



2021
Celebrating 25 Years of
Canadian Energy

Management Information Circular

Notice of Annual Meeting of Shareholders | [May 6, 2022](#)

ARC Resources Ltd.

Information Circular – Proxy Statement

SOLICITATION OF PROXIES

This Information Circular – Proxy Statement is provided 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 (the “Annual Meeting”) to be held virtually on May 6, 2022, at 8:00 a.m. (Mountain 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 Annual Meeting to be the close of business on March 17, 2022. 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 Annual Meeting; 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 Annual Meeting, that the transferee’s name be included in the list of shareholders entitled to vote at the Annual Meeting, such transferee shall be entitled to vote such Common Shares at the Annual Meeting. The Company encourages shareholders to vote their shares prior to the Annual 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.

Important Information with Respect to the Virtual Annual Meeting

Due to the continuing health impact and uncertainty associated with COVID-19, the Annual Meeting will be held in a virtual-only format conducted via live webcast online at **web.lumiagm.com/488283853** (password “arc2022”). The virtual-only format will mitigate risk to the health and safety of our communities, shareholders, employees, and other stakeholders. In addition, the virtual format permits a broader base of shareholders to participate in the Annual Meeting, regardless of their geographical location, than compared to an in-person meeting only.

Although the Annual Meeting will be held virtually, shareholders will be afforded the same opportunities to vote and ask questions at the Annual Meeting as they would at an in-person meeting. Shareholders can participate online using their smartphone, tablet, or computer. Registered shareholders and beneficial shareholders who have duly appointed themselves as proxyholder and registered their appointments with Computershare as set out below will be able to listen, ask questions, and vote, in real time, during the Annual Meeting, provided they are connected to the internet and properly follow the instructions below and on ARC’s website. Beneficial shareholders should carefully follow the instructions below under “Voting Information – Beneficial Shareholder Voting Information” to appoint themselves as proxyholder and register their appointments to ensure they are able to vote and ask questions during the Annual Meeting. Beneficial shareholders who have not duly appointed themselves as proxyholders or registered their appointments may still participate in the Annual Meeting as guests, but they will not be able to vote or ask questions.

Shareholders will be able to ask questions immediately before and during the Annual Meeting by typing their question into the messaging tab of the virtual meeting platform. Shareholders may also submit their questions in advance by sending them by e-mail to **IR@arcresources.com** no later than 8:00 a.m. (Mountain time), on Wednesday, May 4, 2022. Questions relating to the business of the Annual Meeting will be answered during the Annual Meeting while all other questions will be addressed following the Annual Meeting. Notwithstanding the above, to ensure the Annual Meeting is conducted in a manner that is fair to all shareholders, the Chair of the Annual Meeting may exercise discretion in responding to the questions including the order in which the questions are answered, the grouping of the questions, and the amount of time devoted to any question. In addition, similar questions may be aggregated by the Chair.

To attend the Annual Meeting, log in online at **web.lumiagm.com/488283853** using the latest versions of the following compatible internet browsers: Chrome, Safari, Edge, or Firefox. Next, click “Login”. If you are a registered shareholder or duly appointed proxyholder that has registered their appointment, click “Shareholder” and enter your Control Number or Proxyholder Username (as applicable) and the password “arc2022” (case sensitive). If you are anyone else, including a beneficial shareholder, click “Guest” and complete the online form. Attendees are recommended to log in at least thirty minutes before the meeting starts.

It is important that shareholders remain connected to the internet at all times during the Annual Meeting in order to vote when balloting commences.

Included with this Information Circular is a Virtual Meeting User Guide that outlines the process for accessing the Annual Meeting in greater detail. The User Guide will be sent to registered shareholders with their proxy packages and posted on ARC’s website. If you have any difficulties during the registration process, contact Computershare at **1-800-564-6253** (toll free in Canada and the United States). If you have any difficulties while accessing and attending the Annual Meeting, contact LUMI at **support-ca@lumiglobal.com**.

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 proxyholder 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.

The Company has 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 Annual 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 intends 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 Annual Meeting, or by proxy, prior to the Annual Meeting.

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 ("Computershare"). Registered shareholders are also entitled to vote their Common Shares online at **www.investorvote.com** or by telephone at **1-866-732-8683** (toll-free). For online and telephone voting, you will require your 15-digit control number found on your proxy form.

