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Resilience. Discipline. Focus.

Notice of Meeting

Information Circular | **Proxy Statement**

ARC RESOURCES LTD

ARC Resources Ltd.
Information Circular – Proxy Statement

SOLICITATION OF PROXIES

This Information Circular – Proxy Statement is furnished in connection with the solicitation of proxies by Management of ARC Resources Ltd. ("ARC" or the "Company") for use at the Annual Meeting of the holders of Common Shares of the Company to be held virtually on the June 22, 2021, at 8:00 a.m. (Calgary time), and at any adjournment thereof, for the purposes set forth in the Notice of Annual Meeting.

The Board of Directors (the "Board") of the Company has fixed the record date for the meeting to be the close of business on May 3, 2021. Only shareholders whose names have been entered in the register of Common Shares on the close of business on the record date will be entitled to receive notice of and to vote at the meeting provided; however, if any shareholder transfers Common Shares after the record date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established that such transferee owns such shares, demands, not later than 10 days before the meeting, that the transferee's name be included in the list of shareholders entitled to vote at the meeting, such transferee shall be entitled to vote such Common Shares at the meeting.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or their attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

In alignment with the recommendations of Canadian public health officials in response to the novel coronavirus COVID-19 ("COVID-19") pandemic and due to restrictions on mass gatherings implemented by the Government of Alberta, the Company will hold its Annual Meeting virtually via live webcast. As always, the Company encourages shareholders to vote their shares prior to the Annual Meeting.

NOTICE-AND-ACCESS

The persons named in the enclosed form of proxy are directors or officers of the Company. Each shareholder has the right to appoint a proxy holder other than the nominees of Management, who need not be a shareholder, to attend and to act for and on behalf of the shareholder at the meeting. To exercise such right, the names of the nominees of Management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.

We have elected to use the Notice-and-Access provisions under National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* (the "Notice-and-Access Provisions") for the meeting in respect of mailings to ARC's beneficial shareholders (as defined below), but not in respect of mailings to its registered shareholders (as defined below). The Notice-and-Access Provisions are rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to shareholders by allowing a reporting issuer to post an information circular in respect of a meeting of its shareholders and related materials online.

ARC has also elected to use procedures known as "stratification" in relation to its use of the Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of an information circular and, if applicable, a paper copy of financial statements and related Management's Discussion and Analysis (the "Financial Information"), to some shareholders together with a notice of a meeting of its shareholders. In relation to the meeting, registered shareholders will receive a paper copy of a notice of the meeting, this information circular, and a form of proxy, whereas beneficial shareholders will receive a Notice-and-Access notification and a request for voting instructions. Furthermore, a paper copy of the Financial Information of the most recent financial year of the Company will be mailed to registered shareholders as well as to those beneficial shareholders who have previously requested to receive them.

ARC will be delivering proxy-related materials directly to non-objecting beneficial owners of its Common Shares with the assistance of Broadridge Financial Solutions Inc. ("Broadridge") and intend to pay for intermediaries to deliver proxy-related materials to objecting beneficial owners of its Common Shares.

VOTING INFORMATION

Registered Shareholder Voting Information

You are a registered shareholder if your name appears on your share certificate. Registered shareholders who are eligible to vote can vote their Common Shares either, virtually, at the meeting or by proxy.

For your Common Shares to be voted by proxy, you must complete, date, and sign the form of proxy and return it by mail, hand delivery or fax to ARC's transfer agent, Computershare Trust Company of Canada. Registered shareholders are also entitled to vote their Common Shares through the internet at **www.investorvote.com** or by telephone at **1-866-732-8683** (toll-free). For internet and telephone voting, you will require your 15-digit control number found on your proxy form.

To be valid and acted upon at the meeting, forms of proxy, as well as votes by internet and telephone, must be received in each case not less than 48 hours (excluding weekends and holidays) before the time set for the holding of the meeting or any adjournment thereof.

Beneficial Shareholder Voting information

Most shareholders of the Company are "beneficial shareholders". You are a beneficial shareholder if you beneficially own Common Shares that are held in the name of an intermediary such as a bank, a trust company, a securities broker, a trustee, or other nominee, and not your own name. As required by Canadian securities laws, you will receive a request for voting instructions for the number of Common Shares you own.

Beneficial shareholders may vote their Common Shares either in person, virtually, at the meeting or by proxy.

For your Common Shares to be voted by proxy, you must carefully follow the instructions on the request for voting instructions that are provided to you, including completing, dating and signing the request for voting instructions and returning it by mail, hand delivery or fax as directed. Beneficial shareholders are also entitled to vote their Common Shares through the internet or by telephone by carefully following the instructions on the voting instruction form.

To be valid and acted upon at the meeting, voting instructions, as well as votes by internet and telephone, must be received in each case not less than 48 hours (excluding weekends and holidays) before the time set for the holding of the meeting or any adjournment thereof.

Beneficial shareholders may also vote in person, virtually, at the meeting by completing the following steps: (a) insert your own name in the space provided in the request for voting instructions or mark the appropriate box on the request for voting instructions to appoint yourself as the proxy holder, and (b) return the document in the envelope provided or as otherwise permitted by your intermediary. No other part of the form should be completed. In some cases, your intermediary may send you additional documentation that must also be completed for you to vote in person, virtually, at the meeting.

Revocability of Proxy

A registered shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a registered shareholder who has given a proxy attends the meeting in person, virtually, at which such proxy is to be voted, such person may revoke the proxy and vote in person, virtually. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the registered shareholder or their attorney authorized in writing or, if the registered shareholder is a corporation, under its corporate seal, or by an officer or attorney thereof duly authorized and deposited either at the head office of the Company at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chair of the meeting on the day of the meeting, or any adjournment thereof, and upon either of such deposits, the proxy is revoked.

If you are a beneficial shareholder, please contact your intermediary for instructions on how to revoke your voting instructions.

Persons Making the Solicitation

The solicitation is made on behalf of the Management of the Company. Costs incurred in the preparation and mailing of proxy-related materials for the meeting will be borne by the Company. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone, or other means of communication and by officers and employees of the Company, who will not be specifically remunerated, therefore.

Exercise of Discretion by Proxy

The Common Shares represented by proxy by the management nominees shall be voted at the meeting in respect of the matters to be acted upon and, where the shareholder specifies a choice with respect to any matter to be acted upon, the

Common Shares shall be voted in accordance with the specification made. **In the absence of such specification, the Common Shares will be voted in favour of the matters to be acted upon. The persons appointed under the enclosed form of proxy furnished by the Company are conferred with discretionary authority with respect to the amendments or variations of those matters specified therein and in the Notice of Annual Meeting. At the time of printing this information circular, Management of the Company knows of no such amendment, variation, or other matter.**

Voting Shares and Principal Holders Thereof

ARC is authorized to issue an unlimited number of Common Shares without nominal or par value. As of May 11, 2021, there were 723,967,076 Common Shares issued and outstanding. At the meeting, every shareholder present in person, virtually, or represented by proxy and entitled to vote, shall have one vote. On a poll or ballot, every shareholder present in person, virtually, or by proxy has one vote for each Common Share of which such shareholder is the registered holder.

ARC is authorized to issue 50 million Preferred Shares without nominal or par value issuable in series. As of May 11, 2021, there were no Preferred Shares issued and outstanding.

When any Common Share is held jointly by several persons, one of those holders present at the meeting may, in the absence of the others, vote such Common Share, but if two or more of those persons are present at the meeting, in person or by proxy, they shall vote as one on the Common Share jointly held by them.

To the knowledge of the Directors and Named Executive Officers ("NEOs") of the Company, there is no person or corporation which beneficially owns, or controls or directs, directly or indirectly, Common Shares carrying more than 10 per cent of the voting rights attached to the issued and outstanding Common Shares of the Company which may be voted at the meeting.

As of May 11, 2021, the percentage of Common Shares that are beneficially owned, or controlled or directed, directly or indirectly, by all Directors and Officers of the Company as a group is 0.48 per cent of the issued and outstanding Common Shares.

Quorum for Meeting and Approval Requirements

At the meeting, a quorum shall consist of two (2) or more persons present and holding or representing by proxy not less than 25 per cent of the outstanding Common Shares. If a quorum is not present at the opening of the meeting, the shareholders present, virtually, may adjourn the meeting to a fixed time and place but may not transact any other business.

All matters to be considered at the meeting are ordinary resolutions requiring approval by more than 50 per cent of the votes cast in respect of the resolution at the meeting other than the resolution to accept the Company's approach to executive compensation, which is advisory only.

Request for Materials

Beneficial shareholders who wish to receive a paper copy of the information circular and/or the Financial Information should contact Broadridge by telephone at **1-877-907-7643** (toll-free) at any time up to and including the date of meeting or any adjournment thereof. To allow beneficial shareholders a reasonable time to receive paper copies of the information circular and related materials and to vote their Common Shares, any beneficial shareholders wishing to request paper copies as described above should ensure that such request is made by 5:00 p.m. (Calgary time) on June 1, 2021. A beneficial shareholder may also call the Company at **1-855-887-2244** (toll free) to obtain additional information about the Notice-and-Access Provisions.

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Meeting Information

Date: Thursday, June 22, 2021

Time: 8:00 a.m. (Calgary time)

Place: Virtually

Agenda for the Meeting

1. Receive the consolidated financial statements for the year ended December 31, 2020 and the Auditors' report thereon
2. To elect the Directors of the Company
3. To approve an advisory resolution on executive compensation
4. To appoint the Auditors of the Company
5. To transact such other business as may properly be brought before the meeting or any adjournment thereof

The specific details of the matters proposed to be put before the meeting are set forth in the following pages of this information circular.

Registered shareholders of the Company who are not attending the meeting in person, virtually, are requested to complete, date, and sign the form of proxy, and return it by mail, hand delivery, or fax to ARC's transfer agent, Computershare Trust Company of Canada, as follows:

BY MAIL	BY HAND	BY FACSIMILE	BY TELEPHONE	BY INTERNET
Computershare Trust Company of Canada Proxy Department 135 West Beaver Creek P.O. Box 300 Richmond Hill, Ontario, L4B 4R5	Computershare Trust Company of Canada 100 University Avenue 8th Floor Toronto, Ontario M5J 2Y1	**1-416-263-9524** or **1-866-249-7775**	**1-866-732-8683** (toll-free)	**www.investorvote.com**

You will require your 15-digit control number found on your proxy form to vote through the internet or by telephone.

In order to be valid and acted upon at the meeting, forms of proxy as well as votes by internet and telephone must be received in each case not less than 48 hours (excluding weekends and holidays) before the time set for the holding of the meeting or any adjournment thereof.

If you hold your Common Shares through an intermediary, then you should follow the instructions on the voting instruction form provided by the intermediaries with respect to the procedures to be followed for voting at the meeting.

The Board of Directors of the Company has fixed the record date for the meeting at the close of business on May 3, 2021.

In alignment with the recommendations of Canadian public health officials in response to the novel coronavirus COVID-19 ("COVID-19") pandemic and due to restrictions on mass gatherings implemented by the Government of Alberta, the Company will hold its Annual Meeting virtually via live webcast. As always, the Company encourages shareholders to vote their shares prior to the Annual Meeting.

DATED at Calgary, Alberta, this 11th day of May 2021.
BY ORDER OF THE BOARD OF DIRECTORS

Terry Anderson
President and Chief Executive Officer

Letter from the Board Chair

On behalf of the Board of Directors and Management team of ARC Resources Ltd. ("ARC"), we invite you to participate in our virtual annual general meeting on June 22, 2021 at 8:00 a.m. Calgary time. This information circular provides important information regarding the upcoming meeting, as well as information for review before voting on the agenda items at the meeting.

2020 was an extraordinary year, and ARC delivered strong operational and financial performance despite unusual volatility and great uncertainty. In addition to our CEO and CFO transitions at the start of the year, the ARC team delivered outstanding operational performance, astute capital allocation, safe and responsible project execution, and significant debt reduction. Notably, the ARC team completed construction of the Dawson Phase IV facility during the early months of the COVID-19 pandemic, bringing a large and sophisticated gas processing and liquids-handling facility on-stream ahead of schedule, under budget and with a perfect health and safety record.

ARC delivered record annual production of 161,564 boe per day, while reducing operating expenses to a record low of $3.94 per boe. This is the lowest operating expense in ARC's 25-year history and is a testament to the capability of our operations team and the quality of our Montney assets.

ARC generated strong free funds flow of $324 million and reduced net debt by $198 million, bringing our ratio of net debt to funds from operations from 1.7 at the beginning of the year down to 1.1 at year-end. In the face of many headwinds in 2020, our strong production, low operating expenses and significant debt reduction were impressive achievements.

We officially closed the business combination with Seven Generations Energy Ltd. ("Seven Generations") on April 6, 2021. The combination of these two great companies has created a new ARC with an exciting future as Canada's premier Montney company. ARC is now the largest condensate producer and the third-largest natural gas producer in Canada. Our assets are concentrated in the world-class Montney resource play of northern Alberta and northeast British Columbia – one of the most profitable long-life resource plays in North America.

Through our combination with Seven Generations, ARC is now producing about 340,000 boe per day, with multiple future development opportunities, a desirable production balance between liquids and natural gas and geographic diversity between British Columbia and Alberta. Our ability to generate significant cash flows, our execution skills and our disciplined approach will enable us to create significant shareholder value through sustainable Montney development, for many years to come. We will continue to control our destiny with a very competitive cost structure, a strong balance sheet and modern, and efficient infrastructure that we own and operate.

On behalf of everyone at ARC, I express our sincere appreciation to John Dielwart, Herb Pinder, William Sembo, and Nancy Smith who retired from the ARC Board at the time of the Seven Generations transaction, and to Mark Monroe, Avik Dey, Paul Hand and Ronnie Irani who retired from the Seven Generations Board at the same time. We thank each of them for their collective wisdom and commitment to the respective companies. I look forward to working with a strong Board consisting of very capable members from both ARC and Seven Generations, all of whom are standing for election at the June annual general meeting.

Most importantly, I would like to acknowledge and thank ARC's employees, including those who have recently joined from Seven Generations. The new ARC organization has come together quickly, with talented, energized and committed people and a culture of integrity, transparency, and clear communication. The ARC Board and I look forward to working with this exceptional team in the years ahead.

Please take the time to read through our information circular. On behalf of the Board and Management, we thank you, our shareholders, for your continued support and confidence in ARC.

Sincerely,

Hal Kvisle
Board Chair, ARC Resources Ltd.

Executive Summary

ARC's information circular includes an overview of the Company's corporate governance principles and practices, the Company's 2020 business results and the compensation decisions made for our CEO and NEOs. In addition, it provides details on matters that will be considered and voted upon at the Annual Meeting on June 22, 2021.

This executive summary highlights information contained elsewhere in this information circular, and we encourage you to read the entire document carefully before voting.

BUSINESS PERFORMANCE AND SHAREHOLDER RETURNS

In 2020, significant progress was made to define ARC's long-term strategy and purpose under our new leadership while facing unprecedented challenges from the COVID-19 pandemic and a volatile and uncertain commodity environment. To protect our balance sheet, we proactively reduced our capital from $500 million to $300 million and reduced our annual dividend to $0.24 per share in early March. We still exceeded our production budget of 158,671 boe per day, despite the reduction in capital spending, by delivering record annual average daily production of 161,564 boe per day. Operating expenses reached a record low of $3.94 per boe, while employee safety performance remained strong, recently surpassing seven years without a lost-time incident. Our Dawson Phase IV gas processing and liquids handling facility was brought on-stream ahead of schedule and it has run consistently ahead of budgeted volumes.

The Canadian oil and gas industry continues to face headwinds related to a volatile commodity environment and other subsequent impacts of the COVID-19 pandemic. ARC's business has performed well because we have recognized the need to evolve and adapt our business to remain competitive in the North American business environment. We have achieved this through discipline in capital allocation, focus on balance sheet strength and continuous improvement in efficiency and low cost structure.

Over the past five years, ARC has consistently generated more than $1 billion in annual commodity sales from production and over $600 million in annual funds from operations, while executing a total of $3 billion in capital projects and distributing close to $1 billion in dividends to our shareholders.

The table below highlights our key financial and operational measures over the past five years.

	2016	2017	2018	2019	2020
Commodity Sales from Production ($ millions)	1,063.5	1,215.2	1,362.2	1,189.5	1,135.5
Funds from Operations ($ millions) (1)	633.3	731.9	819.0	697.4	667.6
Net Income (Loss) ($ millions)	201.3	388.9	213.8	(27.6)	(547.2)
Dividends Declared ($ millions)	228.2	212.3	212.3	212.4	106.3
Capital Expenditures ($ millions)	453.4	829.7	679.4	691.5	343.2
Average Daily Production (boe/day)	118,671	122,937	132,724	139,126	161,564
Enterprise Value ($ billions)	8.5	5.9	3.6	3.8	2.9
Total Shareholder Return ("TSR") (%) (2)	42.8	(33.9)	(42.4)	(9.6)	(22.6)

(1) For further information on funds from operations refer to note 16 "Capital Management" in ARC's audited consolidated financial statements and notes (the "financial statements') as at and for the year ended December 31, 2020.
(2) TSR does not have standardized meaning under the International Financial Reporting Standards and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled "Financial and Other Measures" contained in this document (page 54).

CORPORATE GOVERNANCE HIGHLIGHTS

At ARC, we believe sound corporate governance builds the trust of our stakeholders, is core to the success of our business strategy, and ensures that ARC and its employees adhere to the highest standards of ethical conduct. We take pride in our leadership culture which is built on our values of respect, integrity, trust, and community, which begins with the Board and extends throughout the organization.

Our belief in doing what is right and our high standard of business conduct has been critical in building and maintaining ARC's strong reputation among shareholders, employees, business partners, government and regulatory partners, Indigenous communities, and other stakeholders.

Our key corporate governance practices are:

- We have a code of business conduct and ethics that applies to everyone at ARC.
- We have 11 Directors, nine of which are independent, including the Board Chair.
- We value diversity throughout the organization and have a formal diversity policy.
- We have mandatory Director and executive share ownership requirements.
- We have a comprehensive Board assessment process which incorporates feedback on individual Director performance through a 360-degree feedback assessment.
- We have a formal clawback policy for executive compensation.
- We have a formal double trigger on the vesting of all of our medium and long-term incentives.
- We have a comprehensive process for Board succession and nomination including a robust skills matrix and a focus on diversity.
- We evaluate the CEO's performance annually based on our corporate scorecard and his achievements against set objectives that are approved by the Board. This comprehensive review is conducted by our independent Chair with our Human Resources & Compensation Committee ("HRC Committee").
- We actively engage and seek feedback from our shareholders by attending formal conferences and investor meetings with Management and the Board Chair.
- We have independent Board oversight of Management and regular in-camera discussions at all Board and committee meetings without Management present.
- We have Board compensation practices that deter unnecessary risk taking and align with the interests of our shareholders.

EXECUTIVE COMPENSATION HIGHLIGHTS

ARC's executive compensation programs are designed to attract, retain, motivate, and reward leaders to deliver strong performance in alignment with ARC's corporate strategy and to create and sustain shareholder value. Our compensation philosophy, programs and practices are underscored by our strong commitment to good governance and serving shareholder interests.

Our compensation program links a significant portion of the compensation paid to executives with the achievement of annual performance targets through our performance scorecard and with long-term shareholder value creation through relative TSR. We target between the 50^{th} and 75^{th} percentile for total executive compensation as a significant portion of executive pay is allocated to at-risk variable compensation. This at-risk compensation is granted in the form of annual cash bonuses and medium and long-term incentive awards where any payment made to the executive is tied to absolute and relative share price performance and the successful achievement of objectives outlined in the Company's performance scorecard.

In 2020, we introduced a double trigger on our Restricted Share Unit ("RSU") and Performance Share Unit ("PSU") Plan. If there is a change of control for the organization, payment will only be triggered if it is coupled with a loss of employment. All our current medium- and long-term incentive plans have this double trigger.

We are committed to ensuring that our compensation programs reward executives for the achievement of defined performance metrics ("pay-for-performance"), align the interests of our executives with the interests of our shareholders, and provide market-competitive pay, as summarized below.

Achievement of ARC's business strategy and long-term value creation

- Defined performance targets measured by the annual performance scorecard (quantitative and qualitative targets) linking executive compensation to achievements of financial, operational, and strategic goals, as well as TSR compared to our peer group to encourage top quartile share price performance.
- Allocate 80 per cent of executive compensation into at-risk pay elements such as annual bonus, medium-term awards (RSUs and PSUs) and long-term awards (Long-Term Restricted Share Awards ("LTRSAs")) to encourage short- and long-term thinking and performance.
- Medium- and long-term incentive awards continue to vest following retirement, creating an inherent post-retirement "hold period" for these awards, to encourage the achievement of our strategy in both short- and long-term performance timeframes.
- Annual bonuses are held back for all executives until year-end performance has been assessed, finalized, and reported to shareholders.

