to continually lower unit operating costs was very impressive, and management should be commended.

### **Engagement**

As part of our investment process, we consider various ESG factors. We believe that risks associated with ESG can, amongst others, affect profitability, cost of capital and shareholder return. We also believe that these risks are growing as stakeholders become increasingly aware.

### **Governance**

Although garnering less attention than environmental impact and sustainability, governance is an important factor when considering whether to invest in a share.

Noting significant strides have been made in this area, such as the separation of managerial and supervisory functions, majority of independent directors amongst others.

We would though like to bring attention and seek engagement in the area of Executive bonuses linked to accident rates, pipeline leaks and greenhouse gas emissions. These are obviously areas of significant importance. While we note that 10% of the bonuses are dependent on metrics relating to these areas the exact targets are not disclosed. While appreciating this can be difficult to quantify, quantifying these issues would go a long way to prove their importance as well as provide an ability to track progress.

I want to thank the Board for considering Talaria's thoughts and suggestions and I very much look forward to hearing yours as well.

Kind Regards,

Chad Padowitz