Registered shareholders may also vote during the Annual Meeting by following the instructions noted above and completing a ballot online during the Annual Meeting.

To be valid and acted upon at the Annual Meeting, forms of proxy, as well as online 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 Annual 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 virtually, at the Annual Meeting, or by proxy, prior to the Annual Meeting.

For your Common Shares to be voted by proxy, you must carefully follow the instructions on the Voting Instruction Form that is provided to you, including completing, dating, and signing the Voting Instruction Form and returning it by mail, hand delivery or fax as directed. Beneficial shareholders are also entitled to vote their Common Shares online or by telephone by following the instructions on the Voting Instruction Form.

If you are a beneficial shareholder located in Canada or outside the United States and wish to vote during the Annual Meeting, you must insert your own name in the space provided on the Voting Instruction Form sent to you by your intermediary, follow all of the applicable instructions provided by your intermediary AND register yourself as your proxyholder, as described below in Step 2. By doing so, you are instructing your intermediary to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your intermediary. **Registering your proxyholder is an additional step to be completed AFTER you have submitted the Voting Instruction Form. Failure to register the proxyholder will result in the proxyholder not receiving a Proxyholder Username that is required to vote and submit questions at the Annual Meeting.**

Beneficial shareholders should follow the following steps to ensure that their vote is recorded at the Annual Meeting:

- **Step 1: Submit the Voting Instruction Form:** To appoint someone other than the individuals named in the Voting Instruction Form as proxyholder, insert that person's name in the blank space provided in the Voting Instruction Form (if permitted) and follow the instructions for submitting such Voting Instruction Form. This must be completed before registering such proxyholder, which is an additional step to be completed once you have submitted the Voting Instruction Form.
- **Step 2: Register your proxyholder:** To register a proxyholder, you must visit <http://www.computershare.com/ARC> not less than 48 hours (excluding weekends and holidays) before the time set for the holding of the Annual Meeting or any adjournment thereof and provide Computershare with the required proxyholder contact information so that Computershare may provide the proxyholder with a Proxyholder Username via e-mail.

Beneficial shareholders who have not appointed themselves as proxyholders to participate and vote at the Annual Meeting and who do not register and obtain a Proxyholder Username will not be able to vote or submit questions at the Annual Meeting but may participate as a guest only.

If you are a beneficial shareholder located in the United States, to attend and vote at the Annual Meeting, you must first obtain a valid legal proxy from your broker, bank, or other agent and then register in advance to attend the Annual Meeting, by submitting a copy of your legal proxy to Computershare. Requests for registration should be sent to: Computershare, Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or e-mailed at uslegalproxy@computershare.com. Requests for registration must be labeled as "Legal Proxy" and be received not less than 48 hours (excluding weekends and holidays) before the time set for the holding of the Annual Meeting or any adjournment thereof. You will receive a confirmation of your registration by e-mail once Computershare receives your registration materials. Please note that if you are a beneficial shareholder located in the United States, you are also required to register your appointment at <http://www.computershare.com/ARC>. To be valid and acted upon at the Annual Meeting, voting instructions, as well as votes received online and by 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 Annual Meeting or any adjournment thereof.

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 Annual Meeting, virtually, at which such proxy is to be voted, such person may revoke the proxy and vote, 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 thereby 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 Annual Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chair of the Annual Meeting on the day of the Annual 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 Annual 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.

Exercise of Discretion by Proxy

The Common Shares represented by proxy by the Management nominees shall be voted at the Annual 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 March 17, 2022, there were 686,774,377 Common Shares issued and outstanding. At the Annual Meeting, every shareholder present, virtually, or represented by proxy and entitled to vote, shall have one vote. On a poll or ballot, every shareholder present, 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 March 17, 2022, there were no Preferred Shares issued and outstanding.

When any Common Share is held jointly by several persons, one of those holders present virtually at the Annual Meeting may, in the absence of the others, vote such Common Share, but if two or more of those persons are present virtually at the Annual Meeting, 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 Annual Meeting.

As of March 17, 2022, the percentage of Common Shares that are beneficially owned, or controlled or directed, directly or indirectly, by all Directors and Officers of the Company in aggregate is 0.51 per cent of the issued and outstanding Common Shares.