Align with the interest of our shareholders

- Our HRC Committee has the skills, knowledge, and processes in place for compensation decision-making, and all Directors on the committee are independent.
- 60 per cent of executive compensation is allocated to medium- and long-term incentives.
- RSUs vest one-third per year over a three-year period and align with absolute share price performance.
- PSUs cliff vest after three years and align with absolute and relative share price performance. PSUs have a threshold performance multiplier based on the achievement of the performance scorecard and relative TSR against the peer group, which if not achieved results in a zero payout.
- The LTRSA program has a 10-year term that aligns executive interests with those of our shareholders.
- Executive share ownership requirements, including a CEO with five times base salary, Senior Vice Presidents with three times base salary and Vice Presidents with two times base salary.
- A formal clawback policy allowing the Board to recoup all incentive compensation for gross negligence or fraud regardless of a financial restatement.
- CEO post-retirement hold period requires that the CEO hold five times his base salary in ARC shares or equity equivalent for one-year post-retirement.
- An anti-hedging policy which ensures that executives and Directors cannot participate in speculative activity to protect themselves against declines in our share price.
- The HRC Committee "stress tests" RSUs, PSUs, and LTRSAs for executives under a variety of performance scenarios to understand possible future payments.

Provide market-competitive compensation

- Base salary targeted at the 50th percentile of the market, total cash (base plus bonus) and total direct compensation (total cash plus medium and long-term incentives) are targeted between the 50th and 75th percentile of the market.
- The HRC Committee and, where applicable, the Board assess compensation against corporate and individual executive performance on an annual basis, along with proxy data from ARC's Executive Compensation Peer Group to understand current market practices and rewards.
- An external, independent consultant is used to ensure compensation recommendations are competitive and market based.

2020 Pay Decisions

The HRC Committee and the Board determined it was prudent to keep compensation for all NEOs, other than in cases of added responsibilities, at levels consistent with 2019, given the uncertainty facing the energy industry. Our targeted total direct compensation levels remain competitive in the market and within our overall compensation philosophy. Mr. Anderson and Mr. Bibby were promoted to CEO and CFO, respectively, in February 2020 and received increases in all components of their compensation to reflect their new responsibilities. The HRC Committee further made a deliberate decision to not adjust performance targets to reflect the unprecedented economic environment. Despite the volatility and unprecedented times, ARC delivered strong performance. That said, to be reflective of the market, base salaries were held flat, and bonuses were paid at as planned with no adjustment factors applied.

The following table summarizes the compensation awarded to our CEO, Mr. Anderson.

Compensation Component	2019(1)	2020
Base Salary	$ 375,000	$ 475,000
Other Compensation (2)	$ 51,050	$ 54,300
Bonus (3)	$ 400,000	$ 650,000
PSU Grants	$1,116,013	$1,890,012
RSU Grants	$ 478,997	$ 209,992
Long-term Restricted Share Award Grants	$ 380,000	$ 600,000
Total Compensation	**$2,801,060**	**$3,879,304**

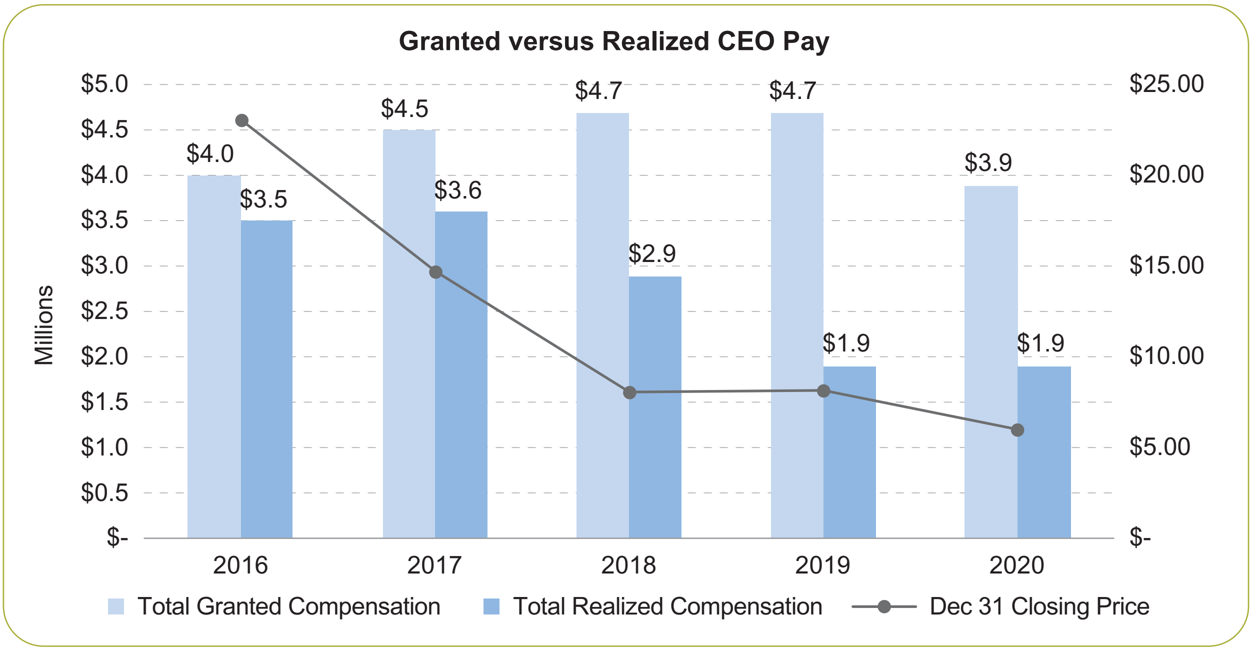
(1) 2019 compensation reflects Mr. Anderson role as Chief Operating Officer.
(2) Other compensation includes benefits and savings plan contributions.
(3) Bonus amounts reflect amounts earned in the fiscal year. $50,000 of Mr. Anderson’s bonus will be granted in LTRSAs in 2021.

Realized Pay

It should be further noted that the compensation that our CEO has received (“realized pay”) over the last five years has been significantly less than the original granted values. Realized pay is compensation received during the year, including salary, cash bonus and payments of previously granted equity-based awards, including PSUs, RSUs, Stock Options and LTRSAs. It excludes unvested grants and other amounts that will not actually be received until a future date.

Our compensation programs are designed to align with the interests of our corporation, shareholders and all stakeholders.

The chart below illustrates the direct correlation between CEO compensation and the performance of ARC's Common Shares. Values for 2015 to 2019 reflect our previous CEO's compensation whereas 2020 data reflects Mr. Anderson's compensation. Mr. Anderson's 2020 realized pay was less than half of his annual grant value.



For details of our compensation programs and governance practices, please see the Compensation Discussion and Analysis section beginning on page 28.

Matters to Be Acted Upon at the Annual Meeting

The following matters will be acted upon at the Annual Meeting of Shareholders on June 22, 2021. Your vote is extremely important, and we encourage you to review the information in this proxy circular before casting your vote.

Matters to be voted on:

Proposal	Management's Recommendation
Elect the Directors of the Company	FOR
Approve advisory vote on executive compensation	FOR
Appoint the Auditors of the Company	FOR

1. ELECTION OF DIRECTORS

The Board of Directors is responsible for the stewardship of ARC on behalf of its shareholders to ensure the long-term success of the Company. The Board has 11 members – nine independent, non-management Directors and the current ARC CEO and the former CEO of Seven Generations. The Directors have a range of leadership experience in the energy industry, as well as expertise in finance, accounting, marketing, environment, social and governance ("ESG"), human resources and other disciplines that are beneficial to the Company.

The articles of the Company provide for a minimum of three Directors and a maximum of 12 Directors. All nominees are currently Directors of the Company. Each nominee has indicated his or her willingness to serve as a Director for a term of one year.

The following table presents information on the Directors nominated for election to the Board. Further information regarding their backgrounds, qualifications, committee membership and share ownership can be found beginning on page 9.

Director	Age	Committees	2020 Approval Percentage	Year First Elected
Harold N. Kvisle	68	Board Chair	98.88%	2009
Marty L. Proctor	60	Board Vice Chair Risk Safety, Reserves & Operational Excellence	N/A	2021
Farhad Ahrabi	62	Audit Risk (Chair)	99.66%	2019
David R. Collyer	65	Human Resources & Compensation (Chair) Policy & Board Governance	99.69%	2016
Susan C. Jones	51	Human Resources & Compensation Safety, Reserves & Operational Excellence	N/A	2021
William J. McAdam	69	Risk Safety, Reserves & Operational Excellence	N/A	2021
Michael G. McAllister	62	Human Resources & Compensation Safety, Reserves & Operational Excellence (Chair)	N/A	2020
Kathleen M. O'Neill	67	Audit (Chair) Policy & Board Governance	99.11%	2009
M. Jacqueline Sheppard	65	Human Resources & Compensation Policy & Board Governance (Chair)	N/A	2021
Leontine van Leeuwen-Atkins	56	Audit Risk	N/A	2021
Terry M. Anderson	52	By invitation	99.12%	2020

We believe the Directors listed above possess strong character, judgment and expertise and are very well qualified to serve on the Board.

If, for any reason, any of the proposed nominees does not stand for election or is unable to serve as such, the management designees named in the enclosed form of proxy reserve the right to vote for any other nominee in their sole discretion unless the shareholder has specified therein that its Common Shares are to be withheld from voting on the election of Directors.

The Board of Directors unanimously recommends that shareholders vote FOR the election of each of the Director nominees and unless instructed otherwise, the persons named in the enclosed form of proxy will vote FOR the election of each of the Director nominees.

2. ADVISORY VOTE ON EXECUTIVE COMPENSATION

ARC's executive compensation programs are designed to attract, retain, motivate and reward high-caliber leaders to deliver strong performance in alignment with ARC's corporate strategy and to create and sustain shareholder value. The programs use a combination of cash and medium and long-term equity-based incentives that reflect the Company's pay-for-performance philosophy and provide for a significant portion (80 per cent) of an executive's compensation to be at-risk, with consideration for sound risk management and good governance principles.

The Board values input from ARC's shareholders on the Company's compensation programs and provides shareholders with an advisory vote, commonly referred to as "say on pay", at the Annual Meeting of Shareholders. ARC has held an advisory "say on pay" vote annually since 2011 as part of our commitment to strong corporate governance practices and engagement with our shareholders. You have the opportunity, on an advisory basis, to vote "for" or "against" our approach to executive compensation through the following resolution:

"Resolved, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in the information circular made available in advance of the 2021 Annual Meeting of Shareholders of the Company."

We encourage you to take the time to read the Compensation Discussion and Analysis section of this document before you decide how to vote. As this is an advisory vote, the results will not be binding upon the Board. However, ARC will consider the outcome of the vote as part of its ongoing review of executive compensation practices and welcome all feedback. At the 2020 Annual Meeting of Shareholders, this resolution was approved with 96.87 per cent of shares voted in favour.

The Board of Directors unanimously recommends that shareholders vote FOR the advisory vote on executive compensation and unless instructed otherwise, the persons named in the enclosed form of proxy will vote FOR the advisory vote on executive compensation.

3. APPOINTMENT OF INDEPENDENT AUDITORS

The Audit Committee has reviewed the performance of PriceWaterhouseCoopers, LLP ("PwC"), including its independence relating to the audit, and recommends the re-appointment of PwC as auditors for 2021. In 2020, PwC was approved by shareholders with 99.86 per cent voting in favour. The Audit Committee appoints an independent registered public accounting firm annually, and PwC has served in this capacity since 2017.

The independent registered public accounting firm is responsible for performing an independent audit of ARC's consolidated financial statements and expressing an opinion on the conformity of those financial statements with generally accepted accounting principles.

The Board of Directors unanimously recommends that shareholders vote FOR the appointment of the auditors and unless instructed otherwise, the persons named in the enclosed form of proxy will vote FOR the appointment of the auditors.

Audit Fees

The Audit Committee pre-approves all audit and non-audit services performed by ARC's external auditors except for audit-related services and non-audit services provided by the external auditors for individual engagements with estimated fees of $50,000 and under which may be pre-approved by the Chair of the Audit Committee between scheduled meetings.

The aggregate fees billed by PwC in 2019 and 2020 are summarized in the following table.

External Audit Service Fees	Billed in 2019	Billed in 2020
Audit Fees	$720,458	$683,891
Audit-related Fees (1)	—	$ 42,800
Total Audit and Audit-related Fees	$720,458	$726,691
Other Fees (2)	$ 52,029	$ 52,410
Total Fees	$772,487	$779,101

(1) The aggregate fees billed by ARC's external auditor for assurance and related services that are reasonably related to the performance of the audit or review of the financial statements, but which are not included in audit services fees.

(2) The assessment fee billed by the Canadian Public Accountability Board (CPAB) per the National Instrument 52-108 *Auditor Oversight* mandate for reporting issuers to have an audit completed by a CPAB participant firm, as well as fees related to valuation services for ARC's LTRSAs and fees for services related to ESG reporting.

The Audit Committee reviewed the audit and permissible non-audit services performed by PwC, as well as the fees paid to PwC for such services, and concluded that the provision of such services was compatible with maintaining PwC's independence.

Information on the Nominated Directors

The eleven nominees for election as Directors of the Company are:

Harold N. Kvisle	Michael G. McAllister
Marty L. Proctor	Kathleen M. O'Neill
Farhad Ahrabi	M. Jacqueline Sheppard
David R. Collyer	Leontine van Leeuwen-Atkins
Susan C. Jones	Terry M. Anderson
William J. McAdam	

DIRECTOR NOMINEES

Below are brief biographies of the Director nominees, including a summary of their experience and qualifications together with their current committee memberships and directorships at other public entities.

Harold Kvisle, B.Sc., P.Eng., MBA

Calgary, Alberta, Canada

Board Chair

Age: 68

Independent

Director since: 2009

Mr. Kvisle has over 40 years of experience as a leader in the oil and gas, pipeline, and power generation industries. Most recently, he held the position of President and CEO of Talisman Energy Inc., from September 2012 to May 2015. From 2001 to 2010, Mr. Kvisle was President and CEO of TransCanada Corporation and its predecessor, TransCanada Pipelines Ltd. Prior to joining TransCanada in 1999, Mr. Kvisle was President of Fletcher Challenge Energy Canada from 1990 to 1999. He held engineering, finance, and management positions with Dome Petroleum Limited from 1975 to 1988. Mr. Kvisle holds a Bachelor of Science in Engineering from the University of Alberta and a Master of Business Administration from the University of Calgary. He currently serves as Chair of the Business Council of Alberta.

Strategic Qualifications – The Board of Directors has determined that Mr. Kvisle's 40 years of diverse energy-related experience, his leadership roles in complex, public organizations and his direct experience with oil and gas transportation uniquely qualify him to serve as Chair of the Board of Directors.

Board Committee Membership:

Board (Chair)

Current Public Board Directorships:

ARC Resources Ltd.
Cenovus Energy Inc.
Finning International Inc. (Chair)

Share Ownership [1]:	Meets Shareholding Requirements
464,296 units - $4,243,665	Met

Marty Proctor
B.Sc., M.Sc., P.Eng., ICD.D

Calgary, Alberta, Canada

Vice Chair

Age: 60

Not Independent

Director since: 2021

Mr. Proctor is the former President and Chief Executive Officer of Seven Generations Energy Ltd. and has over 30 years of experience in the oil and gas industry, both in Canada and internationally. Mr. Proctor has held technical and leadership positions throughout his career, including at Baytex Energy Corporation, Statoil Hydro Canada Exploration Inc., Murphy Oil Corporation, Maxx Petroleum Ltd., Central Resources (USA), BP Resources Canada, and Husky Energy. Mr. Proctor holds a Bachelor of Science in Petroleum Engineering and a Master of Science in Petroleum Engineering, both from the University of Alberta. Mr. Proctor is a member of the Association of Professional Engineers and Geoscientists (APEGA) and a member of the Society of Petroleum Engineers. Mr. Proctor has also earned the ICD.D designation from the Institute of Corporate Directors and is currently enrolled in the Advanced Management Program at the University of Chicago Booth School of Business.

Strategic Qualifications – The Board of Directors has determined that Mr. Proctor's 30 years in the Canadian and international oil and natural gas industries and his previous leadership roles in public organizations qualify him to serve as Vice Chair of the Board of Directors.

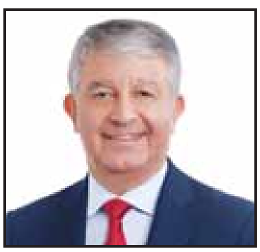
Board Committee Membership:

Board (Vice Chair)
Risk
Safety, Reserves & Operational Excellence

Current Public Board Directorships:

ARC Resources Ltd.

Share Ownership [1]:	Meets Shareholding Requirements
459,948 units - $4,203,925	Met



Farhad Ahrabi,
B.Sc, P.Eng, Ph.D

Houston, Texas, USA

Director

Age: 62

Independent

Director since: 2019

Mr. Ahrabi has over 35 years of experience in international oil and gas operations and has extensive expertise in liquefied natural gas (LNG), including currently as the CEO of Cameron LNG, overseeing the construction and operation of a three-train liquefaction facility near the Gulf of Mexico in the United States. Mr. Ahrabi previously worked in Canada for three years with a major international company assessing LNG opportunities in British Columbia. Mr. Ahrabi holds a Bachelor of Science in Chemical Engineering from the University of Wales and a Doctorate degree from the University of Exeter in the United Kingdom.

Strategic Qualifications – The Board of Directors has determined that Mr. Ahrabi's varied international background in the energy industry will enable him to successfully contribute to ARC's commercial and technical expertise and qualifies him to serve as a Director and Chair of the Risk Committee.

Board Committee Membership:

Audit
Risk (Chair)

Current Public Board Directorships:

ARC Resources Ltd.

Share Ownership [1]:	Meets Shareholding Requirements:
58,203 units - $531,975	Met

David Collyer, B.Sc., P.Eng., MBA

Calgary, Alberta, Canada

Director

Age: 65

Independent

Director since: 2016

Mr. Collyer has been involved in the energy industry for nearly 40 years and has extensive experience in all aspects of the upstream and downstream oil and gas industry, including marketing both domestically and internationally, and concluded his 30-year career as President and Country Chair for Shell in Canada. Upon his retirement, Mr. Collyer served as the President of the Canadian Association of Petroleum Producers from 2008 to 2014, and currently provides energy-related consulting services and serves on several private and public sector boards. Mr. Collyer holds a Bachelor of Science in Mineral Engineering and a Master of Business Administration from the University of Alberta; he is also a member of the Association of Professional Engineers and Geoscientists of Alberta.

Strategic Qualifications – The Board of Directors has determined that Mr. Collyer's 40 years of diverse domestic and international oil and gas experience at the executive level qualify him to serve as a Director and Chair of the Human Resources & Compensation Committee.

Board Committee Membership:

Human Resources & Compensation (Chair)
Policy & Board Governance

Current Public Board Directorships:

ARC Resources Ltd.

Share Ownership [1]:	Meets Shareholding Requirements:
99,749 units - $911,706	Met

Susan Jones, B.A, LLB.

Calgary, Alberta, Canada

Director

Age: 51

Independent

Director since: 2021

Ms. Jones is a corporate director and is currently a director of TC Energy Corporation. Previously she served on the Board of Gibson Energy Inc. and was Chair of the Board of Canpotex Limited. Ms. Jones retired from her executive leadership role at Nutrien Ltd., after 15 years with the company, where she held various roles, including Executive Vice President and CEO, Potash, Senior Vice President, Phosphate, Chief Legal Officer and Business Development and Strategy. Ms. Jones has served on the United Way, the Canadian Bar Association, and been an active supporter of women's leadership groups and diversity throughout her career. Ms. Jones holds a Bachelor of Arts degree from the University of Victoria and a Bachelor of Law degree from the University of Ottawa. She also earned a Leadership Diploma from the University Oxford and holds a Director Certificate from Harvard University.

Strategic Qualifications – The Board of Directors has determined that Ms. Jones' expertise and vast experience from her prior executive and leadership positions, her experience with corporate legal and governance matters, business development and strategy roles qualifies her to serve as a Director.

Board Committee Membership:

Human Resources & Compensation
Safety, Reserves & Operational Excellence

Current Public Board Directorships:

ARC Resources Ltd.
TC Energy Corporation

Share Ownership [1]:	Meets Shareholding Requirements:
130,513 units - $1,192,889	Met

William McAdam, B.Sc., P.Eng, MBA

Scottsdale, Arizona, USA

Director

Age: 69

Independent

Director since: 2021

Mr. McAdam was President and CEO of Aux Sable in the United States and Canada from 2000 to 2013 before his retirement. Prior to joining Aux Sable, Mr. McAdam held progressively more senior positions with Imperial Oil and Exxon Chemical in the engineering, refining, fertilizer, petrochemicals, planning, and natural gas liquids businesses. Mr. McAdam previously served as a director and Chair of the Health, Safety & Environment Committee for SemGroup Corporation and as a director and Chair of the Responsible Care Committee for Canexus Corporation. Mr. McAdam holds a Bachelor of Science in Chemical Engineering from Queen's University and a Master of Business Administration from McMaster University. He has served on several industry association boards over his career. Mr. McAdam holds the ICD.D designation from the Institute of Corporate Directors and is a member of the National Association of Corporate Directors.

Strategic Qualifications – The Board of Directors has determined that Mr. McAdam's over 40 years of experience in both upstream and midstream operations and his previous executive roles qualify him to serve as a Director.

Board Committee Membership:

Risk
Safety, Reserves & Operational Excellence

Current Public Board Directorships:

ARC Resources Ltd.

