

Our
energy
creates a better
world for everyone.

ESG Update
September 9, 2020

Forward-looking Information and Statements

This presentation contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words “expect”, “anticipate”, “continue”, “estimate”, “objective”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends”, “strategy”, and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this presentation contains forward-looking information and statements pertaining to the following: expectations as to the Company’s reduction in GHG emissions intensity by 20 per cent by the end of 2025 relative to ARC’s 2019 baseline and ability to meet other climate-related goals and targets through, among other things, the electrification of ARC’s British Columbia facilities using renewables, investments in the voluntary ABC approach recently developed in Alberta, prioritizing reclamation and remediation activities based on the degree of environmental impact, restoring inactive sites in line with the Dormant Site Regulation in British Columbia and exceeding regulatory requirements by obtaining reclamation certificates within five years of site abandonment, implementing a minimum of 70,000 metric tonnes of CO₂e of emission reduction projects by 2025, electrification of the Dawson, Parkland, and Sunrise facilities and the anticipated reduction in ARC’s carbon tax obligation by \$9 million annually by 2021 resulting therefrom, substitution of hydroelectricity for natural gas used in power generation, revenue generation through the sale of carbon offsets, investing from \$50 to \$100 million in asset retirement obligations by 2025, efficiency measures and technologies and anticipated reductions in operating costs resulting therefrom, compliance with MSAPR, improving infrastructure resilience to physical impacts of climate change and replacing pneumatic devices by year-end 2021; developing a diverse and inclusive workforce and creating a formal recruitment strategy with a focus on increasing gender, race, and Indigenous heritage diversity in roles currently underrepresented by these groups; establishing a minimum of 30 per cent female representation on ARC’s board of directors within three years; reducing environmental and safety incidents; increasing employee skills and competencies through ARC’s planned development of AIMS; reducing methane emissions by enhancing the Fugitive Emissions Management Plan to align with new provincial methane regulations, utilizing efficient equipment to prevent the venting of methane into the atmosphere and converting high-bleed pneumatic controllers to low-bleed alternatives; identifying opportunities to generate offsets and reinvest the proceeds for further emission reduction opportunities; recycling 90 per cent of produced water generated from ARC’s operations; expected savings from investments in ultrafiltration technology; continuing to manage community concerns related to increased truck traffic, induced seismicity, and noise during project work; and engaging with ARC’s stakeholders, including concerted efforts to sign Impact-Benefit Agreements with Indigenous Peoples in ARC’s primary development areas and commitments to obtain FPIC of Indigenous Peoples before proceeding with projects.

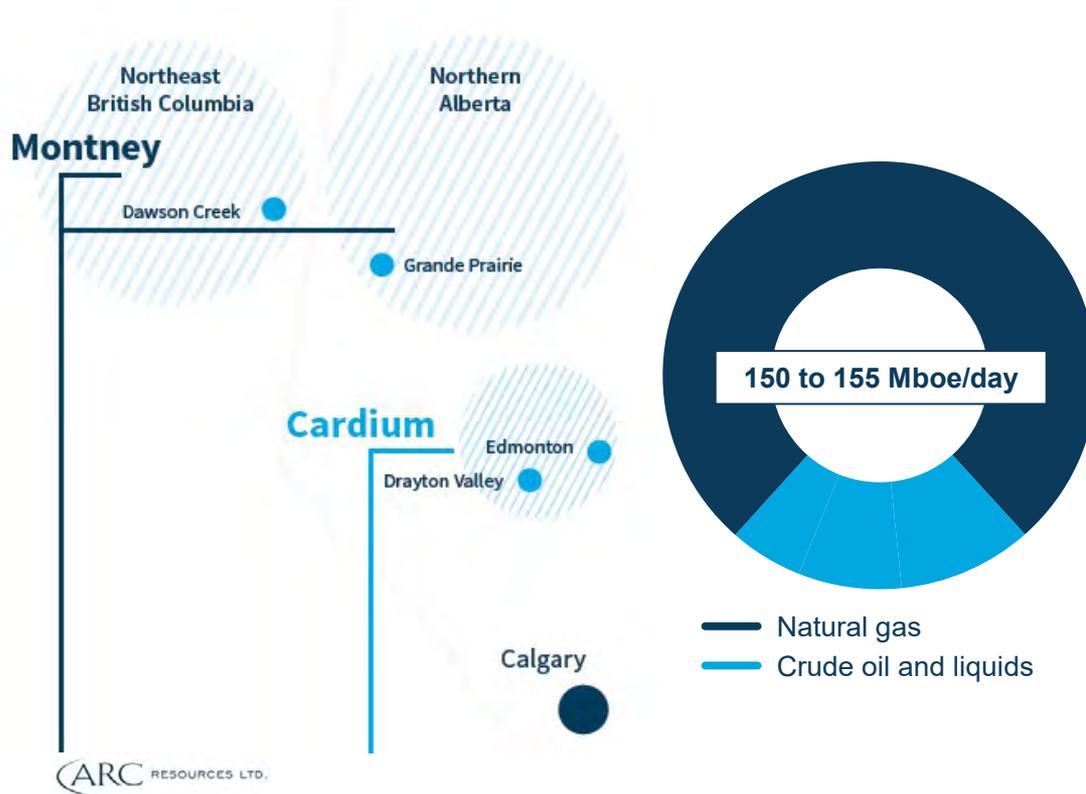
The forward-looking information and statements contained in this presentation reflect several material factors, expectations, and assumptions of ARC, including, without limitation: the general continuance of current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty, and regulatory regimes; the Company’s capital budget and operational plans for 2020; the ability to complete the infrastructure projects within the proposed timelines and within the proposed budget; the ability to obtain all necessary regulatory approvals on the anticipated timelines; certain commodity price and other cost assumptions for 2020; the general continuance of current industry conditions; the retention of ARC’s key properties; access to equipment and qualified personnel; and the continued availability of adequate debt and equity financing and funds from operations to fund the Company’s planned expenditures. ARC believes the material factors, expectations, and assumptions reflected in the forward-looking information and statements are reasonable, but no assurance can be given that these factors, expectations, and assumptions will prove to be correct.