Quorum for Meeting and Approval Requirements

At the Annual 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 Annual Meeting, the shareholders present, virtually, may adjourn the Annual Meeting to a fixed time and place but may not transact any other business.

All matters to be considered at the Annual Meeting are ordinary resolutions requiring approval by more than 50 per cent of the votes cast in respect of the resolution at the Annual 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 Annual 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. (Mountain time) on April 15, 2022. 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: Friday,
May 6, 2022

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






Place: Virtually

Agenda for the Annual Meeting

1. Receive the consolidated financial statements for the year ended December 31, 2021, and the Auditors' report thereon
2. To elect the Directors of the Company
3. To appoint the Auditors of the Company
4. To approve an advisory resolution on executive compensation
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 Annual Meeting, 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, as follows:

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

Voting Information

To vote your shares online or over the telephone, you will require your 15-digit control number found on your proxy form.

To be valid and acted upon at the Annual Meeting, forms of proxy as well as votes received online and over the 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 Annual 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 Annual Meeting.

The Board of Directors of the Company has fixed the record date for the Annual Meeting at the close of business on March 17, 2022.

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 17th day of March 2022.
BY ORDER OF THE BOARD OF DIRECTORS



Terry Anderson
President and Chief Executive Officer ("CEO")

Letter from the Board Chair

On behalf of the ARC Board and Management team, we invite you to participate in the ARC Resources 2022 virtual Annual Meeting of Shareholders on May 6, 2022, at 8:00 a.m. (Mountain time). This information circular provides important information regarding the meeting, its items of business, and details on how to vote. We encourage you to review these materials in advance of the meeting and prior to voting, and we look forward to your participation.

2021 was a transformative and historic year for ARC. With the completion of the strategic Business Combination with Seven Generations Energy Ltd. ("Seven Generations") in April 2021, ARC became a premier pure-play Montney producer, Canada's third-largest producer of natural gas and the country's largest producer of condensate. Today, we are well-positioned to leverage our scale, world-class assets, financial strength, operational expertise, and leading sustainability practices to deliver value for our shareholders and stakeholders for many years to come.

2021 was a year of opportunity and challenge, and the ARC team responded exceptionally well on both fronts. While efficiently integrating the two companies and identifying and realizing \$190 million in cost synergies, ARC also achieved record safety performance. This was a tremendous achievement as we brought two field operating organizations together, executed our largest-ever capital program, and delivered record annual average production of 302,003 boe per day.

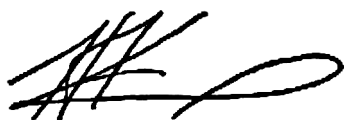
Of note, ARC invested a record \$1.062 billion in its Montney portfolio, delivering fourth quarter exit production of 345,831 boe per day. Supported by our owned-and-operated production infrastructure, we achieved operating expenses of \$3.86 per boe – the lowest annual operating expense per boe in our 25-year history. Our strong production volumes, low-cost structure and access to multiple North American natural gas markets, enabled ARC to generate record free funds flow of \$1.4 billion or \$2.16 per share. As a result, ARC has significantly bolstered its financial position since the closing of the Business Combination, reducing net debt by approximately \$0.6 billion or 25 per cent.

On behalf of the Board, I would like to express our sincere thanks to the ARC management team, our employees and our contractors for their extraordinary efforts and performance in 2021. This was a complex year of change and incredible activity. The ARC team rose to every challenge, demonstrating a relentless commitment to safety and operational excellence, while delivering exceptional operating and financial results. Through a great team effort, we significantly advanced ARC's long-term strategy and positioned the Company for profitable growth in the years ahead.

I would also acknowledge the efforts of ARC's new Board which came together quickly following the Business Combination. The members standing for re-election bring a wealth of expertise and sound judgment that will be imperative in stewarding the Company forward. I would particularly like to thank and acknowledge Kathleen O'Neill, who will be retiring from ARC's Board after 13 years. ARC has benefited greatly from Kathleen's leadership as Chair of our Audit Committee, and her wise contributions during many Board and committee deliberations have been invaluable.

On behalf of the ARC Board and Management, we thank you, our shareholders, for your continued support and confidence in ARC Resources.

Sincerely,



Hal Kvisle
Board Chair, ARC Resources Ltd.