Share Ownership [1]:	Meets Shareholding Requirements:
268,134 units - $2,450,745	Met

Michael McAllister, B.Eng, P.Eng.

Calgary, Alberta, Canada

Director

Age: 62

Independent

Director since: 2020

Mr. McAllister has over 30 years of industry experience, including approximately 20 years at Ovintiv Inc. (formerly Encana Corporation), where he most recently served in the roles of President and Chief Operating Officer before his retirement from the company in 2020. Prior to that, Mr. McAllister worked in various technical and leadership roles for Texaco Canada and Imperial Oil Resources. Mr. McAllister holds a Mechanical Engineering degree from Concordia University and is a member of the Association of Professional Engineers and Geoscientists of Alberta (APEGA).

Strategic Qualifications – The Board of Directors has determined that Mr. McAllister's extensive experience in the oil and gas industry, intimate knowledge of operations and previous leadership roles qualifies him to serve as a Director and Chair of the Safety, Reserves & Operational Excellence Committee.

Board Committee Membership:

Human Resources & Compensation
Safety, Reserves & Operational Excellence (Chair)

Current Public Board Directorships:

ARC Resources Ltd.

Share Ownership [1]:	Meets Shareholding Requirements:
26,479 units - $242,018	Has until November 6, 2025

Kathleen O'Neill, B. COMM, FCPA, FCA

Toronto, Ontario, Canada

Director

Age: 67

Independent

Director since: 2009

Ms. O'Neill is a corporate director and has extensive experience in accounting and financial services. Previously, she was an Executive Vice President of the Bank of Montreal (BMO) Financial Group with accountability for several major business units. Prior to joining BMO Financial Group in 1994, she was a partner with PriceWaterhouseCoopers LLP. Ms. O'Neill is a FCPA, FCA (Fellow of the Institute of Chartered Accountants) and has an ICD.D designation from the Institute of Corporate Directors. Ms. O'Neill is the past Chair of St Joseph's Health Centre and St Joseph's Health Centre Foundation of Toronto and she is a current director of the Ontario Teachers' Pension Plan and chairs its Audit and Actuarial Committee. In 2014, 2015 and 2016, Ms. O'Neill was awarded Canada's Most Powerful Women: Top 100 Award by the Women's Executive Network and was inducted into the Hall of Fame in 2017.

Strategic Qualifications – The Board of Directors has determined that Ms. O'Neill's expertise and vast experience from her senior roles in accounting and financial firms in combination with her professional designations qualify her to serve as a Director and Chair of the Audit Committee.

Board Committee Membership:

Audit (Chair)
Policy & Board Governance

Current Public Board Directorships:

ARC Resources Ltd.
Finning International Inc.

Share Ownership (1):	Meets Shareholding Requirements:
192,644 units - $1,760,766	Met

Jacqueline Sheppard, B.A, M.A, LL.B, QC

Calgary, Alberta, Canada

Director

Age: 65

Independent

Director since: 2021

Jackie Sheppard has held roles as an executive in the energy industry, and as a director of public, private and crown corporations. Her experience in strategic planning, global business development, public markets, legal and governance are the foundation for her leadership on various Boards. Ms. Sheppard is Chair of the Board of Emera Inc., a geographically diverse energy and services company. She is on the Board of Alberta Investment Management Corporation (AIMCo), an institutional investment manager. She is founder and Lead Director of Black Swan Energy Inc., an Alberta upstream energy company that is private equity financed. She is a former Director of Cairn Energy PLC, a publicly traded UK-based international upstream company, and until 2014, she served as Chair of the Research and Development Corporation of the Province of Newfoundland and Labrador, a provincial crown corporation. Ms. Sheppard is the former Executive Vice President, Corporate and Legal of Talisman Energy Inc. Ms. Sheppard is a Queen's Counsel for the Province of Alberta and in 2002 to 2007 was awarded Canada's Most Powerful Women: Top 100 award by the Women's Executive Network and was inducted into the Hall of Fame in 2008. A Rhodes Scholar, she received an Honours Jurisprudence, Bachelor of Arts and Master of Arts from Oxford University. She also earned a Bachelor of Laws degree (Honours) from McGill University, and a Bachelor of Arts degree from Memorial University of Newfoundland. She was awarded an honorary Doctor of Laws degree from Memorial University in 2019.

Strategic Qualifications – The Board of Directors has determined that Ms. Sheppard's extensive experience business development, strategic planning, legal and governance along with her previous executive positions in the oil and gas industry qualify her to serve as a Director and Chair of Policy & Board Governance Committee.

Board Committee Membership

Human Resources & Compensation
Policy & Board Governance (Chair)

Current Public Board Directorships

ARC Resources Ltd.
Emera Incorporated

Share Ownership (1):	Meets Shareholding Requirements
150,687 units - $1,377,279	Met

Leontine van Leeuwen-Atkins, B.BA., MBA, CPA, CA, ICD.D

Calgary, Alberta, Canada

Director

Age: 56

Independent

Director since: 2021

Ms. Atkins is a corporate director and serves on the boards of Cameco Corporation, Points International Ltd. (Audit Committee Chair) and EPCOR Utilities Inc. Ms. Atkins was previously the Audit Committee Chair of Seven Generations Energy Ltd. Ms. Atkins is a member of the executive committee of the Calgary Chapter of the Institute of Corporate Directors and previously served on the board of Calgary Economic Development. She was a Partner at KPMG Canada, serving on the National Board, and with KPMG Netherlands. She has over 30 years of experience in the industrial and energy sectors and has extensive experience in international and North American oil and gas, mining, oil sands, regulated utilities, pipelines, gas storage, power and petro- and agri-chemicals. Ms. Atkins holds a Bachelor of Business Administration in Finance from Acadia University and a Master of Business Administration from Dalhousie University. She holds CPA and CA designations as well as the ICD.D designation from the Institute of Corporate Directors.

Strategic Qualifications – The Board of Directors has determined that Ms. Atkin's 30 years of experience in the global oil & gas industry and her expertise in corporate strategy at the executive level qualify her to serve as a Director.

Board Committee Membership:

Audit
Risk

Current Public Board Directorships:

ARC Resources Ltd.
Cameco Corporation
EPCOR Utilities
Points International

Share Ownership (1):	Meets Shareholding Requirements:
118,268 units - $1,080,970	Met

Terry M. Anderson, B.Sc., P.Eng.

Calgary, Alberta, Canada

Management Director

Age: 52

Chief Executive Officer

Director since: 2020

Mr. Anderson is the President and CEO of ARC Resources Ltd. and has overall strategic and management responsibility for the Company. Prior to being appointed CEO in February 2020 and President & CEO in June 2020, Mr. Anderson held the roles of Senior Vice President and Chief Operating Officer, Senior Vice President of Engineering and Land and Senior Vice President of Operations at ARC. He has over 25 years of business and industry experience. Prior to joining ARC in 2000, he worked at a major oil and gas company. Mr. Anderson holds a Bachelor of Science in Petroleum Engineering from the University of Wyoming. He is a member of the Association of Professional Engineers and Geoscientists of Alberta and British Columbia.

Strategic Qualifications – The Board of Directors has determined that Mr. Anderson's extensive experience in oil and gas development and his position as President and CEO qualify him to serve as a Director.

Board Committee Membership

None

Current Public Board Directorships

ARC Resources Ltd.

Share Ownership (1):	Meets Shareholding Requirements
415,216 units - $3,795,074	Met

(1) Includes Common Shares and share equivalents held as of May 11, 2021. Share equivalents include Deferred Share Units (DSUs) and RSUs and LTRSAs for Mr. Anderson. The value is based on the May 11, 2021 closing share price of $9.14.

Corporate Governance

We are committed to a high standard of corporate governance practices. We believe that the role of the Board is to ultimately drive performance, create shareholder value and maintain a proper tone at the top while understanding our greater responsibility and purpose to a broad range of stakeholders. Strong governance practices allow ARC to act in the best interests of company, shareholders, and all stakeholders and to promote effective decision making at the Board level.

In this section, we will provide information about the responsibilities of the Board and our governance practices.

RESPONSIBILITIES OF THE BOARD

The Board of Directors is responsible for the stewardship of ARC to ensure long-term success through our strategy and guiding principles. The Board's responsibilities include overseeing the management of the Company, including oversight of ESG matters and risk management; developing with management the long-term strategic plan; approving key decisions, such as determining dividends; selecting, evaluating, and setting compensation for the CEO; and management succession plans. The Board's duties are set out in the Board Mandate which is reviewed annually and can be referred to in Appendix C.

The Board holds regularly scheduled meetings at least quarterly, and the Board and members of Management hold strategic planning sessions at least annually and revisit strategic planning at each quarterly Board meeting. Directors are expected to attend either in person or virtually and be prepared for all Board meetings and meetings of the committees on which they participate. Due to COVID-19 restrictions, Board meetings are currently being held virtually. During the Board meetings, Directors are expected to participate fully, facilitate open discussion, and establish effective relationships with the other Board members. Directors are also expected to attend the Annual Meeting of Shareholders.

KEY PRIORITIES OF THE BOARD

Strategy

Strategic Planning

The Board oversees the development and execution of the long-range strategic plan to achieve ARC's principal business objectives and identify strategic and operational opportunities and risks to ARC's business. Specifically, the Board objectively sets and monitors the execution of the corporate strategy and ensures the appropriate and profitable allocation of shareholder capital.

Strategic planning is discussed at every Board meeting and additionally, the Board sets aside two days every year for a strategic planning session where the Directors meet and discuss the long-term plan for the organization in detail with Management. All executives attend the annual strategic planning session providing an additional opportunity for the Board to interact with Management. Annually, Management recommends the budget and operating plan, including the capital program, for approval by the Board, and progress is monitored each quarter.

Risk Management

The Board is responsible for the identification of the principal risks of the business and for ensuring that all reasonable steps are taken to implement appropriate systems and procedures to manage them.

The Risk Committee assists the Board in meeting its responsibilities with respect to risk identification, oversight and mitigation and maintains a Business Risk Matrix that identifies risks to the organization and ranks them by severity. The Board regularly reviews the Business Risk Matrix considering the Company's experience and that of its peers in the energy sector as well as current best practices in risk management.

ARC monitors six categories of organizational risks:

The Board has assigned responsibility for specific risk oversight and mitigation to the appropriate committees of the Board which is outlined in the committee mandates available on ARC's website.

Good Governance

Financial & Operational Oversight

The Board makes significant financial, strategic, and operational decisions relating to:

- The acquisition and disposition of properties for purchase price or proceeds in excess of an amount established by the Board of Directors from time-to-time.
- The approval of capital expenditure budgets.
- The establishment of credit facilities.
- The issuances of additional Common Shares.
- The determination of the amount of dividends paid on Common Shares.
- The long-term marketing, transportation, and hedging arrangements in excess of an amount established by the Board from time-to-time.
- Executive compensation and compensation philosophy and program enhancements or changes.
- Overseeing, monitoring, and approving financial reporting and internal control processes and procedures.
- The appointment of Directors and Officers.

Environmental, Social and Governance (ESG) Oversight

We understand that our shareholders expect that we engage in responsible resource development and deliver strong financial results, while prioritizing environmental and social responsibility efforts and governance matters that are important to our stakeholders and affect the success of our business. ARC is a recognized leader in ESG practices and received a "AAA" rating on its ESG performance by MSCI, an independent third-party rating agency. In addition, ARC was rewarded a "A-" for Climate Change and a score of "B" for Water Security from the CDP, both top scores amongst our peers. In 2021, ARC was included in the Bloomberg Gender Equity Index.

The following policies support our efforts in this area:

- The Board has oversight over all ESG matters.
- The Board approves annual performance targets through a corporate scorecard to create accountability for the execution of the corporate strategy, including ESG related matters, and oversees the appropriate use of shareholder capital.
- The Board is responsible for risk oversight and has a Risk Committee that reviews significant enterprise risk exposure.
- ARC is committed to ESG transparency.
- The Board has a Safety, Reserves & Operational Excellence Committee ("SROE Committee") to oversee the sustainability of our operations, the health and safety of employees and contractors as well as environment standards such as air, water, and land management. Management reports quarterly on health, safety and environmental performance and identifies areas for continuous improvement.
- Climate-related risks are reviewed on a quarterly basis by the Board and the SROE Committee.
- ARC's water management strategy is centered around responsibility, sustainability, and profitability.
- ARC takes a proactive approach to well abandonment and reclamation activities.
- Responsible development is engrained in ARC's long-term strategy and decision-making processes.
- ARC's business has become increasingly more efficient while its surface footprint has been significantly reduced.
- The Policy & Board Governance ("Governance Committee") and the HRC Committee provide oversight on social matters, including diversity and inclusion, hiring practices, human rights and other legislative employment matters and regulatory governance matters.
- The HRC Committee independently sets and monitors executive compensation programs that support the corporate strategy and align with the interests of our shareholders and other stakeholders.

Our objectives, standards, and performance in the areas of environmental, social and governance are published biennially in our ESG reports. ARC's 2020 ESG Report is available on our website. To identify these measures and their overall impact, we consult established international guidelines and standards, including, the Global Reporting Initiative Sustainability Reporting Standards ("GRI"), the Sustainability Accounting Standards Board ("SASB") and the Task Force on Climate-Related Financial Disclosure ("TCFD"), among others. We also regularly engage with our stakeholders to ensure our disclosures are relevant, decision-useful, and focused.

Board Composition, Nomination & Diversity

The Governance Committee which is comprised entirely of independent Directors, reviews the makeup of the Board and committees annually. It is responsible for Director succession planning and for identifying and recommending new candidates to the Board.

To ensure that the Board accesses a broad pool of the best qualified individuals, the Governance Committee retains an external search firm to help identify outstanding candidates for future Directors with the mandate that the pool must take diversity into account, in addition to other desired attributes. The selection of Directors is based on the candidate's qualifications and the expected contributions they will make to the Board. The Governance Committee maintains a list of potential Directors and reviews the list of Directors to be nominated for election at the Annual Meeting of Shareholders and recommends such nominees for approval by the Board.

The Governance Committee uses a two-tier selection process when evaluating prospective Director candidates. The first tier focuses on the evaluation of a potential Director's character, personality and fit with other Board members and with ARC's culture.

The second tier addresses the evaluation of relevant skills and experience as it relates to the Director Skills Matrix and current Board composition. Once potential candidates are determined, a comprehensive interview process is conducted which includes multiple interviews with current Directors and the CEO.

Diversity Policy

We recognize the importance of ensuring the Board is comprised of Directors who have diverse skills, thoughts, and experiences. The Board believes in inclusiveness and recognizes the benefits of diverse views on decision-making outcomes and overall corporate performance. We believe that diversity must be represented on the Board, in management roles and throughout the organization to provide a broad range of perspectives and insights. In 2018, ARC became a member of the 30% Club, joining their campaign to increase gender diversity on boards and senior management teams. In 2020, the Governance Committee amended the Diversity Policy to include a clear commitment to increase Board gender diversity to a minimum of 30 per cent female representation within three years. This target has been reached as ARC's new proposed Board consists of four female members or 36 per cent.

ARC remains committed to all workplace practices that support and recognize the distinct needs of our female employees. We actively monitor the diversity of our workplace. At the end of 2020, female employees represented approximately 26 per cent of our total work force, 42 per cent of our salaried professional staff, and 34 per cent of our Management team. With the appointment of the new Officer team at ARC, 33 percent of the officer team are women.

Progress on our diversity goals is monitored by the Governance Committee.

Succession

Succession Planning

In addition to Director succession planning, the Board has responsibility for succession planning for all executives, including the CEO.

Succession planning is the responsibility of the HRC Committee, where the CEO provides an update on the progression and development of individual executives. At the third quarter Board meeting, a succession planning meeting is held with the full Board, without other members of Management present, to discuss the performance of and views on the executive leadership team in general and to identify and discuss the development plans for potential successors for key roles.

We believe that the development of executives from within the Company produces excellent leaders and strengthens our culture. For these reasons, the HRC Committee's succession planning process involves working with the CEO to identify internal candidates, selecting executive development opportunities, and evaluating performance and progress. In addition, the Board has engaged independent executive coaching services to provide objective evaluation of high-potential candidates and establish formal skills and capability development.

In February 2020 we announced the appointment of Terry Anderson as ARC's CEO and Kris Bibby as ARC's Chief Financial Officer ("CFO"). The promotions of Terry and Kris exemplify ARC's disciplined nature, with two high-caliber, fully-prepared, internal successors to lead our organization forward.

Board Effectiveness and Director Assessment

Board effectiveness is critical to the success of the Company. To ensure Board members, committees, and processes remain effective, the Board committees and individual Directors are evaluated on an annual basis. Each Director completes a four-part questionnaire that includes an opportunity to provide feedback and comments on the role, the effectiveness and the overall capabilities of the Board and its committees. The questionnaire also includes an evaluation of the Director's skills relative to skills and experience outlined in the Director Skills Matrix as outlined on page 23. The results of the questionnaire are analyzed by the Governance Committee and Board Chair, who decide whether any changes are needed in Board processes, mandates, composition or committee structure and the potential for Board renewal or the addition of critical skills. While this is an ongoing discussion, the Board devotes one meeting each year to review and discuss ways to improve the effectiveness and efficiency of the Board.

In addition to the annual questionnaire, every two years Directors complete a 360-degree feedback assessment whereby each Director completes a self-assessment of his or her skills and contributions and provides feedback on each of the other Directors. The Board Chair meets with each Director individually to engage in a full and frank two-way discussion on any issues that either wants to raise, with an emphasis placed on maximizing the contribution of each Director and continually improving the effectiveness of the Board.

Furthermore, the Board meets annually for three hours after the Annual Meeting of Shareholders to discuss overall Board effectiveness.

DIRECTOR INDEPENDENCE

The Board has determined that the majority of the Directors (nine of the 11) standing for election are independent within the meaning of National Instrument 58-101 *Disclosure of Corporate Governance Practices*. All current Directors, with the exception of Mr. Anderson, the current CEO of the Company, and Mr. Proctor, former CEO of Seven Generations are considered to be independent.

Interlocking Boards

The charter of the Board of Directors does not specifically prohibit interlocking board positions, and when Directors share common Board memberships the Board examines the situation to determine whether there are material relationships that may affect a Director's independence.

The following table summarizes the interlocking board positions of ARC's Directors.

Company	Director	Roles
Finning International Inc.	Harold N. Kvisle	Director & Board Chair
	Kathleen M. O'Neill	Director
		Audit Committee
		Governance & Risk Committee

The Board has determined that the above common Board membership does not impair the ability of these Directors to exercise independent judgment as members of ARC's Board of Directors.

Material Interests

In general, private investment activities of Directors are not prohibited; however, should a Director's existing investment pose a potential conflict of interest with their role as a Director of ARC, the Director is required to disclose it to the Board Chair and CEO. Directors and Officers who have an interest in a material transaction or proposed material transaction with ARC Resources Ltd. must disclose the nature of their interest and may not vote on any resolution to approve the transaction. As of the date of this information circular, there are no material transactions or proposed material transactions in which any Director or Officer has an interest.

BOARD COMMITTEES

The Board of Directors performs its mandated responsibilities, in part, through the activities of the five committees outlined below. Each of the five committees has a specific mandate which is reviewed and approved annually and can be referred to on ARC's website. Committees meet at least quarterly and committee memberships are reviewed at least annually depending on the needs of the Board.

Audit Committee

- Reviews the Company's annual and quarterly financial statements and the financial information included in ARC's prospectuses, Management's Discussion and Analysis, information circulars, Annual Information Forms, and financial press releases.
- Recommends the appointment of and provides oversight to the external auditors. Monitors their qualifications, independence, and performance.
- Risk oversight of financial reporting and compliance.

Human Resources & Compensation Committee (HRC Committee)

- Reviews the Company's compensation programs to ensure pay-for-performance alignment, market competitiveness and alignment with the interests of ARC's shareholders.
- Conducts an annual performance review of the CEO and provides recommendations to the Board of Directors on the compensation for the CEO.
- Assesses and manages risk related to talent management, succession planning and compensation.

Policy & Board Governance Committee (Governance Committee)

- Reviews the effectiveness of the Board of Directors, committees, and individual Board members through the annual assessment process.
- Leads Director selection, the on-boarding process and succession planning.
- Assesses and manages governance, social responsibility, diversity, and regulatory risk.

Safety Reserves & Operational Excellence Committee (SROE Committee)

- Reviews ARC's performance with respect to health, safety and environmental programs and activities.
- Reviews the terms of engagement of independent reserves and resources evaluators and the conduct of reserves and resources evaluations.
- Risk assessment and management for reserves and resources evaluation, operational, health, safety, environment, infrastructure, and security.

Risk Committee

- Identifies and reviews the principal business and financial risks of the Company and the actions taken to mitigate them.
- Reviews the hedging mandate and policy to ensure compliance with ARC's strategic objectives.
- Ensures that all business risks, both financial and operational, are monitored by the appropriate Board committees.
- Responsible for information security and ensures ARC follows top industry security standards.
- Responsible for reviewing all transportation commitments.

The table below outlines the members of each committee as of December 31, 2020, as well as the individual Directors attendance at the meetings.