The forward-looking information and statements included in this presentation are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: changes in ARC’s plans regarding water management, facilities replacement and construction, and operations based on key learnings and experience gained through the design and implementation of such plans; changes to government regulations including royalty rates, taxes, and environmental and climate change regulation; delays and cost overruns in respect of the proposed projects; the inability to obtain the necessary regulatory approvals within the anticipated timelines; changes in commodity prices; changes in the demand for or supply of ARC’s products; the impact of the economic development of emerging economies on demand for fuel products; changes in development plans of ARC or by third-party operators of ARC’s properties; changes to the government; increased debt levels or debt service requirements; loss of key personnel; limited, unfavourable, or a lack of access to capital markets; deterioration of relations with Indigenous groups; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time-to-time in ARC’s public disclosure documents (including, without limitation, those risks identified in this presentation and in ARC’s AIF for the year ended December 31, 2019).

The internal projections, expectations, or beliefs are based on the 2020 capital budget which is subject to change in light of ongoing results, prevailing economic circumstances, commodity prices, and industry conditions and regulations. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted. The forward-looking information and statements contained in this presentation speak only as of the date of this presentation, and none of ARC or its subsidiaries assumes any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Corporate Profile

ARC is a leading Canadian energy producer committed to delivering strong operational, ESG, and financial performance and upholding values of operational excellence and responsible development

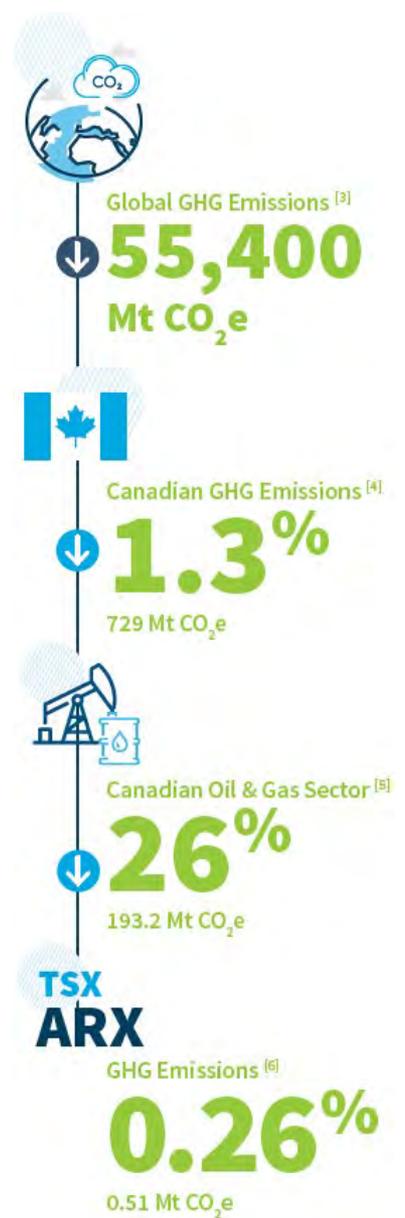
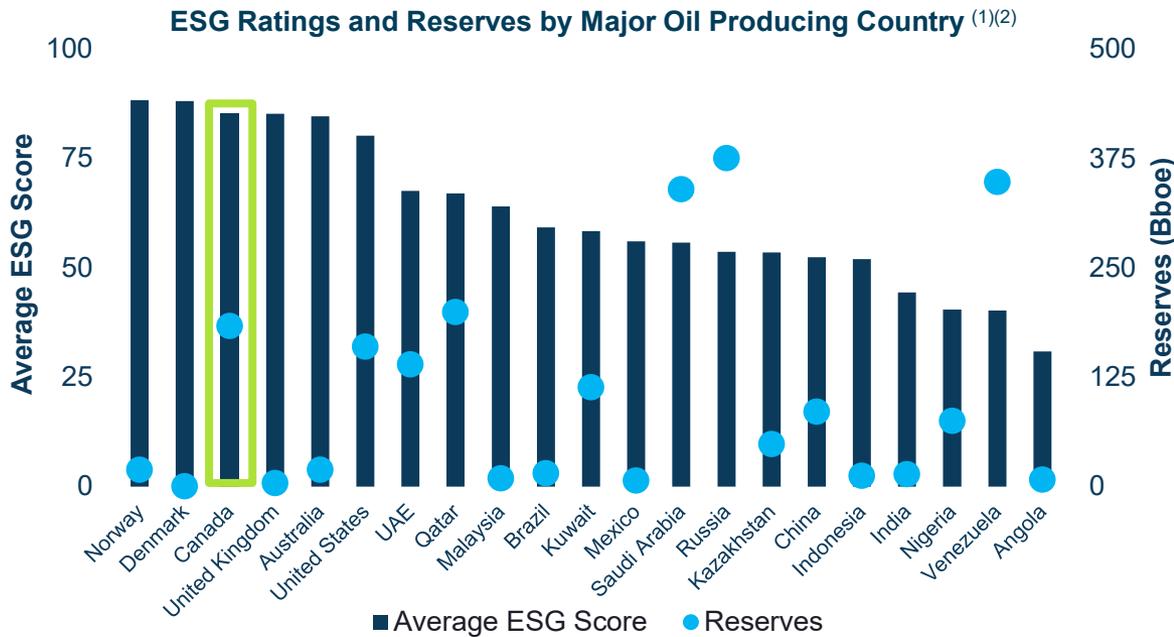


Guiding Principles

- + Sustainable Business Model
- + Risk Management around All Aspects of the Business
- + Superior Capital Discipline and Allocation
- + Operational Excellence and Top-tier ESG Performance
- + Owned-and-operated Infrastructure