Matters to Be Acted Upon at the Annual Meeting

The following matters will be acted upon at the Annual Meeting of Shareholders on May 6, 2022. 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
Appoint the Auditors of the Company	FOR
Approve advisory vote on executive compensation	FOR

1. ELECTION OF DIRECTORS

The Board 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 of which are independent, non-Management Directors. Collectively, the Directors bring a wide range of business and leadership experience in the energy industry, as well as expertise in finance, accounting, marketing, environmental, social and governance ("ESG") performance, legal, 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 their willingness to serve as a Director for a term of one year.

The following are the Directors nominated for election to the Board. For further information regarding their backgrounds, qualifications, 2021 committee membership, and attendance and share ownership, see "Information on the Nominated Directors" in this information circular.

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

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 Director nominees.

2. APPOINTMENT OF INDEPENDENT AUDITORS

The Audit Committee has reviewed the performance of PricewaterhouseCoopers, LLP ("PwC"), including its independence relating to the audit of ARC's Financial Information, and recommends the re-appointment of PwC as auditors for 2022. In 2021, shareholders approved the appointment of PwC as auditors with 99.84 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 International Financial Accounting Standards ("IFRS") and generally accepted accounting principles ("GAAP").

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; however, audit-related services and non-audit services provided by the external auditors for individual engagements with estimated fees of \$50,000 or less may be pre-approved by the Chair of the Audit Committee between scheduled meetings.

The aggregate fees billed by PwC in 2020 and 2021 are summarized in the following table.

External Audit Service Fees	Billed in 2020	Billed in 2021
Audit Fees	\$683,891	\$1,166,300
Audit-related Fees ⁽¹⁾	\$ 42,800	\$ 26,750
Total Audit and Audit-related Fees	\$726,691	\$1,193,050
Other Fees ⁽²⁾	\$ 52,410	\$ 252,150
Total Fees	\$779,101	\$1,445,200

(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 Information, but which are not included in audit fees.

(2) Includes the assessment fee billed by the Canadian Public Accountability Board ("CPAB") per National Instrument 52-108 *Auditor Oversight* mandate requiring reporting issuers have an audit completed by a CPAB participant firm, fees related to valuation services for ARC's long-term restricted share awards ("LTRSA"), fees related to services related for the Joint Management Information Circular and Business Acquisition Report associated with the Business Combination, fees related to services for an IT Cybersecurity Assessment and fees related to services for ESG reporting.

The Audit Committee reviewed the audit and permissible non-audit services performed by PwC in 2020 and 2021, 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.

3. ADVISORY VOTE ON EXECUTIVE COMPENSATION

ARC's executive compensation programs are designed to attract, retain, motivate, and reward its 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 long-term equity-based incentives that reflect the Company's pay-for-performance philosophy and provide for a significant portion 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. As part of its commitment to strong corporate governance practices and shareholder engagement, ARC has held an advisory "say on pay" vote annually since 2011. 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 2022 Annual Meeting of Shareholders of the Company."

ARC encourages shareholders to read the Compensation Discussion and Analysis ("CD&A") section of this information circular prior to voting. 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 its executive compensation practices and welcomes shareholder feedback. At the 2021 Annual Meeting of Shareholders, this resolution was approved with 94.56 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.

Information on the Nominated Directors

DIRECTOR NOMINEES

Below are brief biographies of the Director nominees, including a summary of their experience and qualifications, their 2021 committee memberships and attendance, directorships at other public entities, share ownership, and voting results from the last Annual Meeting. For further information on our Director nominees, see ARC's website at www.arcresources.com.

Harold N. Kvisle, B.SC., P.ENG., MBA

Calgary, Alberta,
Canada

Board Chair

Age: 69



Mr. Kvisle is a distinguished executive with more than 40 years' experience in the energy, utilities, and power sectors. Over the course of his career, Mr. Kvisle has held several executive roles with international exposure and extensive experience in all facets of the energy value chain. Currently, Mr. Kvisle also serves as Board Chair for Finning International Inc. and as a Director for Cenovus Energy Inc. Mr. Kvisle was Chief Executive Officer of Talisman Energy Inc. from 2012 to 2015. From 2001 to 2010, he served as Chief Executive Officer of TransCanada Corporation, now TC Energy Corporation. Prior to joining TransCanada Corporation in 1999, he founded and was President of Fletcher Challenge Energy Canada Inc. Mr. Kvisle holds a Bachelor of Science in Engineering degree from the University of Alberta, a Master of Business Administration and Honorary Doctor of Laws degrees from the University of Calgary, and an Honorary Doctor of Laws degree from Mount Royal University.