Director	Total Board & Committee Attendance	Board Meeting	Audit Committee	HRC Committee	Governance Committee	SROE Committee	Risk Committee
Harold Kvisle	13/13 (**100%**)	Chair (10 of 10)				Member (3 of 3)	
Farhad Ahrabi	20/20 (**100%**)	Member (10 of 10)				Member (5 of 5)	Member (5 of 5)
David Collyer	24/24 (**100%**)	Member (10 of 10)		Chair (6 of 6)	Member (3 of 3)	Member (5 of 5)	
John Dielwart	20/20 (**100%**)	Member (10 of 10)				Chair (5 of 5)	Member (5 of 5)
Fred Dyment	13/13 (**100%**)	Member (7 of 7)			Member (3 of 3)		Member (3 of 3)
Michael McAllister	3/3 (**100%**)	Member (1 of 1)				Member (1 of 1)	Member (1 of 1)
Kathleen O'Neill	23/23 (**100%**)	Member (10 of 10)	Chair (7 of 7)		Member (6 of 6)		
Herbert Pinder	22/22 (**100%**)	Member (10 of 10)		Member (6 of 6)	Chair (6 of 6)		
William Sembo	23/23 (**100%**)	Member (10 of 10)	Member (7 of 7)	Member (6 of 6)			
Nancy Smith	22/22 (**100%**)	Member (10 of 10)	Member (7 of 7)				Chair (5 of 5)

During 2020 the following changes occurred to the Board and committee membership:

- Mr. Dyment retired from the Board effective May 7, 2020.
- Mr. McAllister joined the Board effective November 6, 2020.
- Mr. Collyer joined the Governance Committee on May 7, 2020.
- Mr. McAllister replaced Mr. Kvisle on the SROE Committee on November 6, 2020.

During 2020, Board and committee meeting attendance was 100 per cent for non-management Directors. Mr. Kvisle is the Board Chair; however, he attends additional committee meetings regularly and by invitation from the committee chairs. Mr. Anderson was a Management Director in 2020 and attended all Board meetings. He was not a member of any of the committees; however, he attended substantially all the committee meetings during 2020 by invitation.

GOVERNANCE PRACTICES

We are committed to maintaining high standards of corporate governance. To accomplish this, our practices include, among other things, the following:

- A Board comprising 11 Directors, nine of which are independent, including the Board Chair.
- Annual election of Directors, and majority voting is required to be elected.
- Mandatory Director and executive share ownership requirements.
- A comprehensive Board assessment process which incorporates feedback on individual Director performance through a 360-degree assessment.
- A comprehensive process for Board succession and nomination, including a robust skills matrix and a focus on diversity.
- Annual evaluation of the CEO's performance which is conducted by our independent Chair with the HRC Committee.

- Independent Board oversight of Management and regular in-camera discussions at all Board and committee meetings without Management present.
- Annual long-term strategic planning session.

Ethical Business Conduct

We believe that maintaining high standards of business conduct is essential to the long-term success of the Company. To that end, the Board has adopted a written Code of Business Conduct and Ethics. It reinforces our expectation that all employees and company representatives conduct themselves with the highest standard of professionalism and ethical behaviour. The Code specifically outlines the standards required in the areas of business integrity, accuracy of records and reporting, conflicts of interest, insider trading, protection, and proper use of the Company's assets, reporting of illegal or unethical behaviour and other matters. The Code of Business Conduct and Ethics is applicable to Directors, executives and employees of the Company and it is a requirement that the Code be read, understood, and signed off by all Directors, executives, and employees annually.

In addition, ARC has a specific Code of Ethics for Senior Officers to certify their compliance with ethical business conduct, financial reporting requirements and filings, and accurate reporting of operational results. This Code of Ethics for Senior Officers is signed by the CEO and CFO and reviewed by the Governance Committee each quarter. These documents can be referred to on ARC's website and on ARC's SEDAR profile.

Active Engagement with Shareholders

We have an active shareholder engagement program to continue to build trust and commitment with our shareholders. Our management team meets regularly with institutional shareholders and investment advisors, which includes one-on-one meetings and participation in presentations and investor conferences. Our Board Chair is also available to meet with shareholders as appropriate. In 2020, ARC executives appeared at 12 conferences and held approximately 200 meetings with shareholders.

In addition to conferences and meetings, ARC also provides shareholder engagement opportunities through:

- Investor days and regular investor updates.
- Annual Meeting of Shareholders.
- **arcresources.com**
  - Monthly investor presentations.
  - Quarterly financial reports and new releases.
  - Quarterly videos, featuring members of the executive team and conference calls to communicate financial and operational results.
  - Social media accounts.
- Investor Relations email - IR@arcresources.com and a toll-free line for shareholders.

We also closely follow the recommendations of proxy advisory firms and organizations that represent or advise shareholders on matters of governance, such as Institutional Shareholder Services, Glass, Lewis & Co, and the Canadian Coalition for Good Governance.

DIRECTOR SKILLS AND EXPERIENCE

The Board of Directors and the Governance Committee review the experience, qualifications, and skills of our Directors each year to ensure that the requisite skills and experience of the Board can meet the challenges of our business today and in the future. This is maintained in the Director Skills Matrix.

Each Director reviews and updates his or her strengths and experience level against the skills matrix descriptions each year through a self-assessment. This helps to identify areas for strengthening the Board of Directors, if necessary, and addressing any gaps through the recruitment of new members.

Director Skill Matrix

● **Worked directly or had individuals directly reporting to you in specific area.**
○ **No direct experience in specific area, but some level of knowledge and expertise**
◍ **Little or no experience or expertise in specific area**

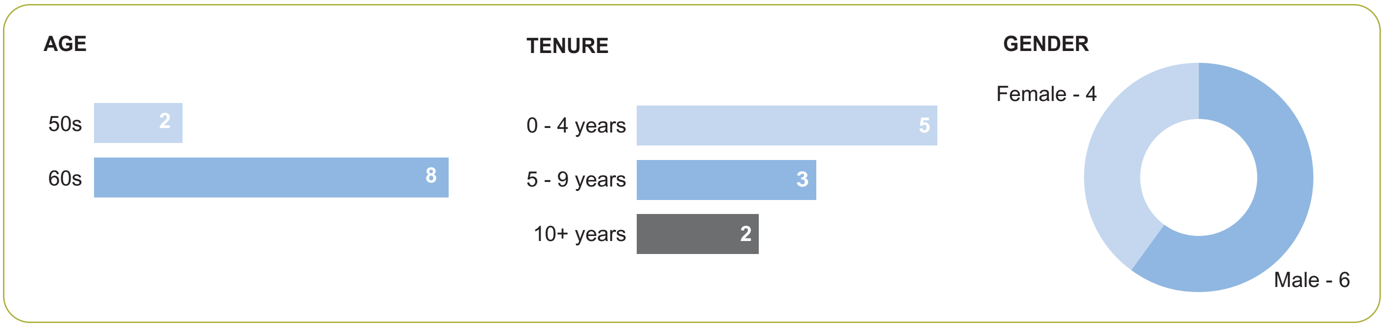
	Harold Kvisle	Marty Proctor	Farhad Ahrabi	David Collyer	Susan Jones	William McAdam	Michael McAllister	Kathleen O'Neill	Jacqueline Sheppard	Leontine van Leeuwen-Atkins	Terry Anderson
Quality Assets and Operational Excellence											
Oil & Gas Operations: experience as a CEO or senior officer in various aspects of oil and gas development and operations, including technology & innovation, exploration, and marketing.	●	●	●	●	○	●	●	○	●	○	●
Reserves Evaluation: general experience or executive experience with oil and gas reserves evaluation.	●	●	●	●	○	●	●	○	●	○	●
Profitable Capital Allocation: experience with, and understanding of, the importance of the role of capital allocation and risk in value creation.	●	●	●	●	●	●	●	●	●	●	●
Health, Safety and Environment: direct experience with, or strong knowledge of, industry regulations and best practices related to workplace health, safety and environmental issues.	●	●	●	●	●	●	●	○	●	○	●
Global Experience: international energy business experience and perspective.	●	●	●	●	●	●	●	○	●	●	○
Commercial Activities and Risk Management											
Strategic Planning: experience in leading and developing business strategies to create value and managing business development activities for short-term and long-term results.	●	●	●	●	●	●	●	●	●	●	●
Market Access: experience with, and knowledge of, strategies to proactively leverage market access opportunities.	●	●	●	●	●	●	●	○	○	○	●
Change Management: experience leading major organizational change and/or managing significant M&A activities.	●	●	●	●	●	●	●	●	●	●	●
Decision Quality: proven track record in complex decision making and the ability to work well with other Board members to reach decisions.	●	●	●	●	●	●	●	●	●	●	●
Risk Evaluation: experience in evaluating and managing a broad range of business risks, including ESG issues.	●	●	●	●	●	●	●	●	●	●	●
Financial Sustainability and Return on Investment											
Financial Expertise: formal qualifications and/or management experience in financial reporting, internal controls and corporate finance.	●	●	○	●	●	●	●	●	●	●	○
Financial Literacy: ability to critically read and analyze financial statements.	●	●	●	●	●	●	●	●	●	●	○
Business Economics: experience in analysis of project and corporate returns.	●	●	●	●	●	●	●	●	●	●	●
ESG, People and Culture											
Sustainability: experience with, or knowledge of, risks and opportunities related to a broad range of environmental, social and overall shareholder engagement and communication.	●	●	●	●	●	●	●	●	●	●	●
Corporate Governance: experience as a senior executive and/or board member (public, private or not-for-profit) that provides a strong understanding of requirements of good corporate governance.	●	●	●	●	●	●	●	●	●	●	●
Government Relations: broad regulatory, political and public policy experience in Canada and other jurisdictions.	●	●	●	●	●	●	●	○	●	○	●
Human Resources: experience with responsibility for human resources, succession planning and executive compensation.	●	●	●	●	●	●	●	●	●	●	●
Culture: experience in oversight of corporate culture to ensure strong ethics, governance practices and quality decision making.	●	●	●	●	●	●	●	●	●	●	●

BOARD COMPOSITION

At ARC, we believe it is important to achieve a balance between experienced Directors with deep knowledge of our business and new Directors with fresh perspectives. We believe it is critical that Directors understand our industry and our business, Directors with long service have extensive company knowledge that can be extraordinarily valuable. ARC does not have formal term limits for Directors but uses its annual performance assessment process to evaluate each Director. If a Director receives a poor assessment, the Board Chair will ask the Director to submit their resignation. ARC is committed to achieving gender diversity and as of May 11, 2021, we have four female Directors.

Directors are recruited with the expectation of serving a minimum of seven years, subject to their annual performance review, a change in personal circumstances, or ARC's majority voting policy.

The composition of the Board of Directors up for election is displayed in the graphic below, ARC is putting forth 10 non-Management nominees with an average tenure of five years on the Board.



DIRECTOR ORIENTATION AND CONTINUING EDUCATION

When a new Director joins our Board, we conduct an orientation to educate the new Director on ARC's strategy, operations, financial performance, and governance practices.

The orientation process includes:

- Meetings with Directors and executives of the Company.
- Attendance at committee meetings of the Board.
- Review of recent operational and financial information as well as governance documents and information relating to the duties and obligation of the Directors.
- Field visits to familiarize new Directors with ARC's operations.
- Training in the technology platforms used by the Board.

Continuing education is an important requirement of our Directors.

In addition to pursuing their own educational initiatives, Directors are kept informed of developments in the Company and the energy industry through the following:

- Quarterly reports on operational and financial performance, accounting, technology and innovation, marketing, business development, ESG, human resources and corporate governance best practices and policy updates.
- Frequent guest speakers and external advisors to provide additional external perspective.
- An annual visit to the field, in conjunction with the SROE Committee to see operations firsthand and meet employees. This annual visit was not completed in 2020 due to COVID restrictions.
- Quarterly updates from each committee on best practices, industry benchmarking, trends, and policy updates.
- Regular updates from Burnet, Duckworth & Palmer LLP on material changes in securities regulations and corporate governance matters.

We compensate Board members for attending external education courses relating to corporate governance, financial literacy, or related matters, as well as for membership dues for each of the Directors in organizations that provide relevant publications and educational opportunities. In 2020, our Directors collectively attended 52 educational presentations, roundtable presentations, and conferences.

DIRECTOR COMPENSATION

The compensation program for ARC's non-Management Directors is designed to attract and retain high-quality individuals with the experience and capability to meet the responsibilities of a Director and to align the interests of Directors with those of the corporation, shareholders, and stakeholders. The Board reviews Director compensation on an annual basis through an analysis of proxy circulars of other oil and gas companies together with a review of Director compensation surveys performed by third parties to ensure that the composition of ARC's compensation program is appropriate, and that total compensation is competitive. For information on the ARC's peer group, refer to page 32.

ARC's Director compensation program consists of both a cash and an equity-based component paid in the form of DSUs. The maximum cash component received is 40 per cent of total compensation, with the remaining compensation received in the form of DSUs. A Director may elect to receive 100 per cent of his or her compensation in the form of DSUs. DSUs vest immediately upon grant but cannot be redeemed until the holder ceases to be a Director. This reinforces long-term thinking, reduces unnecessary risk taking and aligns Director compensation with the interests of our shareholders.

The payment of Board and committee cash retainers and granting of DSUs occurs on a quarterly basis. The number of DSUs awarded to non-Management Directors each quarter is calculated by dividing the value of the award by the weighted average trading price of the Common Shares on the TSX for the five trading days prior to the date of grant. Each Director has until December 1st in the calendar year following the date on which he or she ceases to be a Director to redeem his or her awards in exchange for a cash payment equal to the number of DSUs held multiplied by the weighted-average trading price of the Common Shares on the TSX for the five trading days prior to the date of settlement.

The following table outlines the Board and committee retainer fee schedule for non-Management Directors. There were no changes to the fee schedule during 2020.

2020 Directors Fees	
Cash Retainer:	
Board Chair	$166,000
Board Member	$ 88,000
Audit Committee Chair	$ 10,000
Other Committee Chair	$ 6,000
Equity Compensation	**150% of Cash Retainer**
Total Director Compensation	**40% Cash / 60% Equity**

Total Director Compensation

The following table presents the total compensation paid to each non-Management Director in 2020.

Director (1)	Board Chair or Member Retainer	Committee Chair Retainer	Total Cash Retainer Fees Earned	Share-based Awards (DSUs) (2)	Other Compensation	Total Compensation	Portion Taken as Cash	Portion Taken as DSUs
Harold Kvisle	$166,000	$ —	$166,000	$ 249,016	$ —	$ 415,016	$ —	$ 415,016
Farhad Ahrabi	$ 88,000	$ —	$ 88,000	$ 132,007	$ —	$ 220,007	$ —	$ 220,007
David Collyer	$ 88,000	$ 6,000	$ 94,000	$ 141,000	$ —	$ 235,000	$ 93,987	$ 141,013
John Dielwart	$ 88,000	$ 6,000	$ 94,000	$ 141,000	$ —	$ 235,000	$ 93,987	$ 141,013
Fred Dyment (3)	$ 30,945	$ —	$ 30,945	$ 46,421	$ —	$ 77,366	$ —	$ 77,366
Michael McAllister (4)	$ 13,391	$ —	$ 13,391	$ 20,087	$ —	$ 33,478	$ 13,389	$ 20,089
Kathleen O'Neill	$ 88,000	$10,000	$ 98,000	$ 147,000	$ —	$ 245,000	$ 48,989	$ 196,011
Herbert Pinder	$ 88,000	$ 6,000	$ 94,000	$ 141,009	$ —	$ 235,009	$ —	$ 235,009
William Sembo	$ 88,000	$ —	$ 88,000	$ 132,000	$ —	$ 220,000	$ 54,991	$ 165,009
Nancy Smith	$ 88,000	$ 6,000	$ 94,000	$ 141,000	$ —	$ 235,000	$ 93,987	$ 141,013
Total	**$826,336**	**$34,000**	**$860,336**	**$1,290,540**		**$2,150,876**	**$399,331**	**$1,751,545**

(1) Excludes Mr. Anderson as he was a Management Director during 2020.
(2) This amount is equal to approximately 150 per cent of the amount of Total Cash Retainer Fees Earned and must be taken as DSUs.
(3) Mr. Dyment retired from the Board on May 7, 2020 and his annual fees were prorated.
(4) Mr. McAllister joined the Board on November 6, 2020 and his annual fees were prorated.

Equity-based Awards

The following table sets forth information on the number and value of DSU awards held by non-Management Directors that were outstanding and fully vested as of December 31, 2020.

Director (1)	Number of DSUs	Estimated Payout Value of DSUs (2)
Harold Kvisle	295,198	$1,771,188
Farhad Ahrabi	49,985	$ 299,910
David Collyer	73,736	$ 442,416
John Dielwart	142,487	$ 854,922
Michael McAllister	3,326	$ 19,956
Kathleen O'Neill	162,545	$ 975,270
Herbert Pinder	201,869	$1,211,214
William Sembo	106,425	$ 638,550
Nancy Smith	113,028	$ 678,168

(1) Excludes Mr. Anderson as he was a Management Director during 2020.
(2) Calculated based on the closing price of the Common Shares on December 31, 2020 of $6.00 multiplied by the number of DSUs on such date and adjusted to reflect dividends.

Director Share Ownership

All Directors must own Common Shares or share equivalents equal to three times their annual cash retainer. Directors have five years from appointment to attain these holdings. As of December 31, 2020, and as outlined below, all non-Management Directors meet or exceed the minimum share ownership requirement other than Mr. McAllister, who has until 2025 to meet the requirement. Management Directors are subject to separate share ownership requirements which are outlined in the Compensation Discussion and Analysis section of this information circular.

Director	Year Ended December 31	Common Shares	DSUs (1)	Total Common Shares and Share Equivalents	Total Market Value of Common Shares and Share Equivalents (2)	Value at-Risk as Multiple of Cash Retainer Fees Earned (3)	Meets Minimum Share Ownership Guidelines
Harold Kvisle	2020	150,000	295,198	445,198	$2,671,188	16	Yes
	2019	150,000	198,928	348,928	$2,854,231	17	Yes
Farhad Ahrabi	2020	—	49,985	49,985	$ 299,910	3	Yes
	2019	—	4,085	4,085	$ 33,415	0	No
David Collyer	2020	20,000	73,736	93,736	$ 562,416	6	Yes
	2019	10,000	42,306	52,306	$ 427,863	4	Yes
John Dielwart	2020	257,358	142,487	399,845	$2,399,070	25	Yes
	2019	257,358	107,743	365,101	$2,986,526	31	Yes
Michael McAllister (4)	2020	18,700	3,326	22,026	$ 132,156	0	No
	2019	—		—	$ —	—	—
Kathleen O'Neill	2020	20,666	162,545	183,211	$1,009,266	11	Yes
	2019	20,666	115,961	136,627	$1,117,609	11	Yes
Herbert Pinder	2020	169,308	201,869	371,177	$2,227,062	23	Yes
	2019	407,308	145,681	552,989	$4,523,450	48	Yes
William Sembo	2020	20,000	106,425	126,425	$ 758,550	8	Yes
	2019	20,000	68,676	88,676	$ 725,370	8	Yes
Nancy Smith	2020	10,138	113,028	123,166	$ 738,996	7	Yes
	2019	10,138	79,704	89,842	$ 734,908	7	Yes

(1) The number of DSUs reflects dividends paid on Common Shares to December 31, 2020 or 2019.
(2) Value based on closing share price of Common Shares of $6.00 on December 31, 2020 ($8.18 on December 31, 2019).
(3) Based on total market value of Common Shares and share equivalents including DSUs.
(4) Mr. McAllister was appointed to the Board of Directors on November 6, 2020 and has until November 6, 2025 to accumulate three times his annual retainer in Common Shares or share equivalents.

Compensation Discussion and Analysis

LETTER FROM THE CHAIR OF THE HUMAN RESOURCES & COMPENSATION COMMITTEE

Dear Fellow Shareholders:

On behalf of the HRC Committee, I am pleased to present the details of our compensation policies and programs for ARC Resources Ltd. and the pay decisions made for the CEO and other NEOs in 2020.

ARC is committed to creating sustainable value for shareholders and all stakeholders. The fundamental principles of our compensation philosophy are pay-for-performance, alignment of the interests of ARC executives with those of our shareholders and to have market competitive compensation to ensure we attract, retain, motivate, and reward our executive team. We regularly review our compensation programs to ensure alignment with our principles.

2020 Compensation Decisions

The HRC Committee oversees the compensation programs and determines executive compensation decisions on the achievement of specific performance metrics outlined in the performance scorecard (page 36), value creation as measured by TSR, and the benchmarking of financial and operational metrics against our Executive Compensation Peer Group (page 32). At the same time, we recognize the importance of good judgment and aim to strike a balance in setting compensation levels, using a mix of base pay, annual cash incentives, and medium and long-term equity-based incentive awards to help us achieve this goal. Compensation decisions are made consistent with governance standards and practices expected of a leading, publicly traded Canadian energy company. Notable in 2020, we introduced a double trigger mechanism in the event of a change of control for our RSU/PSU plan.

In 2020, we reviewed all components of our total compensation programs with a focus on our medium and long-term incentive. While our share price continued to be challenged in 2020; we achieved strong operational performance and ARC delivered top-quartile total shareholder returns compared to our PSU Peer Group. That said, there is still considerable uncertainty facing the Canadian energy industry, and therefore the HRC Committee and the Board determined it was prudent to keep compensation for all NEOs flat with the exception of the promotional increases to Mr. Anderson and Mr. Bibby. Inclusive of these promotional increases total NEO compensation has decreased 30 per cent in 2020 which was related to the staffing changes in the NEO group and CEO pay has decreased close to 20 per cent.