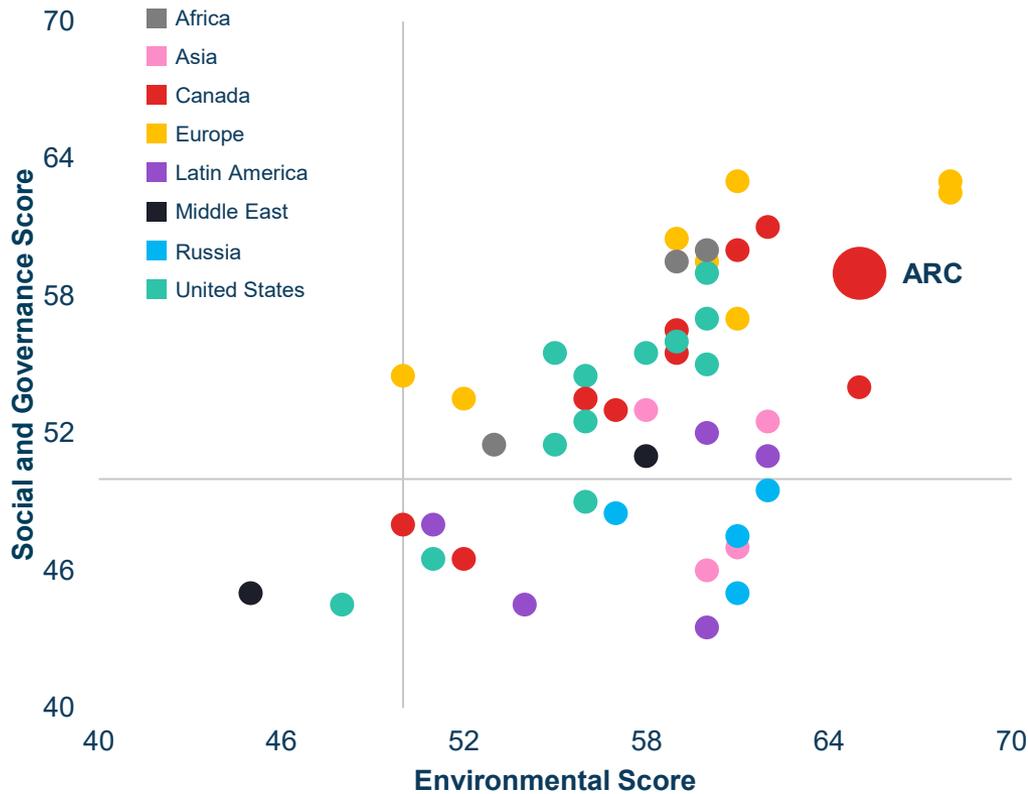
ESG and Canadian Energy

+ The Canadian energy sector is regulated by some of the highest standards and is a clean, ethical energy source with leading ESG performance



(1) BMO Capital Markets; Yale Environmental Performance (EPI); Social Progress Imperative; Worldbank Worldwide Governance Indicators, BMO Capital Markets; Bloomberg; CSRHub (February 2019). For presentation, an equal weight of 1/3 of each index is represented.
 (2) BP "Statistical Review of World Energy" (June 2020). Reserves as at December 31, 2019.
 (3) UNEP "Emissions Gas Report" (2019).
 (4) Government of Canada "National Greenhouse Gas Emissions" (last modified April 15, 2020). Canada's GHG emissions percentage was calculated by using the 2018 emissions data from Environment Canada and the 2018 global GHG emissions data from UNEP.
 (5) Government of Canada "Greenhouse Gas Emissions: Drivers and Impacts" (last modified June 9, 2020).
 (6) GHG emissions percentage was calculated by using ARC's 2018 corporate emissions and dividing by the Canadian Oil and Gas sector emissions data reported by the Government of Canada.

ARC's ESG Performance (1)



Voluntary participant since 2007

2019 Climate Change Score **B**

2019 Water Security Score **B**



Member of MSCI Global Sustainability Index

MSCI ESG Rating **AAA**



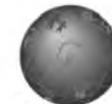
JANTZI SOCIAL INDEX

Member of Sustainalytics' Jantzi Social Index



GROWTH THROUGH DIVERSITY

Member since 2018



FTSE4Good

Member of FTSE Russell's FTSE4Good Index Series since 2018



ARC's

Purpose Statement

**Our energy creates
a better world for everyone.**

ARC's Approach to ESG



Environmental



Social



Governance

- + Provide low-carbon energy for the future
- + Protect ARC's water resources – "Secure, Reduce, Recycle"
- + Restore land

- + Be an industry leader in health, safety, and environmental practices and performance
- + Form strong relationships with Indigenous communities
- + Create shared value for society
- + Develop a diverse and inclusive workforce

- + Ensure appropriate focus and oversight on ESG strategies and practices
- + Continually improve governance structure and processes
- + Ensure strong link between executive compensation and performance, including incorporating ESG metrics into determination of compensation levels



2020

ESG Report

- + ARC's twelfth year of formal sustainability reporting
- + Significantly advances ARC's previous disclosures and enhances transparency
 - + Fully aligned with SASB's framework and recommendations of the TCFD
- + Focuses on financially material ESG factors
- + Details ARC's commitment to its ESG strategies and performance
- + Outlines measurable goals and targets and long-term ESG strategies

ESG Factors

- + Corporate Governance
- + GHG Emissions (Climate)
- + Physical Risks (Climate)
- + Transition Risks (Climate)
- + Air Emissions
- + Water Management
- + Land Use, Reclamation, and Asset Retirement
- + Operational Integrity / Spills
- + Safety
- + Indigenous Engagement
- + Policy and Lobbying
- + Stakeholder Engagement
- + Ethics
- + ARC's People
- + Diversity and Inclusion



Governance

Governance Performance Highlights



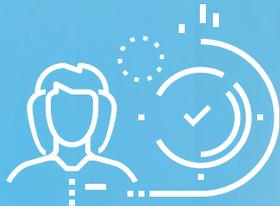
8 of 9

directors are independent



100%

meeting attendance



22%

of directors are female



97%

shareholder approval
for approach to executive
compensation

Board Oversight of ESG

- **Safety, Reserves & Operational Excellence Committee**
- **Policy & Board Governance Committee**
- **Human Resources & Compensation Committee**
- **Risk Committee**
- **Audit Committee**