Director Since 2009 – Independent

Board Committee Membership:	Meeting Attendance	Annual General Meeting Voting Results	Current Public Board Directorships:
Board (Board Chair)	12 of 12 100%	Year 2021 Votes in Favour 98.31%	ARC Resources Ltd. (Board Chair) Cenovus Energy Inc. Finning International Inc. (Board Chair)

Share Ownership ⁽¹⁾ :	Meets Shareholding Requirements
519,227 units - \$7,871,481	Met

Marty L. Proctor B.SC., M.SC., P.ENG., ICD.D

Calgary, Alberta,
Canada

Vice Chair

Age: 61



Mr. Proctor has more than 35 years' experience in Canada and other international markets with expertise in operations, engineering and business strategy. He also serves as a Director with GreenFirst Forest Products Inc. and is Board Chair of Tenaz Energy Corp. Mr. Proctor joined Seven Generations Energy Ltd. as President and Chief Operating Officer in May 2014. In 2017, he was appointed President and Chief Executive Officer. Previously, Mr. Proctor was Chief Operating Officer of Baytex Energy Corporation from 2009 to 2014, and Senior Vice President of Upstream Operations with Statoil Hydro Canada Exploration Inc. Prior to that, Mr. Proctor held technical and leadership roles with several exploration and production companies in the Western Canadian Sedimentary Basin and several international oilfields. He holds a Bachelor of Science in Petroleum Engineering and a Master of Science in Petroleum Engineering from the University of Alberta. Mr. Proctor has also earned the ICD.D designation from the Institute of Corporate Directors.

Director Since 2021 – Non-Independent

Board Committee Membership:	Meeting Attendance	Annual General Meeting Voting Results	Current Public Board Directorships:
Board (Vice Chair)	6 of 6 100%	Year 2021 Votes in Favour 98.78%	ARC Resources Ltd.
Risk	3 of 3 100%		GreenFirst Forest Products Inc.
Safety, Reserves & Operational Excellence	3 of 3 100%		Tenaz Energy Corporation (Board Chair)

Share Ownership ⁽¹⁾ :	Meets Shareholding Requirements
471,100 units - \$7,141,876	Met

**Farhad Ahrabi,
B.SC, P.ENG, PH.D**

Houston, Texas,
USA

Director

Age: 63



Mr. Ahrabi has more than 35 years of experience in international energy operations with extensive expertise in liquefied natural gas ("LNG"). His knowledge extends to joint venture management and operational excellence in global upstream and midstream operations. Mr. Ahrabi retired from his most recent role as Chief Executive Officer of Cameron LNG LLC in January 2022. Previously, Mr. Ahrabi spent 29 years with the BG Group (now part of Shell plc) where he held several executive positions. Within Canada, Mr. Ahrabi spent three years representing a major international joint venture partner in 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 in Chemical Engineering with a focus on Enhanced Oil Recovery from the University of Exeter in the United Kingdom. He is a Chartered (Professional) Engineer and a member of the Institution of Chemical Engineers.

Director Since 2019 – Independent

Board Committee Membership:	Meeting Attendance	Annual General Meeting Voting Results	Current Public Board Directorships:
Board	10 of 12 83%	Year Votes in Favour	ARC Resources Ltd.
Audit	2 of 3 67%	2021 99.19%	
Risk (Chair)	3 of 4 75%		
Safety, Reserves & Operational Excellence	2 of 2 100%		

Mr. Ahrabi was prevented from attending the Risk, Audit and Board of Directors meetings on July 28th and 29th, 2021 due to a family medical emergency.