The HRC Committee also made a deliberate decision to not change or adjust any of the 2020 performance targets established in the Corporate Performance Scorecard. While the commodity environment and COVID-19 presented significant challenges both financially and operationally, the HRC Committee felt that it was important to honor the pre-established targets. I am pleased to report, that while some targets were not achieved, overall, the management team did an excellent job of managing the business through a difficult year which resulted in record production, a strong balance sheet, generation of free cash flow and the advancement of our corporate strategy. Again, base salaries were held flat, bonuses were paid at target with no adjustment factor despite strong overall performance and medium and long-term incentive grants were also held flat. Given that the majority of executive compensation is weighted to at-risk pay, there is strong alignment with the experience of our shareholders.

2020 Realized Pay

As noted, we establish compensation levels competitive within our peer group, and tie to the delivery of operational and financial performance objectives and shareholder returns. Executive compensation is variable, with a significant portion at-risk in order to reinforce the importance of achieving these performance objectives. Consistent with the charts provided later in the document regarding the CEO's compensation, realized pay for the NEOs was on average 40 per cent lower than the original grant value. This impact highlights ARC's pay-for-performance philosophy and strong alignment with the interests of the shareholders. The HRC Committee is confident with the pay decisions that have been made and believes they reinforce our compensation philosophy.

2021 Changes

In 2021 we will be integrating the Seven Generations employees into ARC's compensation programs. Through 2021, we will be conducting a review of ARC's compensation design and programs to determine if any change or enhancements need to occur considering the new entity. We have engaged an independent consultant to help us determine a competitive, market-based compensation program that focuses on pay-for-performance and aligns with our shareholders. Any changes regarding ARC's compensation design and programs will be implemented effective 2022.

The Compensation Discussion and Analysis set forth in the following pages discusses our compensation programs and governance, and 2020 pay decisions in more detail. We encourage you to read this section as it includes information relevant to your say on pay vote. We have consistently received strong shareholder support of our approach to executive compensation. As always, we welcome feedback from our shareholders and will take all feedback into consideration.

Sincerely,

David Collyer
Chair, Human Resources & Compensation Committee

COMPENSATION PHILOSOPHY

ARC's compensation programs are designed to:

- Reward executives for achievement of defined performance metrics (pay-for-performance);
- Align the interests of our executives with the interests of our shareholders; and
- Provide market competitive compensation to attract, retain, motivate, and reward our executives.

The following table summarizes the key features of our compensation policies and practices:

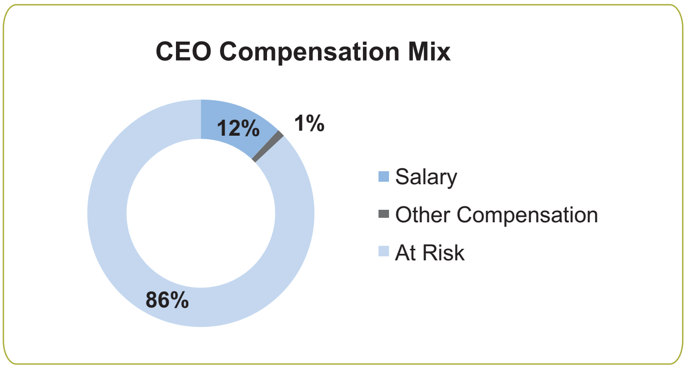
	What We Do
✓	CEO is required to hold five times his annual salary in ARC shares and Senior Vice Presidents are required to hold three times their base salary. All other executives are required to hold two times their base salary.
✓	Executives have a significant portion (approximately 80 per cent) of their total compensation that is considered to be "at-risk".
✓	Approximately 60 per cent of total compensation is made up of medium and long-term incentives. PSUs have a minimum performance threshold, which, if not achieved, results in zero payment. PSUs vest at the end of the third year, and LTRSAs vest in years six through and ten. Both are linked directly to TSR over the term of the award.
✓	An executive Clawback Policy that allows ARC to clawback all incentive compensation for actions of gross negligence or fraud regardless of a financial restatement.
✓	A CEO post-retirement hold period that requires the CEO to hold five times his base salary for one-year post-retirement.
✓	RSUs, PSUs, and LTRSAs continue to vest following retirement, creating an inherent post-retirement "hold period" for these awards.
✓	RSUs, PSUs, and LTRSAs have a double-trigger upon a change of control.
✓	Bonuses are held back for all executives until year-end performance has been reviewed and released to shareholders.
✓	All executives participate in the same compensation plans.
✓	All elements of executive compensation are reviewed and approved by the HRC Committee and, where applicable, the Board prior to all payments.
✓	The HRC Committee and, where applicable, the Board assesses compensation against corporate and individual executive performance annually, along with executive compensation for ARC's peer group to understand market practice and rewards.
✓	An independent, third-party consultant is solicited to ensure compensation recommendations are competitive and market-based.
✓	The HRC Committee "stress tests" RSUs, PSUs, and LTRSAs awards for executives under a variety of performance scenarios to understand what future payments may be.
✓	An anti-hedging policy which ensures that executives and Directors cannot participate in speculative activity related to our shares to protect themselves against declines in share price, is in place.
✓	An established Risk Committee and the Board has general oversight in identifying and reviewing the principal business, financial and corporate risks of ARC.
✓	Double trigger executive employment agreements.
	What We Do Not Do
✘	No executive employment contracts with multi-year guaranteed pay increases, bonus awards or medium and long-term grants.
✘	No change in control or termination payments greater than two times cash pay multiple for our executives, including the CEO.
✘	No re-pricing, back-dating, or cancellation of options (and we are no longer granting share options effective 2019).
✘	No payment of dividends on RSUs, PSUs and LTRSAs prior to vesting.
✘	No pension plan.

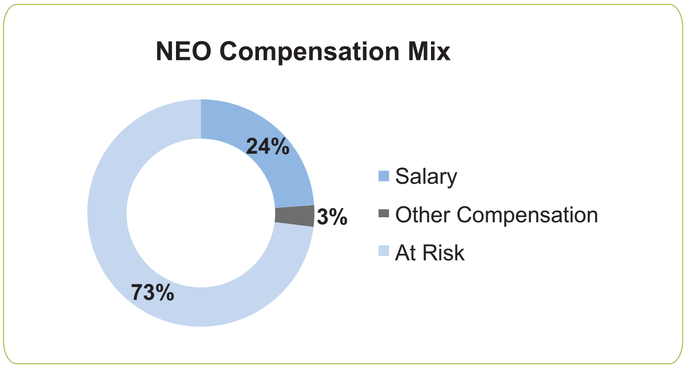
Pay-for-performance and Alignment with Shareholders

We believe that linking executive pay directly with company performance drives the success of our Company and ensures incentives are aligned with the interests of our shareholders and all stakeholders.

Most of ARC's executive compensation is variable and at-risk. This compensation design principle provides strong motivation to achieve performance objectives and creates strong alignment with the interests of shareholders. The at-risk components are short, medium, and long-term elements of compensation with defined metrics related to ESG, financial and operational performance as well as TSR. Compensation programs are designed to pay above target for superior performance and below target, including zero, if performance metrics are not achieved.

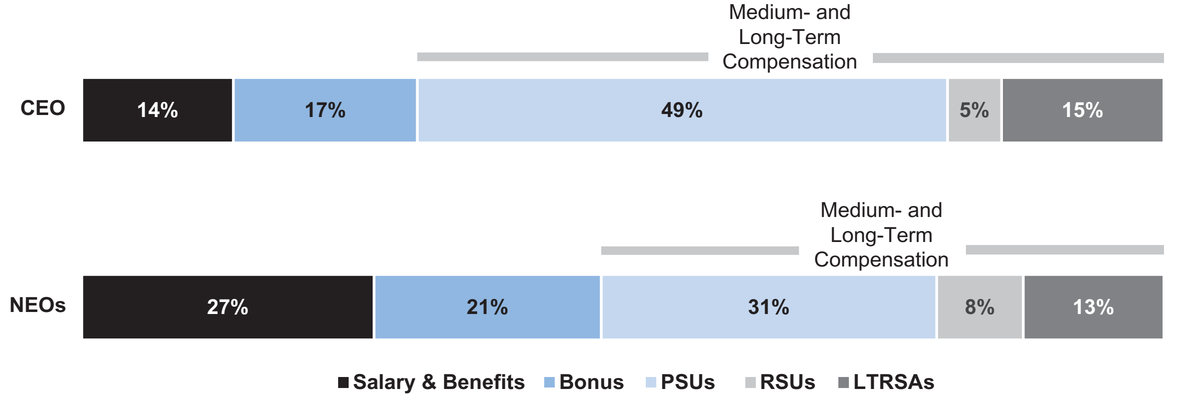
The two graphs below illustrate the compensation pay mix to demonstrate the at-risk pay for the CEO as well as the average at-risk pay for all other NEOs. Approximately 86 per cent of the CEO's compensation and an average of 73 per cent of other NEOs' compensation is at-risk. At-risk pay includes bonuses, RSUs, PSUs, and LTRSAs.





A significant proportion of the compensation mix is allocated to medium- and long-term incentives including RSUs, PSUs, and LTRSAs which make up an average of approximately 52 per cent of our NEOs' total compensation and 69 per cent of our CEO's total compensation. For PSUs, in order to receive a target payout ARC must perform at median or higher relative to its PSU peer group.. The LTRSAs do not fully vest until after 10 years have passed.

Below is a further breakdown of CEO and all other NEO compensation by component.



Market Competitiveness

We benchmark compensation for our executives to ensure we are competitive in the market. We target between the 50th and 75th percentile in the market for total direct compensation and are comfortable with this approach due to the significant portion of pay comprised of at-risk elements. For 2020, target total compensation for all NEOs was aligned with the median, despite the aspirational pay philosophy.

Benchmarking data is compiled into a Report on Executive Compensation that is reviewed by the HRC Committee and used to determine annual compensation decisions, including pay mix, for the executive team. Executive compensation decisions are approved by the HRC Committee, with the exception of the CEO whose compensation is approved by the Board.

ARC reviews and considers two main sources for benchmarking executive compensation: proxy compensation data from a group of industry peers with business and risk profiles similar to ARC's (Executive Compensation Peer Group) and the Mercer Energy Industry Survey. We review both one and three-year data and compare them with compensation levels and performance outcomes. We engage Mercer from time-to-time for a more specific review.

The Executive Compensation Peer Group is determined by comparing ARC's production, revenue and enterprise value to all Canadian exploration and production companies traded on the TSX, including only those companies that are one quarter to four times the size of ARC. ARC ranks between the 50th and 73rd percentile in size. The HRC Committee reviews and approves this group annually.

Executive Compensation Peer Group

Based on the selection criteria and process outlined above, ARC's 2020 Executive Compensation Peer Group consisted of the following 18 companies:

Advantage Oil & Gas Ltd.
Baytex Energy Corp.
Birchcliff Energy Ltd
Bonavista Energy Corp.
Cenovus Energy Inc.
Crescent Point Energy Corp.
Enerplus Corp
Husky Energy Inc.
MEG Energy Corp.
NuVista Energy Ltd
Ovintiv Inc.
Painted Pony Energy Ltd.
Paramount Resources Ltd.
Peyto Exploration & Development Corp.
Seven Generations Energy Ltd.
Tourmaline Oil Corp.
Vermilion Energy Inc.
Whitecap Resources Inc.

Measuring Performance

We use a disciplined process with clearly defined metrics to determine individual and corporate performance, underscoring ARC's commitment to good governance and aligning with shareholder interests.

In 2019, the Board and Management established a performance scorecard to create clarity and consistency for the corporation on key deliverables to advance ARC's strategy. Management and the Board develop annual corporate objectives that are represented in the Company's performance scorecard to create focus, drive efficient execution of the Company's strategy, and provide a means to measure performance outcomes. Details of the 2020 performance scorecard can be found beginning on page 36.

The performance scorecard reflects ARC's holistic approach to setting and evaluating performance outcomes. We do not simply set a handful of quantitative targets; we carefully consider all the critical components necessary to achieve our strategic goals, including qualitative factors. The scorecard is designed based on the four key elements of ARC's corporate strategy. Each element is represented as a key performance area and is equally weighted. This ensures that there is an appropriate focus on all elements of our strategy which we believe delivers superior long-term value for our shareholders. The review of the achievement of corporate performance is not formulaic, but rather a review of achievement against the performance targets where the HRC committee can exercise judgement to determine the final scoring.

The scorecard forms the basis of regular communication between the Board and Management regarding performance outcomes throughout the year. It is updated quarterly with year-to-date achievements and is reviewed with the Board. At the November HRC Committee meeting, Management provides a comprehensive report that includes a summary of performance highlights, year-to-date results as well as a detailed presentation of performance by key metric and the actions taken during the year to achieve each target.

In addition to being used as an effective measurement of corporate performance, the performance scorecard is used to inform executive bonus decisions and to determine 50 per cent of the performance multiplier when determining the payout of PSUs at vesting. Details of how the PSU performance multiplier is determined can be found beginning on page 35.

ROLE OF MANAGEMENT, THE BOARD AND EXTERNAL ADVISOR

The process for designing, evaluating, and implementing ARC's executive compensation program involves clear roles for Management, the CEO, the HRC Committee and the Board, as well as the services of our external compensation advisor.

The following table summarizes these key responsibilities:

Role	Responsibilities
Management	Prepares analysis for the HRC Committee and the Board including: • Analysis of compensation surveys. • Comprehensive report on CEO and executive compensation. • Quarterly executive compensation analyses. • ARC's performance and market position compared to its peers. • Executive performance compared to corporate and individual objectives. • Benchmarking of corporate financial and operational performance. • Prepared report on the accomplishments of the corporate performance scorecard.
CEO	• Reviews comprehensive analysis of the executive team and provides a recommendation for all components of compensation. • Presents to the HRC Committee a written summary of each executive's accomplishments, development opportunities and succession potential. • Communicates the report on the corporate performance scorecard accomplishments.
Independent Compensation Advisor	• Reviews ARC's Executive Compensation Peer Group. • Reviews Management's Report on Executive Compensation. • Prepares comprehensive report and recommendation for CEO compensation. • Prepares detailed analysis and provides market context on other matters as requested.
HRC Committee	• Develops and approves compensation design. • Reviews a comprehensive Report on Executive Compensation. • Reviews and approves the corporate performance scorecard. • Reviews the results of compensation "stress tests". • Reviews the CEO compensation evaluation and recommendation from our independent consultant. • Reviews and approves compensation for all elements including medium and long-term incentive grants. • Approves pay for all executives and recommends CEO pay to the Board for approval.

The HRC Committee has retained Mercer and other compensation advisory firms to provide advice and analysis on compensation matters. Mercer is a wholly owned subsidiary of Marsh & McLennan Companies, Inc. Marsh Canada, another subsidiary, provides other services to ARC that are unrelated to executive and Director compensation.

The HRC Committee has been working with Mercer since 2004. In both 2019 and 2020, Mercer was engaged to review ARC's Executive Compensation Peer Group, executive compensation recommendations and provide an annual recommendation for CEO compensation.

The fees paid to Marsh & McLennan Companies, Inc. over the past two years for executive compensation and insurance services are summarized below.

Fees Paid & Insurance	2019	2020
Mercer – Executive Compensation Services	$ 131,974	$ 93,526
Marsh Canada – All Other Fees (1)	$3,721,942	$3,930,269
Total – Marsh & McLennan Companies, Inc.	**$3,853,916**	**$4,023,795**

(1) All Other Fees pertain to insurance services.

ELEMENTS OF COMPENSATION

Our executive compensation program includes base salary, annual cash bonuses and medium and long-term equity-based incentives (RSUs, PSUs, and LTRSAs). A significant portion of executive compensation is provided in variable performance-based compensation, with vesting terms out as far as 10 years.

Base Salary and Annual Bonus

Base salaries are targeted at the 50th percentile of the market, which is based on data provided by the Mercer survey and ARC's Executive Compensation Peer Group. In determining base salaries, we also consider each executive's job responsibilities and the level of skills and experience required to perform their role. This is the only element of compensation that is not considered to be at-risk.

ARC's annual bonus program is designed to encourage superior short-term performance that advances ARC's strategy. The bonus program is at-risk and not guaranteed. In determining bonus awards, consideration is given to the executive's individual performance and the achievements of the performance scorecard.

Medium- and Long-term Compensation

We have three types of share-based incentives, each with varying terms and vesting features. This enables us to develop an appropriate and balanced compensation package that is based on the responsibilities and performance expectations for each executive.

Restricted Share Units

ARC's RSUs are designed to focus and reward executives for enhancing absolute share price performance and to align executives with the interests of shareholders. To determine the size of RSU awards, the HRC Committee and, where applicable, the Board, allocates to each executive an appropriate dollar amount based on the responsibilities of the executive, comparative market data and an assessment of the performance of both the executive and ARC, including ARC's performance relative to its Executive Compensation Peer Group. These award values are then divided by the weighted average trading price of ARC's Common Shares for the five trading days ending immediately prior to the grant date to calculate the number of RSUs granted.

ARC's RSUs vest 1/3 per year over a period of three years, and upon vesting the executive receives a cash payment based on the fair value of the underlying Common Shares plus accrued dividends.

Performance Share Units

ARC's PSUs are designed to focus and reward executives for achieving annual corporate objectives and enhancing TSR over the medium to long-term, both on an absolute and relative basis. To determine the size of PSU awards, the HRC Committee and, where applicable, the Board, allocates to each executive an appropriate dollar amount based on the responsibilities of the executive, comparative market data and an assessment of the performance of the executive and ARC, including ARC's performance relative to its Executive Compensation Peer Group. These award values are then divided by the weighted average trading price of ARC's Common Shares for the five trading days ending immediately prior to the grant date to calculate the number of PSUs granted.

ARC's PSUs cliff vest, all at once, after three years, and upon vesting the executive receives a cash payment based on the fair value of the underlying Common Shares plus accrued dividends, subject to a performance multiplier.

Determining PSU Payouts

Effective in 2019, the performance multiplier used to determine PSU payments includes 50 per cent of the award based on the achievements of the performance scorecard and 50 per cent of the award based on TSR compared to a peer group of upstream energy companies traded on the TSX with production greater than 25,000 boe per day, excluding all oil sands, royalty, and international companies (the “PSU Peer Group”) through the three-year vesting period. The PSU Peer Group is intended to be a representative group of companies, with business and risk profiles similar to ARC’s.

For PSU component based on TSR, the performance multiplier ranges based on a sliding scale from zero for bottom-quartile performance to two for top-quartile performance. If ARC performs in the bottom quartile of its peer group, participants will receive a zero payout.

The performance scorecard is determined and measured annually. The achievement of the performance metrics are reviewed and the assignment of the performance multiplier score for the performance scorecard component is determined based on results of “below target”, “perform”, “outperform” and “outstanding”. The performance multiplier is determined using the full range from zero to two. Any metrics that do not achieve the target or perform at a level considered to be below target could receive a zero rating. To achieve an “outstanding” (a 2.0 out of 2.0 rating), performance levels must be top decile and significantly exceed targets. The performance scorecard multiplier is determined annually, and at the end of the three-year vesting period an average is calculated.

Long-term Restricted Share Awards

ARC’s LTRSA Plan is unique compared to our peers. The program is designed to retain and encourage ARC’s executives to think and act with a long-term orientation, specifically regarding long-term strategy development and execution. The plan is designed to further align executive compensation with the long-term interests of ARC and shareholders.

LTRSAs include a grant of Common Shares, issued from treasury to executives, providing participants with actual equity ownership and promoting further alignment with shareholder interests. Common Shares are issued under the plan at a price equal to the weighted average trading price of ARC’s Common Shares for the five trading days ending immediately prior to the grant date. Shares issued under the plan have a 10-year term. This extended vesting period is substantially longer than typical awards in the energy sector and is designed to encourage our executives to think and act with a clear focus on the long-term.

In 2020, we refined the LTRSA plan to be more competitive in the market while still maintaining the long-term focus of the program. Grants in 2020 and moving forward will vest 20 per cent in years six through ten. All previous grants will continue to vest one-third in years eight, nine and ten.

Other Compensation

ARC offers all employees a comprehensive benefits program that is designed to offer flexibility and choice. Within this benefits plan, ARC provides all employees with a dollar-for-dollar match of up to eight per cent of base salary which can be directed toward the purchase of ARC shares and/or investment funds in registered or non-registered accounts within a group plan.

ARC does not have a pension plan.

2020 Performance Assessment

CORPORATE PERFORMANCE SCORECARD

Successful achievement of the metrics on the performance scorecard is one of the key measurements of the Company's success. The performance scorecard was developed by Management and approved by the Board, on recommendation by the HRC Committee for 2020. The performance metrics are based on the Company's priorities, and the established "perform" targets are drawn from the performance deliverables of the business plan.

Below are the specific details of the 2020 corporate performance scorecard that provides an overview of the assessment of the key performance areas, the performance targets and ensuing results and details on the specific accomplishments for the year.