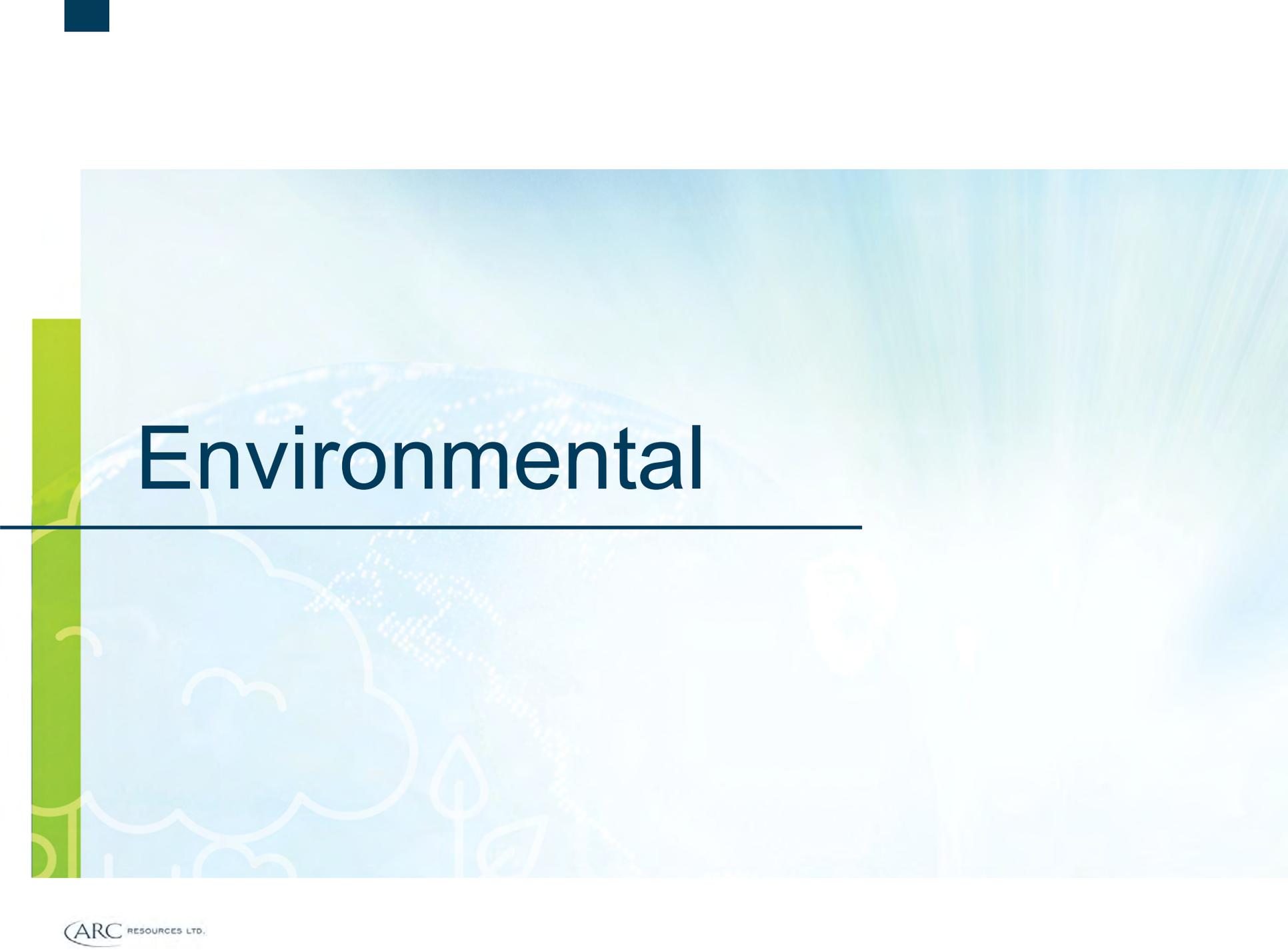
ESG-related Policies

- **Code of Business Conduct and Ethics**
- **Code of Conduct for Senior Financial Officers**
- **Disclosure Policy**
- **Diversity Policy**
- **Whistleblower Policy and Hotline**
- **Clawback Policy**

Governance

Goals and Targets

- + Ensure appropriate Board oversight on ESG matters through sub-committees
- + Maintain Board structure of independent directors, including the Board Chair
- + Promote diversity and inclusion and establish a minimum of 30% female representation within three years at the Board level
- + Expand scope of third-party assurance of key ESG performance metrics
- + Incorporate key performance metrics, including several ESG-related metrics, into ARC's Corporate Performance Scorecard to determine executive compensation levels

The background features a light blue and green color palette. A central graphic shows a globe with a grid of latitude and longitude lines. Below the globe are stylized white outlines of a cloud and a plant with two leaves. A vertical green bar is on the left side, and a horizontal dark blue line crosses the page. A small dark blue square is in the top-left corner.

Environmental

Environmental Performance Highlights



Lowest

GHG emissions intensity
in peer group



47%

reduction in GHG emissions
intensity since 2017



\$55 million

invested in major water
infrastructure projects



89%

of produced water
is recycled



1.02

pipeline incident rate ⁽¹⁾

Climate Change Strategy

- + ARC believes that natural gas is the fossil fuel of the future, and will provide clean energy and play a critical role in the energy transition to a lower carbon economy
- + Analysis of the IEA's climate scenarios confirms that ARC's long-term strategy of focusing development on low-emissions natural gas is robust
- + ARC has aligned its disclosure with recommendations of the TCFD, outlining the organization's governance, strategy, and risk management practices in addressing climate-related risks