Share Ownership ⁽¹⁾ :	Meets Shareholding Requirements:
75,559 units - \$1,145,474	Met

**Carol T. Banducci
B.COMM**

Mississauga, Ontario,
Canada

Director

Age: 62



Ms. Banducci has more than 30 years of international experience with a focus in operational, corporate, and senior leadership roles. She has extensive expertise in strategy development and implementation, finance and accounting. Most recently, Ms. Banducci was Executive Vice President and Chief Financial Officer of IAMGOLD Corporation. She also served as Chair of Niobec Inc. Previously, she was a senior leader with a major plastics and polymer producer, and was Chief Financial Officer of Orica Explosives North America and ICI Explosives Canada & Latin America. Ms. Banducci serves as a Director with Hudbay Minerals Inc. She is a member of the National Association of Corporate Directors (USA), the Institute of Corporate Directors, the Financial Executives Institute of Canada and is a past member of the Canadian Board Diversity Council. Ms. Banducci holds a Bachelor of Commerce from the University of Toronto.

Director Since 2021 – Independent

Board Committee Membership:	Meeting Attendance	Annual General Meeting Voting Results	Current Public Board Directorships:
Board	1 of 1 100%	Year Votes in Favour	ARC Resources Ltd. Hudbay Minerals Inc.
Audit	N/A	2021 N/A	
Risk	N/A		

Share Ownership ⁽¹⁾ :	Meets Shareholding Requirements:
2,950 units - \$44,722	Has until November 4, 2026

**David R. Collyer,
B.SC., P.ENG., MBA**

Calgary, Alberta,
Canada

Director

Age: 66



Mr. Collyer has been in the energy industry for nearly 40 years and has extensive experience in all aspects of the upstream and downstream segments, including marketing both domestically and internationally. Currently, he is the Board Chair of Emissions Reduction Alberta, and serves as a Director of AltaLink. Over the course of his career, Mr. Collyer has held a broad range of technical, business, marketing, and senior leadership roles at Shell Canada Limited, culminating in his role as President and Country Chair. During his career, he participated in a two-year Executive Exchange assignment as Director, Supply Branch at the National Energy Board. Following his retirement, Mr. Collyer served as President of the Canadian Association of Petroleum Producers (CAPP) from 2008 to 2014. He holds a Bachelor of Science in Mineral Engineering and a Master of Business of Administration from the University of Alberta.

Director Since 2016 – Independent

Board Committee Membership:	Meeting Attendance	Annual General Meeting Voting Results	Current Public Board Directorships:
Board	12 of 12 100%	Year 2021 Votes in Favour 96.20%	ARC Resources Ltd.
Human Resources & Compensation (Chair)	6 of 6 100%		
Policy & Board Governance	4 of 4 100%		
Safety, Reserves & Operational Excellence	2 of 2 100%		

Share Ownership ⁽¹⁾ :	Meets Shareholding Requirements:
111,070 units - \$1,683,821	Met

**Susan C. Jones,
B.A., LLB.**

Calgary, Alberta,
Canada

Director

Age: 52



Ms. Jones has more than 25 years' experience in the global agriculture, mining, energy and construction industries with expertise in operations, commercial, supply chain, business development, legal and strategy. Currently, Ms. Jones also serves as a Director of TC Energy Corporation and Piedmont Lithium Inc. She has also served on the boards of Gibson Energy Inc., and Canpotex Limited. Most recently, Ms. Jones was Executive Vice President and Chief Executive Officer of Nutrien Ltd.'s Potash Business Unit. In her 15 years with the organization, she held several executive roles including Executive Vice President and President of the Phosphate Business Unit, Chief Legal Officer, Managing Director of the European Distribution Business, and Vice President of Wholesale Sales, Marketing and Logistics. 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 of Oxford and holds a Director Certificate from Harvard University.

Director Since 2021 – Independent

Board Committee Membership:	Meeting Attendance	Annual General Meeting Voting Results	Current Public Board Directorships:
Board	6 of 6 100%	Year 2021 Votes in Favour 97.34%	ARC Resources Ltd.
Human Resources & Compensation	4 of 4 100%		Piedmont Lithium Inc.
Safety, Reserves & Operational Excellence	3 of 3 100%		TC Energy Corporation

Share Ownership ⁽¹⁾ :	Meets Shareholding Requirements:
140,291 units - \$2,126,812	Met

**William J. McAdam,
B.SC., MBA, ICD.D**

Scottsdale, Arizona,
USA

Director

Age: 70



Mr. McAdam has 40 years of experience in the energy industry in North America with expertise in engineering, refining, fertilizer, petrochemicals, planning and natural gas liquids. Currently, Mr. McAdam also serves as a Director of Kingston Midstream. From 2000 to 2013, Mr. McAdam was the President and Chief Executive Officer of Aux Sable where he was responsible for leading the company's North American business. Prior to joining Aux Sable, he held several executive roles for North American energy producers including Imperial Oil Limited and ExxonMobil Chemical. Mr. McAdam previously served as a Director for SemGroup Corporation and Canexus Corporation. He has a Bachelor of Science in Chemical Engineering from Queen's University and a Master of Business Administration from McMaster University. He holds the ICD.D designation from the Institute of Corporate Directors and is a member of the National Association of Corporate Directors.