Financial Sustainability and Return on Investment

The HRC Committee, with input from all Board members, assessed the area of financial sustainability and return on investment with and overall rating in the range of perform to outperform. Management engaged in strategic capital allocation decisions to protect the balance sheet through free funds flow generation.

Performance Metrics	Details of Key Accomplishments
Net Debt to Funds from Operations [(1)] - <=1.5	• Top quartile level of net debt to funds from operations of 1.1x on December 31, 2020. • Reduction of planned capital expenditures from $500 million to $343.2 million to protect the balance sheet, without this change along with the reduction in dividend this ratio would have exceeded 2.0x. Managed business to generate cash flow that was used to reduce debt to FFO from 1.7x to 1.1x.
Dividends Declared – $212.4M ($0.60 per share)	• Adjusted monthly dividend from $0.05 per share to a quarterly dividend of $0.06 per share in March 2020 to protect the balance sheet. This resulted in a total 2020 dividend allocation of $106.3 million. • Developed understanding of commodity environment and the length and severity of the COVID-19 pandemic. Effectively managed corporate decline rate and delivered excellent capital efficiencies to support a sustainable dividend payment to shareholders.
Return on Average Capital Employed (ROACE) [(2)]	• Trailing 36-month ROACE was -3.69 per cent and below target. ROACE was impacted by a $740 million impairment charge recorded in Q1 2020 which resulted in a net loss of $547.2 million. • Continued to assess actual results and future planned capital expenditures considering the impact to ARC's three-year ROACE and to ensure a profitable return on investment.

High-quality Assets and Operational Excellence

The HRC Committee, with input from all Board members, assessed the area of high-quality assets and operational excellence with an overall rating in the range of outperform to outstanding. Management achieved outstanding performance in both safety and ESG performance during the year, while effectively managing its cost structure by reducing operating expenses and exercising capital discipline. Management introduced several innovative solutions using technological advancements in its operations. Achievement of production metrics and capital management were at outstanding levels.

Performance Metrics	Details of Key Accomplishments
Safety: Total Recordable Incident Frequency ("TRIF") employees/ contractors – 0.5/0.6	• Active safety management programs and continued focus on safety culture. • Top decile employee TRIF results, measured against world-class targets. • Seven years without an employee lost-time incident ("LTI"). One contractor LTI in 2020. • Began developing a comprehensive five-year strategy to further improve ARC's health and safety performance ("Vision 2025").

Performance Metrics	Details of Key Accomplishments
Leadership in ESG – Qualitative	• Exceeded target to decrease greenhouse gas emissions intensity by 25 per cent relative to a 2017 baseline level by 2021. We have reduced 47 per cent, achieving the lowest emissions intensity relative to our Canadian peers. • Received a CDP score of "A-" for Climate Change and "B" for Water Security – a top decile score compared to other energy companies. • Pursued new opportunities to generate and monetize carbon offsets, generating an additional $18 million over two years by serializing and selling carbon offsets. • Released our 2020 ESG report in Q3 and hosted a virtual ESG update for shareholders and research analysts, with strong positive feedback.
Production – 158,671 boe per day	• Achieved top decile performance with annual production of 161,564 boe per day which exceed our annual production target while using $150 million less capital. • Proactively managed production to maximize profitability across all areas, including some volume shut-ins in Ante Creek, Pembina, and Attachie during extreme oil price volatility and curtailing production in Sunrise and Dawson to take advantage of the higher winter gas prices. • The Dawson Phase IV gas processing and liquids-handling facility was brought on-stream approximately a month ahead of schedule and has run consistently ahead of budgeted volumes. The successful construction, startup and strong well deliverability has increased yearly production results and was completed with a perfect safety record.
Operating Costs – $4.66 boe per day	• Operating costs significantly below target and budget at $3.94/boe.
Capital Expenditures – $500M	• Exceptional operational and executional results on facility projects at Dawson and Ante Creek, as well as a major turnaround at Parkland/Tower completed. All projects were executed safely, on time and on budget during the pandemic. • Reduced capital budget by $200 million in March and deferred $40 million of planned capital to Q4 to create optionality for further capital adjustments and to protect our balance sheet. Total capital investment was $343.2 million. • Shifted from greater than 80 per cent of our wells targeting liquids-rich horizons to just 50 per cent, by deferring 25 liquids-rich wells and adding 19 natural gas wells to the 2020 drilling program. This nimble reallocation allowed ARC to increase revenues by capitalizing on strong gas prices and keeping production volumes up in both 2020 and 2021.
Technology/ Innovation – Qualitative	• Advanced application of technology through all areas of the business. • Continued to demonstrate continuous improvement on drilling and completions performance through advancement of several key initiatives and application of new technologies.

Commercial Activities and Risk Management

The HRC Committee, with input from all Board members, assessed the area of commercial activities and risk management in the range of perform to outperform overall rating. Management achieved strong performance through market access initiatives and physical marketing diversification.

Performance Metrics	Details of Key Accomplishments
Strategic Market Access Initiatives and Execution – Qualitative	• Successfully managed natural gas sales through volatility in all markets. Increased exposure to AECO which has outperformed all North American markets. Incremental natural gas egress was proactively secured to ensure full production during major pipeline restrictions in July and September which resulted in $23.6 million in additional gas revenue for $2.4 million of transportation cost.
Active Commodity Risk Management – Qualitative	• Timely and significant decisions on hedging. Active decision to add crude hedges to a total of 70 per cent of liquids hedged contributing to realized hedging gains of $65 million year-to-date. Proactive and significant natural gas hedging to generate incremental revenue and protect price in future years.

High Performance People & Culture

The HRC Committee, with input from all Board members, assessed the area of high-performance people and culture with an overall rating in the range of outperform to outstanding. Management achieved strong employee engagement through the COVID-19 pandemic and kept its culture strong through corporate programs and active stakeholder engagement initiatives.

Performance Metrics	Details of Key Accomplishments
High Performance Culture & Organization – Qualitative	• Advanced key business priorities including defining ARC's purpose and creating alignment on ARC's long-term strategy with the Board. • Quick and decisive COVID-19 response and enhanced communication for office and field-based employees to ensure strong employee engagement levels.
Talent Development, Retention and Succession – Qualitative	• Successful CEO and CFO succession transition. • Low voluntary turnover rate at 1.4 per cent. • Learning and development encouraged to continue in work-from-home scenario.
Industry Leadership – Qualitative	• Proactive stakeholder engagement to build trust, update on business activities, stay current on COVID-19 government decisions and financial support and share industry knowledge to influence policy. • Attended 126 investor meetings/conferences to proactively communicate ARC's long-term strategy and results. Active engagement with the Alberta Energy Regulators and British Columbia Oil & Gas Commission as well as the BC and Alberta governments through CAPP or directly as ARC to better understand and influence new and emerging policies and regulations. Attended 50 industry related meetings. • Collaborative and respectful First Nations partnerships.

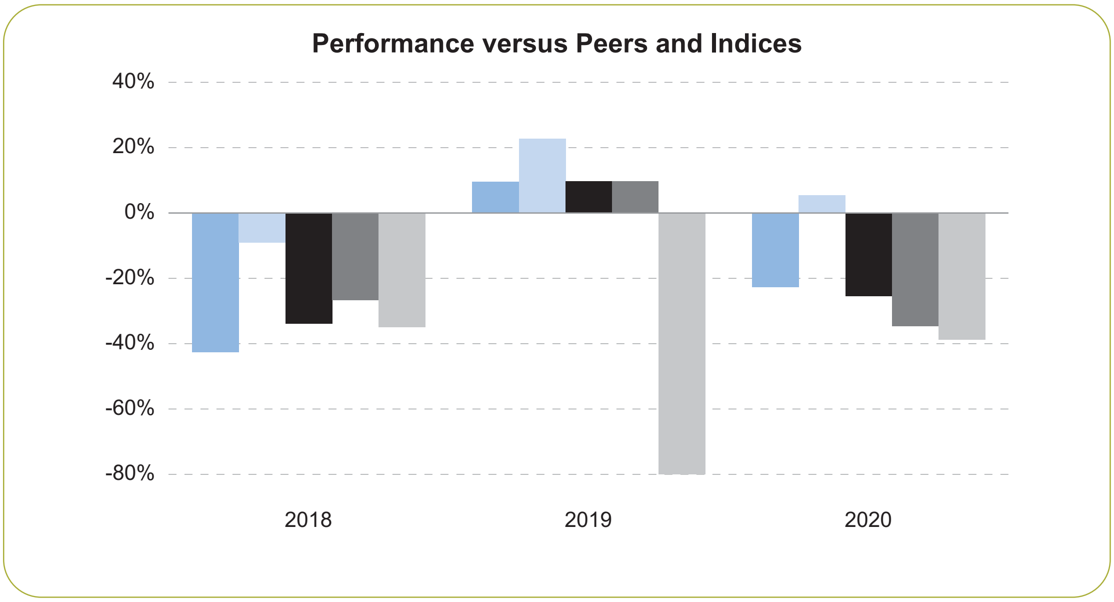
(1) For further information on net debt and funds from operations refer to note 16 "Capital Management" in ARC's consolidated financial statements and notes as at and for the year ended December 31, 2020.
(2) Non-GAAP measure that does not have standardized meaning under the International Financial Reporting Standards and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled "Financial and Other Measures" contained in this document (page 54).

The Board determined that significant progress was made during a challenging year to advance ARC's long-term business strategy through efficient capital management and excellent execution of the business plan. Despite the impacts of COVID-19 they were beyond Management's control, the HRC Committee and the Board made a deliberate decision to not make any adjustments to the 2020 performance targets. All performance targets were evaluated based on the accomplishments and the overall performance score was determined using judgement and a holistic approach to consider all factors driving performance in each of the strategy areas. Overall, the Management team demonstrated sound business judgement in a challenging business environment and outperformed in the majority of the areas of the performance scorecard. Based on a holistic assessment of the Company's performance and achievement of the targets and taking into consideration the external market conditions, the Board assigned an overall outperform score of 1.6 for the 2020 performance scorecard. Despite the strong performance, in consideration of the shareholder experience bonus payouts were made at target.

SHAREHOLDER RETURNS

In addition to the performance scorecard, the HRC Committee and the Board also assess share price performance and TSR.

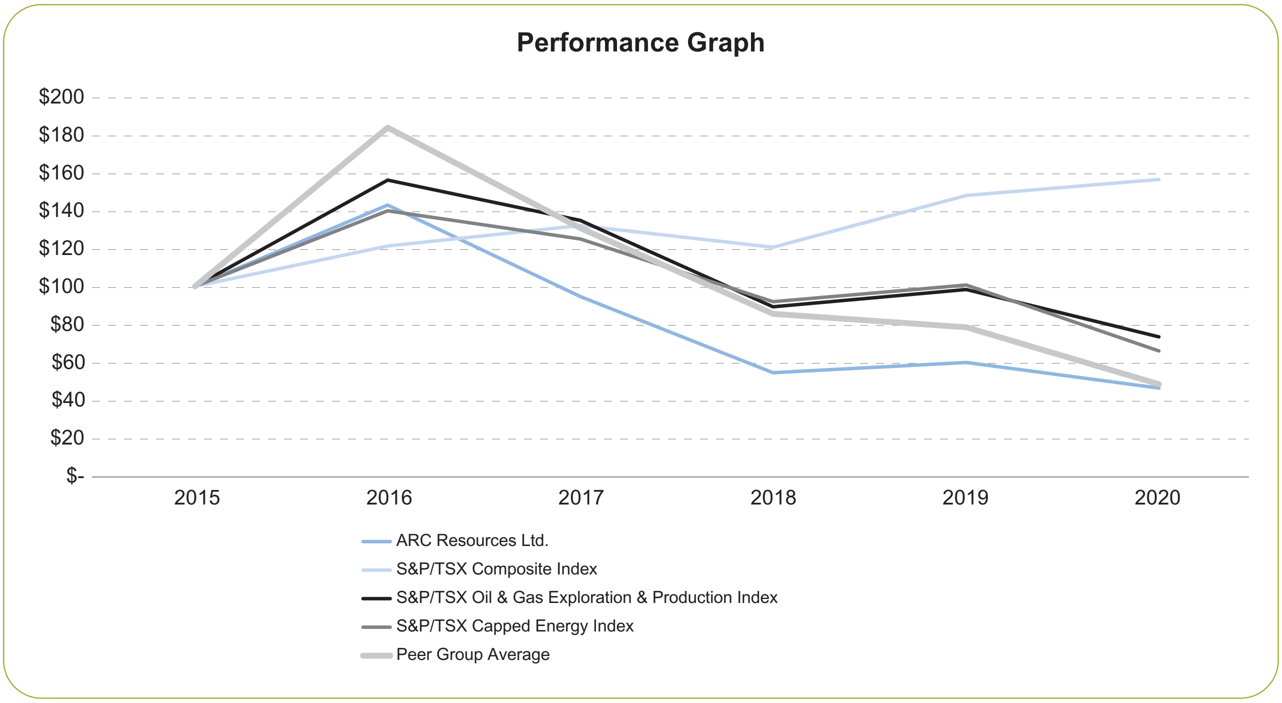
In March of 2020, with the emergence of COVID-19 and the collapse in commodity prices, ARC's share price along with its peers dropped to a historical low. ARC decisively reduced its capital program and dividend to protect our balance sheet. As the market slowly recovered throughout 2020 so did our share price which by year-end was trading at $6.00, double our March low. Our overall return in 2020 was - 2.6 per cent, outperforming both energy indices and our peers. Most importantly, our business has remained strong, our net debt to funds from operations remains top quartile in the industry at 1.1 times and we have continued to distribute value to our shareholders through a meaningful dividend.



	2018	2019	2020
■ ARC	-42.4%	9.6%	-22.6%
■ SPTSX Comp	-8.9%	22.8%	5.6%
■ SPTSX Oil and Gas E+P	-33.8%	9.9%	-25.3%
■ SPTSX Capped Energy	-26.6%	9.8%	-34.6%
■ 2020 Peer Group Average	-34.8%	-79.8%	-38.6%

PERFORMANCE GRAPH

The graph below compares the performance of ARC over the past five years to the S&P/TSX Composite Index, the S&P/TSX Oil & Gas Exploration and Production Index, the S&P/TSX Capped Energy Index, and our Executive Compensation Peer Group, assuming each started with an investment of $100 at the end of 2015. Over this time, total granted NEO compensation has decreased by 30 per cent. Additionally, during this time frame, realized pay for our NEOs decreased by over 40 per cent.



	2015	2016	2017	2018	2019	2020
ARC Resources Ltd.	$100.00	$142.81	$ 94.35	$ 54.37	$ 59.58	$ 46.12
S&P/TSX Composite Index	$100.00	$121.08	$132.07	$120.35	$147.83	$156.11
S&P/TSX Oil and Gas Exploration and Production Index	$100.00	$155.93	$134.74	$ 89.22	$ 98.09	$ 73.33
S&P/TSX Capped Energy Index	$100.00	$139.64	$124.82	$ 91.66	$100.60	$ 65.75
Peer Group Average	$100.00	$183.53	$130.69	$ 85.21	$ 78.41	$ 48.18

Over the last five years, the capital markets have been volatile and unpredictable and energy investment in Canada has declined significantly. ARC has continued to perform well in all areas within our direct control, and we have continued to advance our strategy of risk-managed value creation over the long-term.

ARC is a long-term company, and we believe our disciplined strategy will position us to perform well over the long-term. Since inception in 1996, ARC has delivered an average annual total return of seven per cent, significantly outperforming both the S&P/TSX Composite Index and the S&P/TSX Oil & Gas Exploration & Production Index and is one of only six companies in our Executive Compensation Peer Group that has had positive returns over this time period.

2020 CEO and NEO Compensation Decisions

CEO Compensation

In Mr. Anderson's first year as President & CEO, he has been instrumental in leading the organization through the challenges of the COVID-19 pandemic. A key priority of Mr. Anderson was to evolve with the Board ARC's long-term strategic direction. Mr. Anderson delivered strong performance across keys areas. He has made significant advancement on business development and commercial activities, including the completion of the Seven Generations business combination which began in 2020. However, the HRC committee and the Board made a deliberate decision to modestly recognize Mr. Anderson's efforts and contributions in advancing the business combination with Seven Generations in his 2020 compensation. The decision was made to review Mr. Anderson's compensation once business combination officially closed which occurred in 2021.

Despite COVID-19 and commodity price volatility and a reduced capital program, under Terry's leadership ARC executed in all aspects of our business safely, exceeded our original production guidance, reduced operating expenses to a record-low level and successfully met the majority of the 2020 Corporate Performance Scorecard targets. Net debt to trailing funds from operations was reduced from 1.7 times at the end of the first quarter to 1.1 times at year-end further supporting ARC's strong balance sheet. In addition, he took a proactive approach in engaging shareholders in this volatile time, attending over 150 investor and stakeholder meetings to communicate ARC's message and build strong relationships.

Upon his promotion to CEO on February 20, 2020, he received an increase to all components of his compensation to reflect his new responsibilities. His compensation was reviewed against his peers and targeted at the median and deliberately set below the former CEO.

The following table summarizes the granted compensation to the CEO over the past five years, Mr. Stadnyk was CEO from 2016 to 2019 and Mr. Anderson in 2020.

Compensation Component	2016	2017	2018	2019	2020
Base Salary	$ 570,000	$ 570,000	$ 570,000	$ 570,000	$ 475,000
Other Compensation	$ 76,400	$ 76,400	$ 76,400	$ 76,400	$ 54,300
Bonus (1)	$ 325,000	$ 650,000	$ 650,000	$ 650,000	$ 650,000
RSU & PSU Grants	$1,600,024	$1,600,017	$1,655,017	$2,470,007	$2,100,004
Share Option Grant	$ 700,004	$ 800,002	$ 800,001	—	—
Long-Term Restricted Share Awards	$ 700,000	$ 800,000	$ 910,000	$ 950,000	$ 600,000
Total Compensation	**$3,971,428**	**$4,496,419**	**$4,661,418**	**$4,716,407**	**$3,879,304**

(1) Bonus amounts reflect amounts earned in the fiscal year. $50,000 of Mr. Anderson's bonus will be granted in LTRSAs in 2021.

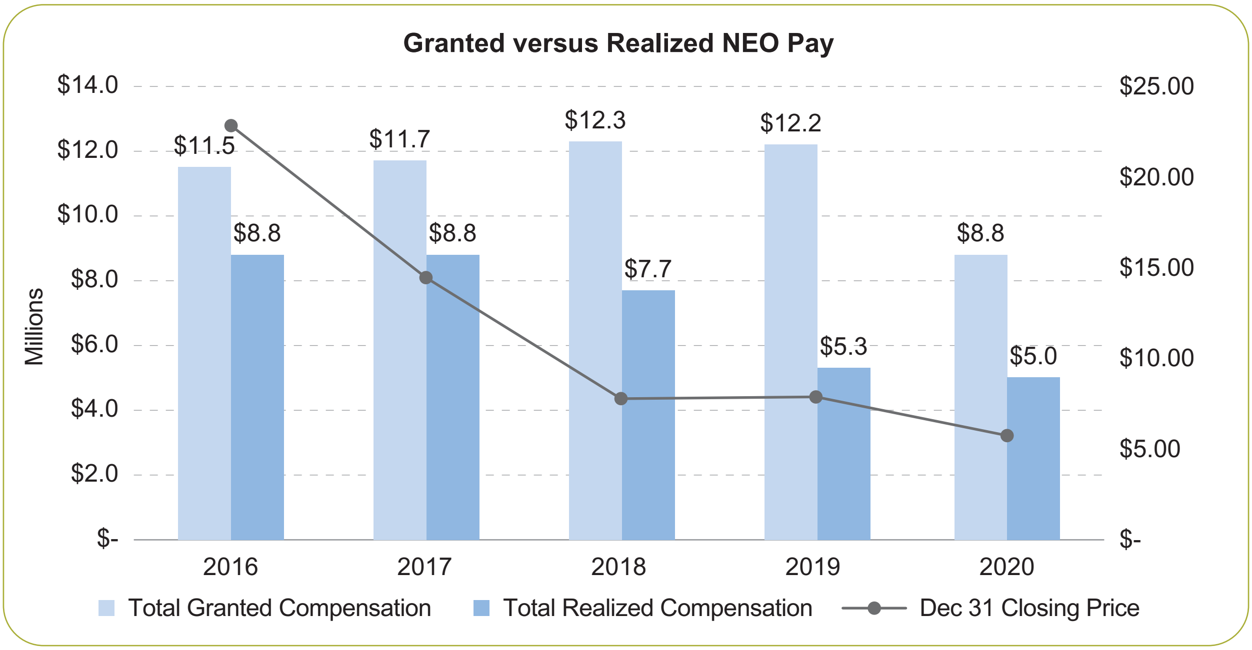
NEO Compensation

Over the past five years, total NEO compensation has decreased by 25 percent. In 2016, executive cash bonuses were reduced by 50 per cent to reflect the market downturn and ARC's need to adjust its corporate cost structure. In 2017, bonuses were returned to targeted levels due to ARC's strong financial and operational performance, as well as our cost structure improvements over the previous three years. In 2018, there were small increases in salary for selected executives who had been held relatively flat over the previous four years. In 2019, cash compensation for NEOs was held relatively flat, and total NEO compensation decreased from 2018. Increases were given to executives who took on increasing levels of responsibility. Mr. Bibby added Capital Markets to his role, and Ms. Conrad added Business Development to her role. In 2020, Mr. Anderson and Mr. Bibby were given increases to reflect their promotions to President & CEO and Senior Vice President and CFO.