Carbon Emissions & Management Plan



Understand, Measure, and Report Carbon Emissions



Evaluate Economic Opportunities to Reduce GHG Emissions Intensity



Evaluate Opportunities to Participate in Carbon Markets and Infrastructure



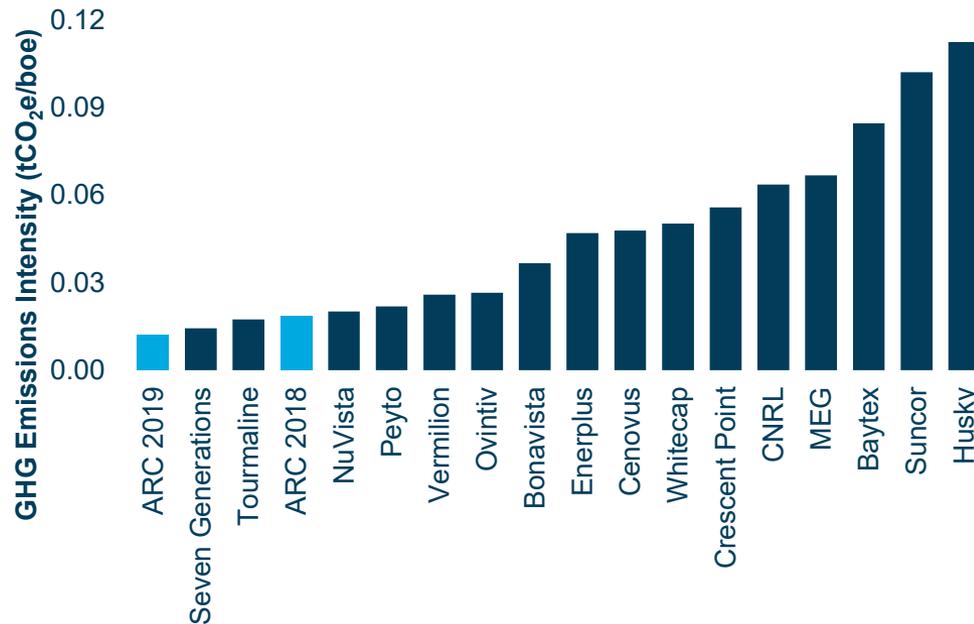
Participate in Industry and Government Dialogue to Ensure Cost-effective Emissions Reductions



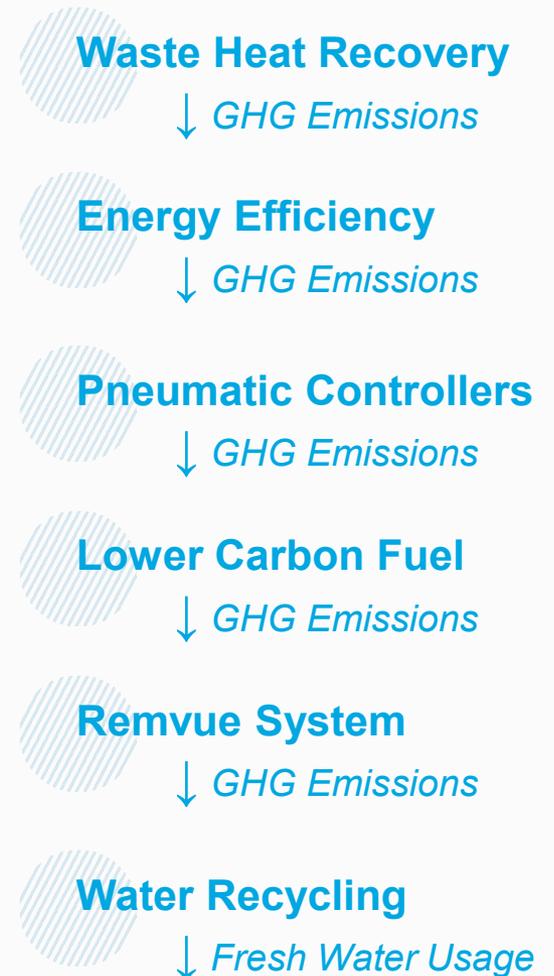
Support Industry Research, Collaboration, and Explore New Technologies

Technology and Innovation

- + Investing in technology is integral to reducing ARC's corporate emissions profile and fresh water usage
- + ARC continually evaluates technological innovations
- + ARC has the lowest GHG emissions intensity amongst its Canadian peers ⁽¹⁾