Director Since 2021 – Independent

Board Committee Membership:	Meeting Attendance	Annual General Meeting Voting Results	Current Public Board Directorships:
Board	6 of 6 100%	Year 2021 Votes in Favour 98.81%	ARC Resources Ltd.
Risk	3 of 3 100%		
Safety, Reserves & Operational Excellence	3 of 3 100%		

Share Ownership ⁽¹⁾ :	Meets Shareholding Requirements:
280,123 units - \$4,246,665	Met

**Michael G. McAllister,
B.ENG., P.ENG.**

Calgary, Alberta,
Canada

Director

Age: 63



Mr. McAllister has 40 years of energy industry experience in North America with expertise in operations and development. Mr. McAllister spent 20 years at Ovintiv Inc. (formerly Encana Corporation) where he held several executive roles including his most recent role as President. In this role, he was responsible for the company's operations, exploration, land, marketing, midstream, and corporate services. Previously, he served as the company's Executive Vice President and Chief Operating Officer. Prior to that, Mr. McAllister held various technical and leadership roles for Texaco Canada and Imperial Oil Resources Ltd. He holds a Mechanical Engineering degree from Concordia University.

Director Since 2020 – Independent

Board Committee Membership:	Meeting Attendance	Annual General Meeting Voting Results	Current Public Board Directorships:
Board	12 of 12 100%	Year 2021 Votes in Favour 97.40%	ARC Resources Ltd.
Human Resources & Compensation	4 of 4 100%		
Risk	1 of 1 100%		
Safety, Reserves & Operational Excellence (Chair)	5 of 5 100%		

Share Ownership ⁽¹⁾ :	Meets Shareholding Requirements:
64,457 units - \$977,168	Met

M. Jacqueline Sheppard,
B.A., M.A., J.D.

Calgary, Alberta,
Canada

Director

Age: 66



Ms. Sheppard has significant executive experience in the energy industry and as a director of several large public, private and Crown corporations. She has expertise in strategic planning, global business development, public markets, legal and governance. Currently, Ms. Sheppard is Board Chair of Emera Inc. She also serves on the board of Alberta Investment Management Corporation. Previously, she was a Founder and Lead Director of Black Swan Energy Inc., a Director of Cairn Energy PLC and Board Chair of the Research and Development Corporation of the Province of Newfoundland and Labrador. From 1994 to 2009, Ms. Sheppard was at Talisman Energy Inc. where she held several executive roles including her most recent role as Executive Vice President, Corporate and Legal. Previously, she was in private practice and was a partner at a national law firm. A Rhodes Scholar, she received an Honours Jurisprudence, Bachelor of Arts and Master of Arts from Oxford University. She has a Bachelor of Laws degree (Honours) from McGill University, and a Bachelor of Arts and honorary Doctor of Laws degrees from Memorial University. In 2008, Ms. Sheppard was appointed the Queen's Counsel designation.

Director Since 2021 – Independent

Board Committee Membership	Meeting Attendance	Annual General Meeting Voting Results	Current Public Board Directorships
Board	6 of 6 100%	Year Votes in Favour	ARC Resources Ltd.
Human Resources & Compensation	4 of 4 100%	2021 96.66%	Emera Incorporated (Board Chair)
Policy & Board Governance (Chair)	3 of 3 100%		

Share Ownership ⁽¹⁾ :	Meets Shareholding Requirements
169,736 units - \$2,573,198	Met