Total NEO compensation remains a relatively small percentage of both ARC's funds from operations and enterprise value.

	2016	2017	2018	2019	2020
Total NEO Compensation ($ millions)	11.5	11.7	12.3	12.2	8.8
Funds from Operations ($ millions)	633.3	731.9	819.0	697.4	667.6
NEO Compensation as % of Funds from Operations	1.82	1.60	1.50	1.75	1.32
Enterprise Value ($ billions)	8.5	5.9	3.6	3.8	2.9
NEO Compensation as a % of Enterprise Value	0.14	0.20	0.34	0.32	0.31
Total Shareholder Return (%)	42.8	-33.9	-42.4	9.6	-22.6

The following table summarizes total NEO realized pay over the last five years. The graph demonstrates the shareholder alignment of ARC's compensation programs by comparing the differences between the reported pay and the actual pay realized to the NEOs in the last five years. NEO realized pay has been significantly less than grant value in the past five years and was 43 per cent lower in 2020.



COMPENSATION RISK MANAGEMENT

ARC is committed to ensuring that the elements of its compensation programs reward the appropriate behaviours to deliver business outcomes that are in line with the long-term strategy of ARC and the interests of our shareholders.

The HRC Committee reviews the risk implications of ARC's compensation policies and practices each year. The HRC Committee has not identified risks that are reasonably likely to have a material adverse effect on the Company.

Clawback Policy

In 2019 we introduced a formal Clawback Policy that permits the Board to require an executive to reimburse ARC for compensation granted or paid (bonus and/or medium and long-term incentive awards) in the event that fraud or willful misconduct was determined on the part of the executive, regardless of a financial restatement.

CEO Post-retirement Holding Period

The CEO is required to hold ARC Common Shares and/or share equivalents with a minimum value of five times base salary for one-year post-retirement. In addition, ARC has always had an inherent hold period because RSUs, PSUs, Share Options and LTRSAs continue to vest on schedule after retirement minimizing any motivation to drive short-term share price increases.

Disclosure Policy and Hedging Prevention

ARC has adopted a Disclosure Policy to ensure communications of ARC with the public are timely, factual, accurate and broadly distributed in accordance with all applicable legal and regulatory requirements. The Disclosure Policy also documents the disclosure policies and practices of ARC and aims to promote an understanding of the applicable legal and regulatory requirements among ARC's Directors, executives, and employees.

The Disclosure Policy also outlines that Directors, executives and employees of ARC, with limited exception, are not permitted to knowingly sell, directly or indirectly, a security of ARC they do not own or have not fully paid for or to directly or indirectly buy or sell a call or put of a security of ARC.

Share Ownership Guidelines

ARC has ownership guidelines for its executives to further align executive and shareholder interests. The minimum share ownership requirement for the CEO is five times base salary and for senior executives, three times base salary. The share ownership requirement for vice presidents is two times base salary. Executives have five years to accumulate the minimum number of shares and/or share equivalents that are required. All NEOs currently exceed the minimum requirement except Mr. Berrett who has until 2022 to meet the requirement.

The following table illustrates the ownership holdings of ARC's NEOs as of December 31, 2020 and their requirements:

Officer	Required Share Ownership as a Multiple of Base Salary	Number of Shares as of December 31, 2020 (1)	Value as of December 31, 2020 (2)	Multiple of Base Salary	Meets Minimum Share Ownership Requirement
Terry Anderson	5	437,825	$2,626,950	5	Yes
Kristen (Kris) Bibby	3	180,812	$1,084,872	3	Yes
Larissa (Lara) Conrad	2	141,850	$ 851,100	3	Yes
Armin Jahangiri	2	101,630	$ 609,780	2	Yes
Ryan Berrett	2	86,634	$ 519,804	1	No

(1) Includes all shares owned by the executive as well as all RSUs, and LTRSAs including accumulated dividends.
(2) Based on the December 31, 2020 closing price for ARC's Common Shares of $6.00.

The following table details the holdings of our CEO as of December 31, 2020:

Element	Number of Shares as of December 31, 2020 (1)	Value as of December 31, 2020 (2), (3)
Common Shares (Privately Held)	156,856	$ 941,136
Restricted Share Units	96,348	$ 578,088
Long-term Restricted Share Awards	184,621	$1,107,726
Total Common Share & Share Equivalents	**437,825**	**$2,626,950**
Performance Share Units	732,673	$5,723,119
Share Options	344,099	$ —
Total	**1,514,597**	**$8,350,069**

(1) Includes all shares owned by the executive as well as all RSUs, and LTRSAs including accumulated dividends.
(2) Based on the December 31, 2020 closing price for ARC's Common Shares of $6.00.
(3) Performance Share Units are valued using the performance multipliers as of December 31, 2020.

Compensation Tables

SUMMARY COMPENSATION TABLE

The following table provides a summary of compensation information for the CEO and CFO of ARC and the three most highly compensated executive officers of ARC for the year ended December 31, 2020 whose total compensation was more than $150,000. This table also includes any individual who would have been included as one of the three most highly compensated NEOs but was not a NEO nor acting in a similar capacity at the end of that financial year.

					Non-equity Incentive Plan Compensation			
Name and Principal Position	Year	Salary	RSU, PSUs and Long-term Restricted Share Awards (1)(2)(3)(4)(5)	Share Options (6)	Bonus (7)	Long-term Incentive Plans	All Other Compensation (8)	Total Compensation
Terry Anderson [9]	2020	$461,026	$2,700,004	$ —	$650,000	N/A	$ 54,300	$3,865,330
President & Chief Executive Officer	2019	$375,000	$1,975,010	$ —	$400,000	N/A	$ 51,050	$2,801,060
	2018	$375,000	$1,397,520	$360,001	$450,000	N/A	$ 51,050	$2,633,571
Kristen (Kris) Bibby [10]	2020	$320,056	$ 960,005	$ —	$365,000	N/A	$ 39,675	$1,684,936
Senior Vice President & Chief Financial Officer	2019	$275,000	$ 692,508	$ —	$200,000	N/A	$ 35,125	$1,202,633
	2018	$245,000	$ 430,014	$125,000	$250,000	N/A	$ 34,150	$1,084,164
Larissa (Lara) Conrad [11]	2020	$275,000	$ 632,504	$ —	$260,000	N/A	$ 35,613	$1,203,117
Senior Vice President, Development	2019	$250,000	$ 705,017	$ —	$225,000	N/A	$ 34,313	$1,214,330
	2018	$245,000	$ 480,016	$125,002	$245,000	N/A	$ 33,175	$1,128,193
Armin Jahangiri [12]	2020	$275,000	$ 620,003	$ —	$225,000	N/A	$ 35,613	$1,155,616
Senior Vice President, Capital Projects	2019	$250,000	$ 645,012	$ —	$225,000	N/A	$ 33,338	$1,153,350
	2018	$235,000	$ 405,020	$125,002	$325,000	N/A	$ 31,388	$1,121,410
Ryan Berrett	2020	$265,000	$ 417,505	$ —	$215,000	N/A	$ 33,825	$ 931,330
Vice President, Marketing	2019	$235,000	$ 477,510	$ —	$195,000	N/A	$ 31,388	$ 938,898
	2018	$220,000	$ 305,021	$ 80,002	$170,000	N/A	$ 28,950	$ 803,973
Myron Stadnyk [13]	2020	$190,000	$1,500,001	$ —	$350,000	N/A	$2,465,467	$4,505,468
Former President & Chief Executive Officer	2019	$570,000	$3,420,007	$ —	$650,000	N/A	$ 76,400	$4,716,407
	2018	$570,000	$2,565,017	$800,001	$650,000	N/A	$ 76,400	$4,661,418
Van Dafoe [14]	2020	$ 42,500	$ —	$ —	$ —	N/A	$1,170,813	$1,213,313
Former Senior Vice President & Chief Financial Officer	2019	$340,000	$1,540,013	$ —	$325,000	N/A	$ 46,500	$2,251,513
	2018	$340,000	$1,095,016	$270,001	$325,000	N/A	$ 46,500	$2,076,517

(1) In 2020, the value of RSUs, PSUs and LTRSAs granted were as follows:

Name	PSUs	RSUs	Long-Term Restricted Share Awards	Total Share-Based Awards
Terry Anderson	$1,890,012	$209,992	$600,000	$2,700,004
Kristen (Kris) Bibby	$ 592,009	$147,996	$220,000	$ 960,005
Larissa (Lara) Conrad	$ 378,008	$ 94,496	$160,000	$ 632,504
Armin Jahangiri	$ 368,007	$ 91,996	$160,000	$ 620,003
Ryan Berrett	$ 242,007	$ 60,498	$115,000	$ 417,505
Myron Stadnyk	$1,350,003	$149,998	$ —	$1,500,001

(2) In 2019, the value of PSUs and LTRSAs granted were as follows:

Name	PSUs	RSUs	Long-Term Restricted Share Awards	Total Share-Based Awards
Terry Anderson	$1,116,013	$478,997	$380,000	$1,975,010
Kristen (Kris) Bibby	$ 362,005	$190,503	$140,000	$ 692,508
Larissa (Lara) Conrad	$ 356,013	$189,004	$160,000	$ 705,017
Armin Jahangiri	$ 324,016	$180,996	$140,000	$ 645,012
Ryan Berrett	$ 230,010	$132,500	$115,000	$ 477,510
Myron Stadnyk	$2,223,013	$246,994	$950,000	$3,420,007
Van Dafoe	$ 872,011	$368,002	$300,000	$1,540,013

(3) In 2018, the value of PSUs and LTRSAs granted were as follows:

Name	PSUs	RSUs	Long-Term Restricted Share Awards	Total Share-Based Awards
Terry Anderson	$1,037,520	$—	$360,000	$1,397,520
Kristen (Kris) Bibby	$ 305,014	$—	$125,000	$ 430,014
Larissa (Lara) Conrad	$ 330,016	$—	$150,000	$ 480,016
Armin Jahangiri	$ 280,020	$—	$125,000	$ 405,020
Ryan Berrett	$ 205,021	$—	$100,000	$ 305,021
Myron Stadnyk	$1,655,017	$—	$910,000	$2,565,017
Van Dafoe	$ 825,016	$—	$270,000	$1,095,016

(4) RSUs and PSUs are granted in Spring and Fall. The award value of RSUs and PSUs for compensation purposes as set forth in the table above has been determined by multiplying the number of awards granted by the weighted average trading price of Common Shares for the five trading days immediately prior to the grant date. Furthermore, in respect of PSUs, the amount calculated in accordance with the above formula has been multiplied by the target performance multiplier of one. This method of determining the award value has been used as such amount represents the dollar value approved by the HRC Committee or the Board, as applicable, when awards were granted. The award value as determined in this manner does not include estimated accrued dividends for the securities underlying the awards granted as future distribution amounts are unknown at the time of the grant and therefore are not taken into consideration when the awards are granted. The weighted average trading prices used in determining awards values were as follows:

Year	Spring	Fall
2020	$ 2.98	$ 6.17
2019	$ 9.19	$ 6.47
2018	$12.74	$13.47

(5) LTRSAs consist of both a grant of Restricted Shares and a cash award to compensate for the immediate personal tax obligations associated with unvested awards. The value of the Restricted Shares which are included in the table above has been determined by multiplying the number of Restricted Shares granted by the weighted average trading price of Common Shares for the five trading days immediately prior to the grant date. This value of the Restricted Shares, together with the amount of the cash award, represents the dollar value approved by the Board when Restricted Share Awards were granted. The value of the Restricted Shares as determined in this manner does not include estimated accrued dividends for the securities underlying the awards granted as future distribution amounts are unknown at the time of the grant and therefore are not taken into consideration when the awards are granted. The weighted average trading price used in determining the value of Restricted Shares awarded to executives were as follows:

Year	Price
2020	$ 6.17
2019	$ 6.68
2018	$13.21

(6) The award value of option awards for compensation purposes as set forth in the table above were approved by the HRC Committee and subsequently the Board. The number of underlying options were calculated using the weighted average trading price of Common Shares for the five trading days immediately prior to the grant date which is listed below and using the binomial value set forth below. This value was calculated using the following assumptions as shown in the following table for: volatility, expected life, dividend yield and the risk-free rate. The Board suspended the option program in 2019.

Year	Binomial Value	Grant Price	Volatility	Expected Life	Dividend	Risk-free Rate
2018	26%	$13.21	32%	5.5 and 6 Years	$0.05/month	1.90%

(7) Bonus amounts reflect amounts earned in the fiscal year.
(8) Other compensation includes benefits and savings plan contributions.

(9) Mr. Anderson was promoted to Chief Executive Officer effective February 20, 2020 and President & Chief Executive Officer on June 24, 2020. $50,000 of Mr. Anderson bonus will be granted in LTRSAs in 2021.
(10) Mr. Bibby was promoted to Senior Vice President & Chief Financial Officer effective February 6, 2020.
(11) Ms. Conrad was promoted to Senior Vice President, Development effective April 6, 2021, she previously held the role of Vice President, Development & Planning.
(12) Mr. Jahangiri was promoted to Senior Vice President, Capital Projects effective April 6, 2021, he previously held the role of Vice President, Operations.
(13) Mr. Stadnyk retired from the organization on April 30, 2020 and received a one-time retirement payment of $2,440,000.
(14) Mr. Dafoe retired from the organization on February 14, 2020 and received a one-time retirement payment of $1,165,000.

UNVESTED VALUE OF MEDIUM-TERM INCENTIVES AT YEAR-END

The tables below illustrate the outstanding RSUs, and PSUs held by each NEO as of December 31, 2020 which had not vested at such date. All PSUs are subject to a performance multiplier that may vary from zero to two.

RSUs

Name	Year of Award	Unvested Awards	Year of Vesting	Value of Unvested Awards
Terry Anderson	2020	53,254	2021, 2022, 2023	$319,524
	2019	43,094	2021, 2022	$258,564
		96,348		**$578,088**
Kristen (Kris) Bibby	2020	37,532	2021, 2022, 2023	$225,192
	2019	16,933	2021, 2022	$101,598
		54,465		**$326,790**
Larissa (Lara) Conrad	2020	23,461	2021, 2022, 2023	$140,766
	2019	16,693	2021, 2022	$100,158
		40,154		**$240,924**
Armin Jahangiri	2020	22,598	2021, 2022, 2023	$135,588
	2019	15,968	2021, 2022	$ 95,808
		38,566		**$231,396**
Ryan Berrett	2020	15,297	2021, 2022, 2023	$ 91,782
	2019	11,667	2021, 2022	$ 70,002
		26,964		**$161,784**

(1) The number of awards has been updated to reflect dividends paid on Common Shares from the date of grant to December 31, 2020. Values are based on the December 31, 2020 closing price of ARC's Common Shares of $6.00.

PSUs

Name	Year of Award	Unvested Awards (1)	Year of Vesting	Median Value of Unvested Awards (2)	Maximum Value of Unvested Awards (3)
Terry Anderson	2020	479,309	2023	$2,875,854	$5,751,708
	2019	160,918	2022	$ 965,508	$1,931,016
	2018	92,446	2021	$ 554,676	$1,109,352
		732,673		**$4,396,038**	**$8,792,076**
Kristen (Kris) Bibby	2020	150,134	2023	$ 900,804	$1,801,608
	2019	52,773	2022	$ 316,638	$ 633,276
	2018	27,178	2021	$ 163,068	$ 326,136
		230,085		**$1,380,510**	**$2,761,020**
Larissa (Lara) Conrad	2020	93,850	2023	$ 563,100	$1,126,200
	2019	51,333	2022	$ 307,998	$ 615,996
	2018	29,424	2021	$ 176,544	$ 353,088
		174,607		**$1,047,642**	**$2,095,284**
Armin Jahangiri	2020	90,398	2023	$ 542,388	$1,084,776
	2019	46,985	2022	$ 281,910	$ 563,820
	2018	24,966	2021	$ 149,796	$ 299,592
		162,349		**$ 974,094**	**$1,948,188**
Ryan Berrett	2020	61,190	2023	$ 367,140	$ 734,280
	2019	33,386	2022	$ 200,316	$ 400,632
	2018	18,263	2021	$ 109,578	$ 219,156
		112,839		**$ 677,034**	**$1,354,068**

(1) The number of awards has been updated to reflect dividends paid on Common Shares from the date of grant to December 31, 2020.
(2) Values are based on the December 31, 2020 closing price of ARC's Common Shares of $6.00 and a median performance multiplier of 1.0.
(3) Values are based on the December 31, 2020 closing price of ARC's Common Shares of $6.00 and a maximum performance multiplier of 2.0.

OUTSTANDING VALUE OF LONG-TERM INCENTIVES AT YEAR-END

Share Options

ARC's Share Option Plan was suspended in 2019. All previously granted options will continue to vest on schedule. Our share options have a seven-year term with 50 per cent vesting in years four and five.

The table below illustrates the outstanding Share Options held by each NEO and the gain before tax under both exercising methods as of December 31, 2020.

	Share Options (1)						
Name	Grant Date	Number of Common Shares Underlying Unexercised Options	Grant Price	Expiry Date	Value of the Unexercised in-the-money Options (Original Exercise Price)	Reduced Exercise Prices as of December 31, 2020	Value of Unexercised in-the-money Options (Reduced Exercise Price)
Terry Anderson	June 19, 2018	104,816	$13.21	June 19, 2025	$—	$12.02	$—
	June 21, 2017	83,461	$16.59	June 21, 2024	$—	$14.80	$—
	June 23, 2016	63,102	$21.13	June 23, 2023	$—	$18.74	$—
	June 24, 2015	63,341	$21.86	June 24, 2022	$—	$18.47	$—
	June 19, 2014	29,379	$32.94	June 19, 2021	$—	$28.35	$—
		344,099			**$—**		**$—**
Kristen (Kris) Bibby	June 19, 2018	36,395	$13.21	June 19, 2025	$—	$12.02	$—
	June 21, 2017	24,343	$16.59	June 21, 2024	$—	$14.80	$—
	June 23, 2016	18,405	$21.13	June 23, 2023	$—	$18.74	$—
	June 24, 2015	18,475	$21.86	June 24, 2022	$—	$18.47	$—
		97,618			**$—**		**$—**
Larissa (Lara) Conrad	June 19, 2018	36,395	$13.21	June 19, 2025	$—	$12.02	$—
	June 21, 2017	28,980	$16.59	June 21, 2024	$—	$14.80	$—
	June 23, 2016	19,281	$21.13	June 23, 2023	$—	$18.74	$—
	June 24, 2015	19,354	$21.86	June 24, 2022	$—	$18.47	$—
	June 19, 2014	7,835	$32.94	June 19, 2021	$—	$28.35	$—
		111,845			**$—**		**$—**
Armin Jahangiri	June 19, 2018	36,395	$13.21	June 19, 2025	$—	$12.02	$—
	June 21, 2017	23,184	$16.59	June 21, 2024	$—	$14.80	$—
	June 23, 2016	13,147	$21.13	June 23, 2023	$—	$18.74	$—
	June 24, 2015	12,317	$21.86	June 24, 2022	$—	$18.47	$—
	June 19, 2014	5,876	$32.94	June 19, 2021	$—	$28.35	$—
		90,919			**$—**		**$—**
Ryan Berrett	June 19, 2018	23,293	$13.21	June 19, 2025	$—	$12.02	$—
	June 21, 2017	18,547	$16.59	June 21, 2024	$—	$14.80	$—
	June 23, 2016	13,147	$21.13	June 23, 2023	$—	$18.74	$—
	June 24, 2015	13,196	$21.86	June 24, 2022	$—	$18.47	$—
	June 19, 2014	7,345	$32.94	June 19, 2021	$—	$28.35	$—
		75,528			**$—**		**$—**

(1) Values are based on the December 31, 2020 closing price of ARC's Common Shares of $6.00.

Long-term Restricted Share Awards

The table below illustrates the outstanding LTRSAs held by each NEO as of December 31, 2020 and which had not vested at such date.