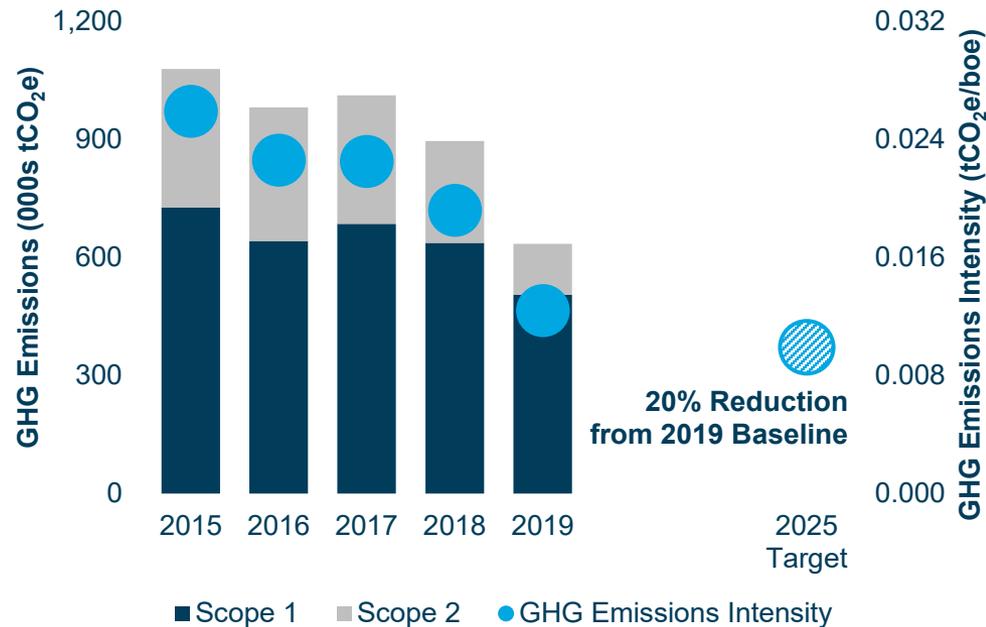


Implemented Technologies

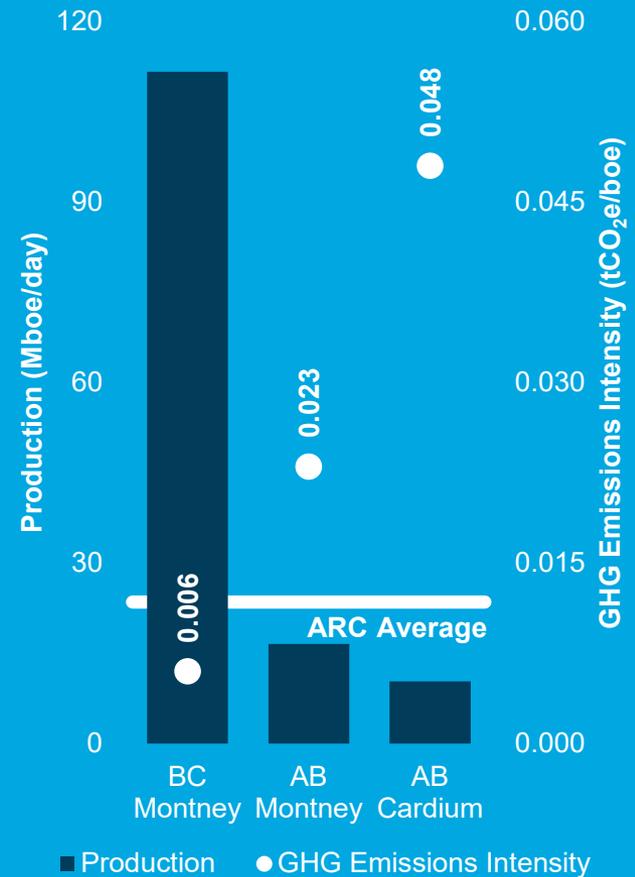


Air Emissions

- + Ongoing transition to the Montney and facility electrification projects have significantly reduced ARC's corporate emissions
- + ARC has set a new target to reduce its GHG emissions intensity by 20% by 2025 relative to its 2019 baseline

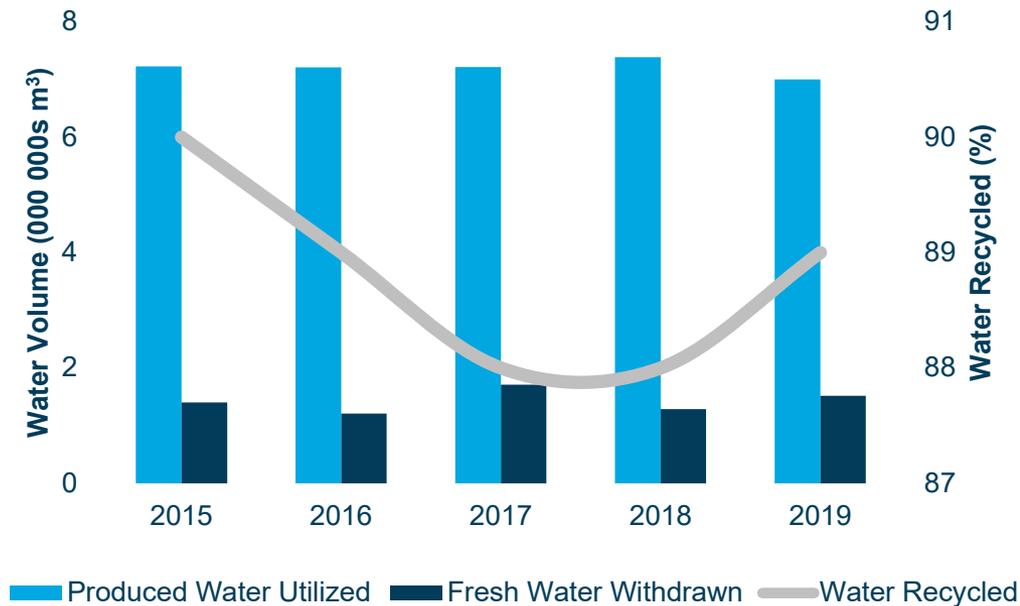


GHG Emissions by Operating Area



Water Management

- + Invested \$55 million in water infrastructure projects to secure water for ARC's operations, improve water recycling capabilities, and reduce GHG emissions by removing trucks from the road
- + Industry collaboration through Montney Water Group



Water Infrastructure



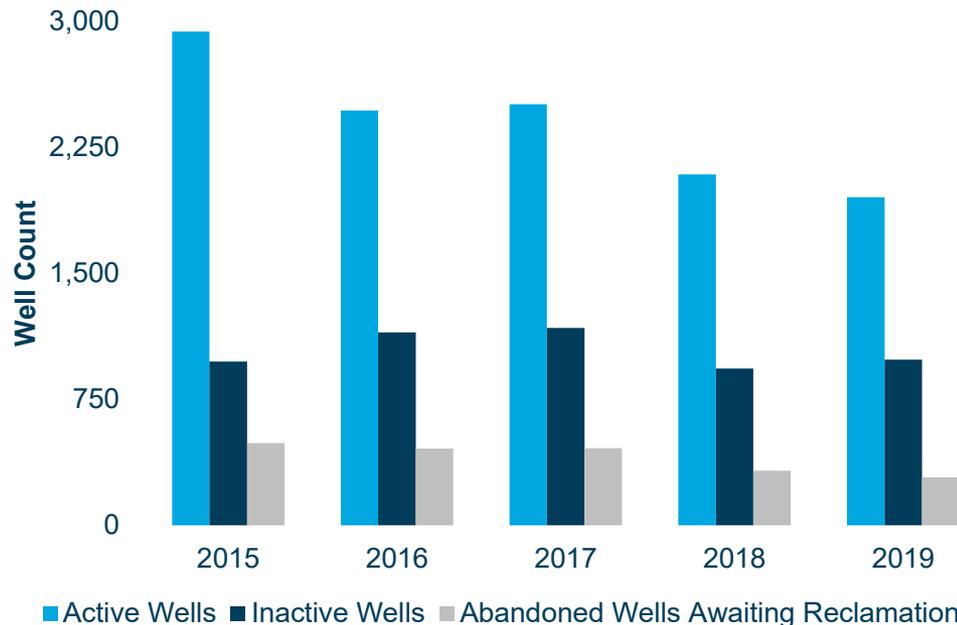
Dawson Water Storage Reservoir



Parkland Water Hub

Land Use, Reclamation, and Asset Retirement

- + ARC proactively invests in well abandonment and reclamation programs
- + Corporate well count and asset retirement obligations have decreased primarily due to ARC's proactive portfolio management activities



Performance Highlights

Over the past two years:



Invested
\$34 million
in asset retirement
obligations



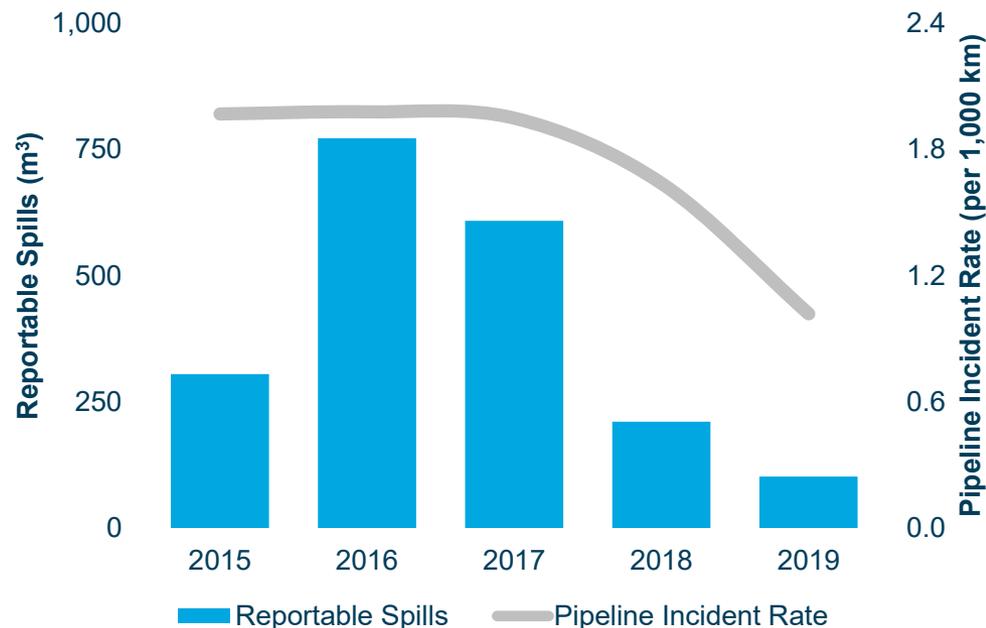
Reclaimed
130 hectares
of land



Planted
57,500
trees

Operational Integrity and Spills

- + Objective is to prevent spills and leaks before they occur
- + ARC invests in maintenance and asset integrity to reduce the risk of spills and to ensure productivity, reliability, and safety of operations



Performance Highlights

Over the past two years:

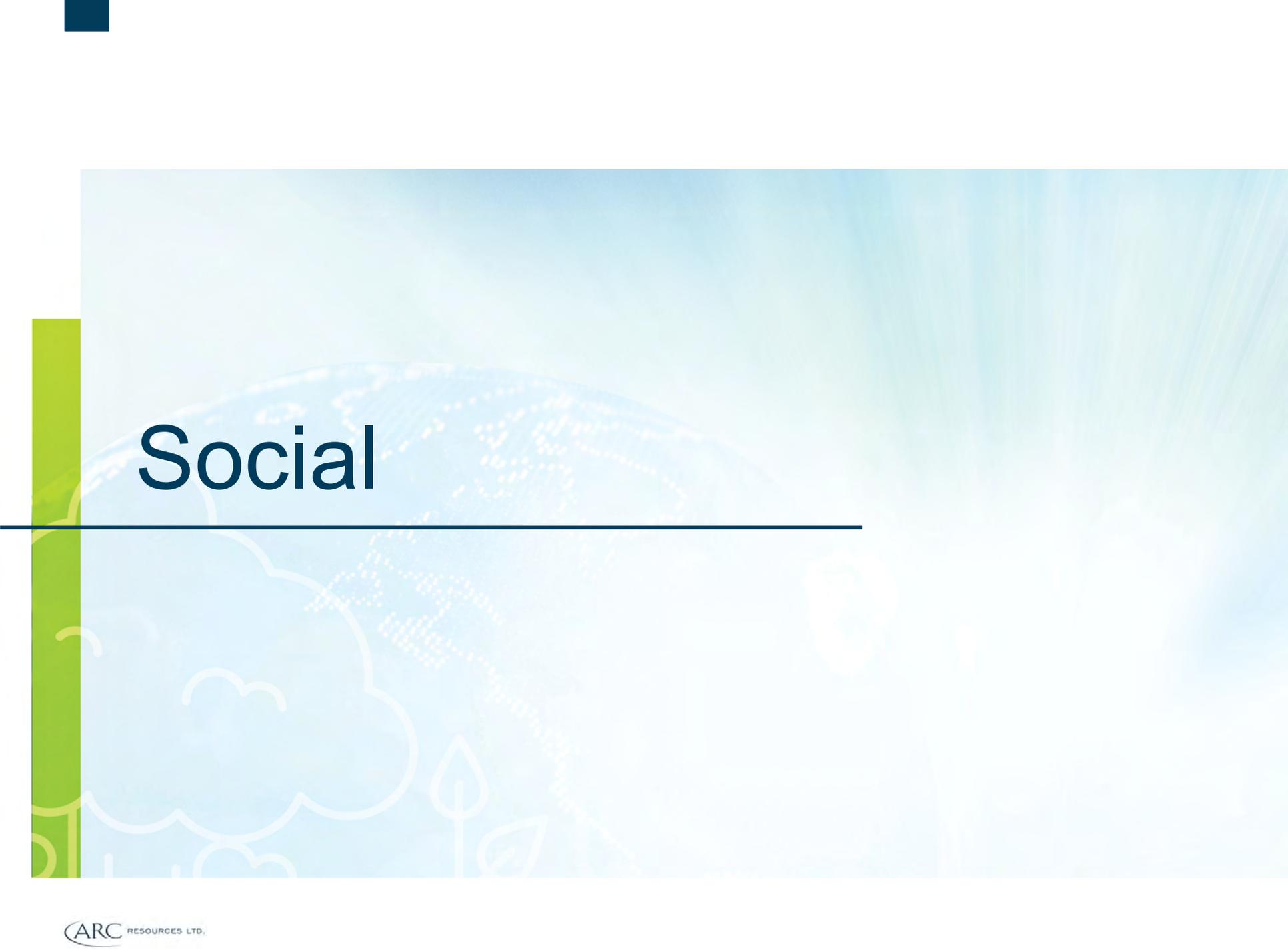
Spent **\$4 million** on pipeline inspections