	Restricted Shares (1)			
Name	**Year of Award**	**Unvested Awards**	**Year of Vesting**	**Value of Unvested Awards**
Terry Anderson	2020	71,022	2026 - 2030	$ 426,132
	2019	42,104	2027, 2028, 2029	$ 252,624
	2018	22,542	2026, 2027, 2028	$ 135,252
	2017	18,469	2025, 2026, 2027	$ 110,814
	2016	14,895	2024, 2025, 2026	$ 89,370
	2015	15,589	2023, 2024, 2025	$ 93,534
		184,621		**$1,107,726**
Kristen (Kris) Bibby	2020	26,042	2026 - 2030	$ 156,252
	2019	15,512	2027, 2028, 2029	$ 93,072
	2018	7,827	2026, 2027, 2028	$ 46,962
	2017	5,387	2025, 2026, 2027	$ 32,322
	2016	4,345	2024, 2025, 2026	$ 26,070
	2015	4,547	2023, 2024, 2025	$ 27,282
		63,660		**$ 381,960**
Larissa (Lara) Conrad	2020	18,940	2026 - 2030	$ 113,640
	2019	17,728	2027, 2028, 2029	$ 106,368
	2018	9,393	2026, 2027, 2028	$ 56,358
	2017	7,696	2025, 2026, 2027	$ 46,176
	2016	5,172	2024, 2025, 2026	$ 31,032
	2015	5,413	2023, 2024, 2025	$ 32,478
		64,342		**$ 386,052**
Armin Jahangiri	2020	18,940	2026 - 2030	$ 113,640
	2019	15,511	2027, 2028, 2029	$ 93,066
	2018	7,827	2026, 2027, 2028	$ 46,962
	2017	5,131	2025, 2026, 2027	$ 30,786
		47,409		**$ 284,454**
Ryan Berrett	2020	13,613	2026 - 2030	$ 81,678
	2019	12,743	2027, 2028, 2029	$ 76,458
	2018	6,262	2026, 2027, 2028	$ 37,572
	2017	5,131	2025, 2026, 2027	$ 30,786
	2016	3,311	2024, 2025, 2026	$ 19,866
	2015	4,890	2023, 2024, 2025	$ 29,340
		45,950		**$ 275,700**

(1) The number of awards has been updated to reflect dividends paid on Common Shares from the date of grant to December 31, 2020. Values are based on the December 31, 2020 closing price of ARC's Common Shares of $6.00.

VALUE VESTED DURING THE YEAR

RSUs and PSUs vest in March and September of each year. Share Option grants vest in June.

The table below illustrates for each NEO the value of RSUs, PSUs and Share Options that vested in 2020 and the value of non-equity plan compensation (bonus) earned in 2020. No LTRSAs vested in 2020.

	RSUs/PSUs (1)				Share Options (2)			
Name	Type of Award	Year of Award	Number of Awards Vested	Value	Year of Award	Number of Awards Vested	Value	2020 Bonus (3)
	RSU	2020	21,090	$ 96,399	2016	31,671	$—	
Terry Anderson	PSU	2017	67,040	$657,714	2015	31,551	$—	$650,000
			88,130	**$754,113**		**63,222**	**$—**	
	RSU	2020	8,280	$ 37,147	2016	9,238	$—	
Kristin (Kris) Bibby	PSU	2017	19,717	$193,443	2015	9,202	$—	$365,000
			27,998	**$230,590**		**18,440**	**$—**	
	RSU	2020	8,160	$ 36,237	2016	9,677	$—	
Larissa (Lara) Conrad	PSU	2017	21,691	$212,806	2015	9,640	$—	$260,000
			29,851	**$249,044**		**19,317**	**$—**	
	RSU	2020	7,804	$ 34,596	2016	6,159	$—	
Armin Jahangiri	PSU	2017	14,461	$141,874	2015	6,573	$—	$225,000
			22,266	**$176,470**		**12,732**	**$—**	
	RSU	2020	5,702	$ 25,199	2016	6,598	$—	
Ryan Berrett	PSU	2017	13,145	$128,961	2015	6,573	$—	$175,000
			18,847	**$154,160**		**13,171**	**$—**	

(1) The value of the PSUs that vested in 2020 was calculated based on the weighted average trading price of Common Shares for the five trading days ending immediately prior to the vesting date multiplied by the number of PSUs on such date, adjusted to reflect re-invested cash dividends made on the underlying shares for the period from the grant date to the vesting date and further multiplied by the applicable performance multiplier, presented in the table below:

Vest Date	Price	Performance Multiplier
March 15, 2020	$3.83	2.000
September 15, 2020	$5.87	2.000

(2) The value of the options that vested in 2020 was calculated based on the difference, if positive, between the closing trading price of Common Shares on the vesting date and the exercise price of the options less the full amount of the dividends on the underlying shares to the vesting date, all multiplied by the number of options.

Vest Date	Closing Price	Declined Strike Price
June 23, 2020	$4.72	$18.86
June 24, 2020	$4.53	$18.59

(3) Bonus amounts reflect amounts earned in the fiscal year. $50,000 of Mr. Anderson's bonus will be granted in LTRSAs in 2021.

TERMINATION AND CHANGE-OF-CONTROL BENEFITS

Each executive has an employment agreement that outlines the basic terms of their employment arrangement and outlines certain obligations of ARC in the event of termination of an executive's employment and/or a change of control event.

The table below outlines the various termination scenarios and the subsequent termination payments and the treatment of medium and long-term incentives.

Type	Termination Payment	RSUs/PSUs	LTRSAs	Share Options
Termination: Just Cause	None	All awards expire and are cancelled on the termination date	All shares and dividends expire and are cancelled/returned on the termination date	All vested and unvested options expire and are cancelled on the termination date
Termination: Not for Cause	CEO – 2 times base salary and 2 times the average bonus over the last two years CFO/ COO – 1.75 times base salary and 1.75 times the average bonus over the last two years All other executives – 1.5 times base salary and 1.5 times the average bonus over the last two years	All awards continue to vest for 30 days	All unvested shares and dividends are forfeited and cancelled/returned on the termination date	All unvested options continue to vest for 30 days and the Optionee has three months to exercise vested options
Change of Control	None	No accelerated vesting – shares are converted into shares of the continuing successor corporation	No accelerated vesting – shares are converted into shares of the continuing successor corporation	CEO and CFO – no accelerated vesting All other executives – immediate vesting
Change of Control and Termination: Not for Cause	CEO – 2 times base salary and 2 times the average bonus over the last two years CFO – 1.75 times base salary and 1.75 times the average bonus over the last two years All other executives – 1.5 times base salary and 1.5 times the average bonus over the last two years	Immediate vesting	Immediate vesting	Immediate vesting
Resignation	None	All awards are cancelled	All unvested shares and dividends are forfeited and cancelled/returned	All vested and unvested options are cancelled
Retirement	None	If executive has between 5 to 10 years at ARC – all awards active for over one year continue to vest on schedule. If executive has over 10 years at ARC – all awards continue to vest on schedule.	If the executive is a minimum of 55 years old and has age plus service equal to a minimum of 70 all shares continue to vest on schedule. If the executive has reached the age of 55 but does not have a combined age plus service of 70 a portion of the awards and dividends continue to vest on schedule and the remainder are forfeited and cancelled/returned.	If executive has between 5 to 10 years at ARC – all awards continue to vest for three years. If executive has over 10 years at ARC – all awards continue to vest on schedule

The chart below illustrates the payments that would have been made to each of the NEOs in the various termination scenarios as of December 31, 2020.

Name	Triggering Event	Payment Pursuant to Employment Agreement	RSU/PSU Payments (1) (2)	Long-Term Restricted Share Payment (3)	Share Option Payment (4)	Total
Terry Anderson (5)	Termination for Just Cause or Resignation	$ —	$ —	$ —	$—	$ —
	Termination Event	$1,800,000	$ —	$ —	$—	$1,800,000
	Change of Control	$ —	$ —	$ —	$—	$ —
	Change of Control and Termination Event	$1,800,000	$6,301,207	$1,107,726	$—	$9,208,933
	Retirement	$ —	$ —	$ —	$—	$ —
	Death	$ —	$6,301,207	$1,107,726	$—	$7,408,933
Kristen (Kris) Bibby (5)	Termination for Just Cause or Resignation	$ —	$ —	$ —	$—	$ —
	Termination Event	$ 962,500	$ —	$ —	$—	$ 962,500
	Change of Control	$ —	$ —	$ —	$—	$ —
	Change of Control and Termination Event	$ 962,500	$2,123,679	$ 381,960	$—	$3,468,139
	Retirement	$ —	$ —	$ —	$—	$ —
	Death	$ —	$2,123,679	$ 381,960	$—	$2,505,639
Larissa (Lara) Conrad (5)	Termination for Just Cause or Resignation	$ —	$ —	$ —	$—	$ —
	Termination Event	$ 765,000	$ —	$ —	$—	$ 765,000
	Change of Control	$ —	$ —	$ —	$—	$ —
	Change of Control and Termination Event	$ 765,000	$1,711,513	$ 386,052	$—	$2,862,565
	Retirement	$ —	$ —	$ —	$—	$ —
	Death	$ —	$1,711,513	$ 386,052	$—	$2,097,565
Armin Jahangiri (5)	Termination for Just Cause or Resignation	$ —	$ —	$ —	$—	$ —
	Termination Event	$ 825,000	$ —	$ —	$—	$ 825,000
	Change of Control	$ —	$ —	$ —	$—	$ —
	Change of Control and Termination Event	$ 825,000	$1,580,825	$ 284,454	$—	$2,690,279
	Retirement	$ —	$ —	$ —	$—	$ —
	Death	$ —	$1,580,825	$ 284,454	$—	$1,865,279
Ryan Berrett (5)	Termination for Just Cause or Resignation	$ —	$ —	$ —	$—	$ —
	Termination Event	$ 671,250	$ —	$ —	$—	$ 671,250
	Change of Control	$ —	$ —	$ —	$—	$ —
	Change of Control and Termination Event	$ 671,250	$1,108,649	$ 275,700	$—	$2,055,599
	Retirement	$ —	$ —	$ —	$—	$ —
	Death	$ —	$1,108,649	$ 275,700	$—	$1,384,349

(1) RSUs and PSUs are valued using the December 31, 2020 closing price of ARC Common Shares of $6.00.
(2) PSUs have been valued using their actual performance multiplier, except those active less than a year are valued at 1.0.
(3) LTRSAs have been valued using the December 31, 2020 closing price of $6.00
(4) Share Options have been valued using the December 31, 2020 closing price of $6.00 and assuming the executive elects that the exercise price be reduced by the full amount of the dividends to this date.
(5) All our current NEOs are under the age of 55 and therefore are not eligible for retirement.

The maximum liability to ARC provided under all employment agreements and for all outstanding RSUs, PSUs, DSUs, share options and LTRSAs as of December 31, 2020 was approximately $102 million.

Other Information

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY PLANS

The following sets forth information in respect of securities authorized for issuance under the Corporation's equity compensation plans as of December 31, 2020:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation plans (1)
Equity compensation plans approved by security holders (2)	5,580,001	$13.55	10,244,999
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	5,580,001	$13.55	10,244,999

(1) Excludes securities to be issued upon exercise of outstanding options, warrants and rights.
(2) The Corporation's Share Option Plan currently provides for the grant of a maximum number of 14,225,000 Common Shares and the LTRSA Plan currently provides for the grant of a maximum number of 1,600,000 Common Shares.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS AND OTHERS

There is not, and has not been, any indebtedness outstanding from Directors or Officers of the Corporation to the Corporation in fiscal 2020.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as described below, there were no material interests, direct or indirect, of any informed person of the Corporation, any proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

On April 6, 2021, ARC completed a business combination involving Seven Generations Energy and the holders of class "A" common shares (the **"7G Shares"**) of Seven Generations Energy (the **"Business Combination"**). Pursuant to the Business Combination, ARC acquired all of the 7G Shares and holders of 7G Shares received 1.108 ARC Common Shares for each 7G Share held. As a result of completing the Business Combination, Seven Generations Energy became a wholly owned subsidiary of ARC.

Upon closing the Business Combination, Marty L. Proctor (Seven Generations Energy's former President and Chief Executive Officer) became the Vice-Chair of the ARC Board of Directors. Mr. Proctor was party to an employment agreement with Seven Generations Energy that provided for payments to him in connection with the termination of his employment or a change of control event of Seven Generations Energy. On closing the Business Combination, Mr. Proctor was paid the sum of approximately $3.5 million in respect of severance amounts owing to him under his employment agreement.

In addition to the foregoing, Mr. Proctor held certain Seven Generations Energy incentive awards at closing of the Business Combination that were generally treated in the same manner as those held by other employees of Seven Generations Energy who did not continue their employment with ARC on closing. On closing the Business Combination, Mr. Proctor was paid the sum of approximately $5.8 million in respect of amounts owing to him on settlement of his Seven Generations Energy incentive awards.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Management of the Corporation is not aware of any material interest of any Director, Officer, or nominee for Director of the Corporation, or of any associate or affiliate of any of the foregoing, in respect of any matter to be acted on at the Meeting except as disclosed herein.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on the Corporation's SEDAR profile at **www.sedar.com**. Financial information in respect of the Corporation and its affairs is provided in the Corporation's annual financial statements for the year ended December 31, 2020 and the related Management's Discussion and Analysis. Copies of the Corporation's financial statements and related Management's Discussion and Analysis are available upon request from the Corporation at 1200, 308 – 4th Avenue SW, Calgary, Alberta, T2P 0H7 (toll free number **1-888-272-4900)** or at **www.sedar.com**.

OTHER MATTERS

Management of the Corporation knows of no amendment, variation, or other matter to come before the Meeting other than the matters referred to in the Notice of Annual Meeting; however, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

FINANCIAL AND OTHER MEASURES

ARC discloses several GAAP, Non-GAAP measures, reserve measures, oil and gas metrics, and other financial measures in this document under the heading "Compensation Discussion and Analysis", including "Funds from Operations" (FFO), "Net Debt", "Return on Average Capital Employed" ("ROACE"), and "Total Shareholder Return ("TSR")". Certain of these terms do not have standardized meanings and therefore may not be comparable to similar measures presented by other entities.

See Note 16 "Capital Management" in ARC's audited consolidated financial statements as at and for the year ended December 31, 2020 and the sections entitled "Funds from Operations" and "Capitalization, Financial Resources and Liquidity" contained in ARC's Management's Discussion and Analysis dated February 10, 2021 for additional details of "Funds from Operations" and "Net Debt".

ROACE is a non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. See the sections entitled "Return on Average Capital Employed (ROACE)" and "Non-GAAP Measures" contained in ARC's Management's Discussion and Analysis dated February 10, 2021 for additional details of ROACE.

See our Annual Information Form dated March 1, 2021 for additional details of "Proven Plus Probable Reserves."

TSR is a financial measure that does not have a standardized meaning and therefore may not be comparable to similar measures presented by other entities. In this document, TSR is computed as the total change in an entity's share price during the period plus the amount of any dividends declared, divided by an entity's share price at the beginning of the period.

APPROVAL

The contents and sending of this information circular have been approved by the Board of Directors of the Corporation.

DATE

This information circular is dated May 11, 2021.

A. SUMMARY OF SHARE OPTION PLAN

ARC suspended its Share Option Plan and made no share option grants in 2019 and 2020. Share options granted in prior years continue to vest on schedule. The maximum number of Common Shares issuable on exercise is limited to ARC's approved share reserve of 14,225,000 shares.

The details of ARC's outstanding share option grants are below:

Year	Options Granted	Grant Price	Shares Outstanding	Options Granted as a % of Shares Outstanding (Burn Rate)
2018	1,483,491	$13.21	353,896,450	0.42
2017	1,312,271	$16.59	353,429,395	0.37
2016	955,338	$21.13	350,906,768	0.27
2015	998,545	$21.86	340,542,209	0.29
2014	568,538	$32.94	316,620,533	0.18

Shares Outstanding as of December 31, 2020	Approved Share Reserve	Share Reserve as a % of Shares Outstanding	Share Options Outstanding at Year-end	Share Options Outstanding as % of Shares Outstanding (Burn Rate)	Share Options Outstanding as a % of Approved Reserve
354,371,416	14,225,000	4.01	4,580,316	1.29	32.20

B. SUMMARY OF LTRSA PLAN

The maximum number of Common Shares issuable under the plan is limited to 1,600,000 shares.

The details of the awards granted under the LTRSA Plan are below. The approved share reserve represents less than 0.5 per cent of the Common Shares outstanding as of December 31, 2020.

Year	Long-term Restricted Shares	Grant Price	Shares Outstanding	Long-term Restricted Shares Granted as % of Shares Outstanding (Burn Rate)
2020	217,806	$ 6.17	354,371,416	0.0615
2019	283,731	$ 6.68	354,153,610	0.0801
2018	153,979	$13.21	353,896,450	0.0435
2017	122,612	$16.59	353,429,395	0.0347
2016	93,678	$21.13	350,906,768	0.0267
2015 – First Tranche	88,635	$21.86		
2015 – Second Tranche	11,652	$19.26		
Total 2015	100,287		340,542,209	0.0294

As of December 31, 2020, ARC had LTRSAs outstanding representing 62 per cent of the approved share reserve, as shown below:

Shares Outstanding as of December 31, 2020	Approved Share Reserve	Share Reserve as a % of Shares Outstanding	Long-term Restricted Shares Outstanding at Year-end	Long-term Restricted Shares Outstanding as % of Shares Outstanding (Burn Rate)	Restricted Shares Outstanding as a % of Approved Reserve
354,371,416	1,600,000	0.45	999,685	0.28	62.48

C. BOARD MANDATE

The Board of Directors (the Board) of ARC Resources Ltd. (ARC) is responsible for the stewardship of ARC and its subsidiaries. In discharging its responsibility, the Board will exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of ARC. In general terms, the Board will:

(a) in consultation with management of ARC, define the principal objectives of ARC;

(b) monitor the management of the business and affairs of ARC with the goal of achieving ARC's principal objectives as defined by the Board;

(c) discharge the duties imposed on the Board by applicable laws; and

(d) for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Without limiting the generality of the foregoing, the Board will perform the following duties.

STRATEGIC OPERATING, CAPITAL PLANS AND FINANCING PLANS

- Require the Chief Executive Officer (the CEO) to present annually to the Board a longer-range strategic plan and a shorter-range business plan for ARC's business which plans must:
  - Be designed to achieve ARC's principal objectives
  - Identify the principal strategic and operational opportunities and risks of ARC's business
- Review progress towards the achievement of the goals established in the strategic, operating, and capital plans
- Identify the principal risks of the ARC's business and take all reasonable steps to ensure the implementation of the appropriate systems to manage these risks
- Approve the annual operating and capital plans
- Approve limits on management's authority to conduct acquisitions and dispositions of assets, corporations, and undeveloped lands
- Approve the establishment of credit facilities
- Approve issuances of additional common shares or other instruments to the public

MONITORING AND ACTING

- Monitor ARC's progress towards its goals, and to revise and alter its direction through management considering changing circumstances
- Monitor overall human resource policies and procedures, including compensation and succession planning
- Appoint all the officers, including the CEO, and determine the terms of employment with ARC of all of such officers
- Approve the dividend policy of ARC
- Ensure systems are in place for the implementation and integrity of ARC's internal control and management information systems
- Monitor the "good corporate citizenship" of ARC, including compliance by ARC with all applicable safety, health, and environmental laws
- In consultation with the CEO, establish the ethical standards to be observed by all officers and employees of ARC and use reasonable efforts to ensure that a process is in place to monitor compliance with those standards
- Require that the CEO institute and monitor processes and systems designed to ensure compliance with applicable laws by ARC and its officers and employees

COMPLIANCE REPORTING AND CORPORATE COMMUNICATIONS

- Ensure compliance with the reporting obligations of ARC, including that the financial performance of ARC is properly reported to shareholders, other security holders and regulators on a timely and regular basis
- Recommend to shareholders of ARC a firm of chartered accountants to be appointed as ARC's auditors
- Ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles
- Ensure the timely reporting of any change in the business, operations or capital of ARC that would reasonably be expected to have a significant effect on the market price or value of the common shares of ARC
- Ensure the corporate oil and gas reserve report fairly represents the quantity and value of corporate reserves in accordance with generally accepted engineering principles
- Report annually to shareholders on the Board's stewardship for the preceding year
  - Establish a process for direct communications with shareholders and other stakeholders through appropriate directors, including through the whistleblower policy
  - Ensure that ARC has in place a policy to enable ARC to communicate effectively with its shareholders and the public generally

GOVERNANCE

- In consultation with the Chair of the Board, develop a position description for the Chair of the Board
- Facilitate the continuity, effectiveness, and independence of the Board by, amongst other things:
- Appointing a Chair of the Board who is not a member of management
  - Appointing from amongst the Directors an Audit Committee and such other committees of the Board as the Board deems appropriate
  - Defining the mandate of each committee of the Board and the terms of reference for the Chair of each committee
  - Ensuring that processes are in place and are utilized to assess the effectiveness of the Chair of the Board, the Board as a whole, each director, each committee of the Board and its Chair
  - Establishing a system to enable any director to engage an outside adviser at the expense of ARC
- Review annually the composition of the Board and its committees and assess Directors' performance on an ongoing basis, and propose new members to the Board
- Review annually the adequacy and form of the compensation of directors

DELEGATION

- The Board may delegate its duties to and receive reports and recommendations from the Audit, Human Resources and Compensation, Safety, Reserves and Operational Excellence, Risk, Policy and Board Governance committees and any other committee created by the Board to assist the Board in the performance of its duties

MEETINGS

- The Board shall meet at least four times per year and/or as deemed appropriate by the Board Chair
- The Board shall meet at the end of its regular quarterly meetings without members of management being present
- Minutes of each meeting shall be prepared by the Secretary to the Board
- The Chief Executive Officer shall be available to attend all Committees of the Board upon invitation by the Board or any such Committee
- Vice Presidents and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board

REPORTING / AUTHORITY

- Following each meeting, the Secretary will promptly report to the Board by way of providing draft copies of the minutes of the meetings
- Supporting schedules and information reviewed by the Board at any meeting shall be available for examination by any Director upon request to the Chief Executive Officer
- The Board shall have the authority to review any corporate report or material and to investigate activity of ARC and to request any employees to cooperate as requested by the Board
- The Board may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of ARC

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