Invested **\$8.5 million** on infrastructure improvements

Reduced pipeline incident rate by **47%**

Environmental Goals and Targets

- + Set targets to reduce ARC's corporate GHG emissions intensity and strive to be the lowest GHG emissions intensity upstream oil and gas producer in North America
- + Reduce GHG emissions intensity by 20% by 2025 relative to ARC's 2019 baseline
- + Implement a minimum of 70,000 tCO₂e of emission reduction projects by 2025
- + Reinvest up to 100% of carbon offset revenues into clean technology development and application to further reduce ARC's corporate emissions
- + Ensure a minimum of 90% of the water ARC produces is recycled
- + Invest from \$50 to \$100 million in asset retirement activities by 2025 to further reduce ARC's corporate environmental liability
- + Reduce average abandonment, reclamation, and remediation costs by 10% through the application of new technologies, participation in Area-based Closure program, and procurement strategies



Social

Social Performance Highlights



6 years

without an employee
lost-time injury incident



37%

decrease in contractor
recordable injuries
since 2017



26%

of leadership roles are
held by women

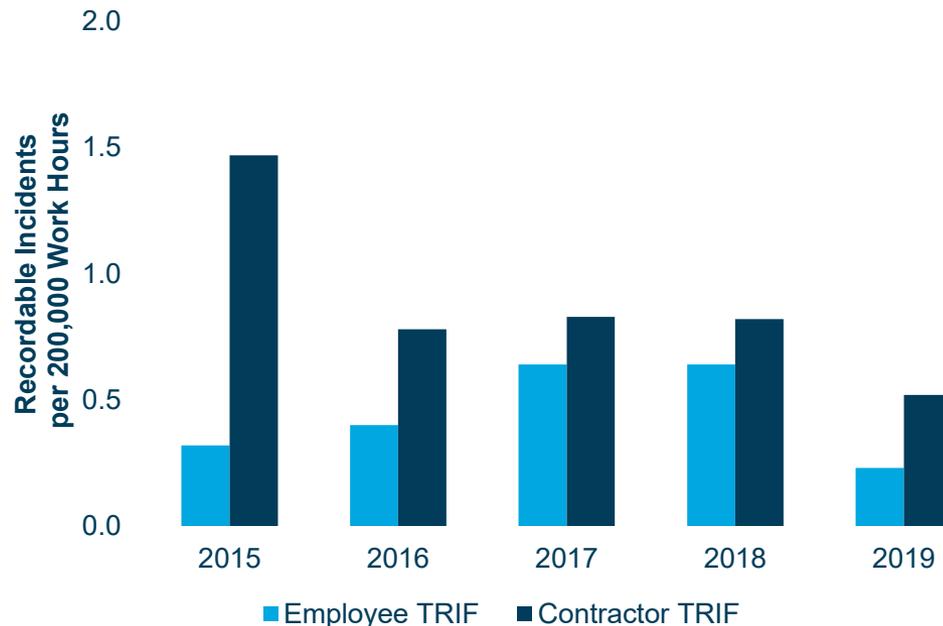


\$3 million

donated to charitable
organizations over the
last two years

Workforce Health and Safety

- + Safety is ARC's number one priority and is a shared responsibility of the Company's leaders, employees, and contractors
- + ARC's integrated management system and Operational Excellence Policy guide safety performance



Vision 2025



Indigenous Relations

- + ARC acknowledges recommendations published in internationally recognized United Nations Declaration of Indigenous Peoples
- + ARC proactively engages with neighbouring Indigenous communities in all operating areas, from planning and development through operations and reclamation
- + ARC follows established government policies and procedures for consulting with Indigenous communities; however, recognizes that each Indigenous group is unique
- + ARC is committed to ensuring that its Indigenous partners have access to employment and share in the benefits of ARC's operations

Indigenous Awareness Training

In 2019, ARC provided Indigenous cultural awareness training to 45 employees

Post-secondary Scholarships

ARC has partnered with Indspire to provide scholarships to Indigenous youth enrolled in post-secondary education



Stakeholder Relations

- + ARC is a responsible and contributing member of the communities in which it operates
- + ARC's business provides important economic contributions to municipal, provincial, and federal government revenues
- + Over the last two years, ARC donated over \$3 million to charitable organizations

Minimizing Community Impact

ARC has developed a risk matrix which evaluates 20+ risk factors to stakeholders

The goal is to identify surface locations where development activities will have the least impact on stakeholders and neighbouring communities



Noise Panels

ARC's People

- + ARC considers its people and corporate culture to be business differentiators
- + ARC's goal is to create a formal recruitment strategy to build an inclusive workforce with a focus on increasing gender, race, and Indigenous heritage diversity in roles currently underrepresented, including management and field operations

Employee Engagement

ARC targets 80% employee engagement based on Gallup's Q12 Questions

In 2019, ARC achieved a best-in-class employee engagement score of 92%



Social

Goals and Targets

- + Deliver industry-leading safety performance in total recordable injury frequency and lost-time incident frequency
- + Reduce incidents with the potential to seriously harm
- + Acknowledge recommendations published in internationally recognized United Nations Declaration of Indigenous Peoples
- + Make concerted efforts to sign Impact Benefit Agreements with Indigenous Peoples in ARC's primary areas of development
- + Continue to demonstrate leadership through active engagement with stakeholders on subjects such as noise mitigation, induced seismicity, etc.
- + Commit a minimum of \$1 million annually to community development initiatives
- + Create a formal recruitment strategy to build an inclusive workforce with a focus on increasing gender, race, and Indigenous heritage diversity in roles currently underrepresented, including management and field operations



Conclusion





Looking Ahead

ARC's high-quality assets are extremely efficient, have been developed to minimize the Company's environmental footprint, and have superior growth potential, positioning ARC well today and into the future to deliver strong ESG performance

Through its leading ESG performance, ARC will:

- + Deliver on its environmental, social, and governance commitments
- + Strive to meet or exceed all goals and targets
- + Advocate for the Canadian energy industry
- + Deliver energy that creates a better world for everyone