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

Calgary, Alberta,
Canada

Director

Age: 57



Ms. Atkins has more than 30 years of international experience working across the energy value chain with expertise in business strategy, mergers and acquisitions, finance, and sustainability. Currently, she serves on the boards of Cameco Corporation, Points International Ltd. (Audit Committee Chair), and EPCOR Utilities Inc. From 2006 to 2019, she was a partner with KPMG LLP. During her tenure, she led the European Energy & Natural Resources practice, the Netherlands' Industrial Markets practice and Europe's Chemical and Pharmaceutical practice, focusing on strategic investments and initiatives. Ms. Atkins also served on KPMG Canada's National Board of Directors and, most recently, was Audit Committee Chair for Seven Generations Energy Ltd. Ms. Atkins is a member of the executive committee of the Calgary Chapter of the Institute of Corporate Directors. She holds a Bachelor of Business Administration in Finance from Acadia University, and a Master of Business Administration from Dalhousie University. Ms. Atkins holds CPA and CA designations, as well as the ICD.D designation from the Institute of Corporate Directors.

Director Since 2021 – Independent

Board Committee Membership:	Meeting Attendance	Annual General Meeting Voting Results	Current Public Board Directorships:
Board	6 of 6 100%	Year Votes in Favour	ARC Resources Ltd.
Audit (Chair effective May 2022)	3 of 3 100%	2021 99.27%	Cameco Corporation
Risk	3 of 3 100%		EPCOR Utilities Inc.
			Points International Ltd.

Share Ownership ⁽¹⁾ :	Meets Shareholding Requirements:
130,906 units - \$1,984,535	Met

Terry M. Anderson
B.SC, P.ENG.

Calgary, Alberta,
Canada

Management Director

Age: 52



Mr. Anderson was appointed President and Chief Executive Officer of ARC Resources Ltd. in 2020. In his role, Mr. Anderson has overall accountability for the Company's strategy and delivering strong financial, operational and ESG performance. He was appointed to the Board of Directors in May 2020. Mr. Anderson has more than 30 years' experience working in the North American energy industry. He joined ARC in 2000 and has held progressively senior roles including Senior Vice President, Engineering and Land, and Senior Vice President, Operations. From 2015 to 2020, he was ARC's Senior Vice President and Chief Operating Officer where he led the Company's Montney development and production activities in northeast British Columbia and northern Alberta. He holds a Bachelor of Science degree in Petroleum Engineering from the University of Wyoming.

Director Since 2020 – President and CEO

Board Committee Membership	Meeting Attendance	Annual General Meeting Voting Results	Current Public Board Directorships
Board	12 of 12 100%	Year 2021 Votes in Favour 99.35%	ARC Resources Ltd.

Share Ownership ⁽¹⁾ :	Meets Shareholding Requirements
454,166 units - \$6,885,157	Met

(1) Includes Common Shares and share equivalents held as of March 17, 2022. Share equivalents include Deferred Share Units ("DSUs") and Restricted Share Units ("RSUs") and LTRSAs for Mr. Anderson. The value is based on the March 17, 2022 closing share price of \$15.16.

Corporate Governance

We believe sound corporate governance builds trust with our stakeholders and is core to the success of our business. We take pride in our disciplined culture which is built on our values of respect, integrity, trust and community. These values are embraced at the Board level and extend throughout the organization.

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

We believe that the role of the Board is to ensure accountability for our financial and operational performance and create long-term shareholder value while understanding ARC's purpose and greater responsibility to a broad range of stakeholders. Strong governance practices promote effective decision making at the Board level and across the organization.

RESPONSIBILITIES OF THE BOARD

The Board is responsible for overseeing the stewardship of ARC to ensure long-term success through execution of our strategy and guiding principles. The Board's key priorities are strategy, governance, and succession. These priorities encompass: strategic planning; financial and operational performance; risk management; ethical business conduct; ESG practices; Board composition, nomination and diversity; management succession planning; and Board effectiveness, Director assessment and education. The specific duties of the Board are set out in the Board Mandate which is reviewed annually. See Appendix D of this information circular.



Strategy

Strategic Planning and Financial & Operational Performance

The Board provides oversight and guidance on the development and execution of ARC's strategic plan to achieve ARC's principal business objectives and identify strategic, financial and operational opportunities and risks to ARC's business. Specifically, the Board objectively sets and monitors the execution of the corporate strategy and approves the allocation of capital. Annually, Management recommends the budget for approval by ARC's Board for the following fiscal year. Any material changes to the budget through the year are reviewed and approved by the Board. ARC's financial and operational performance is formally reviewed every quarter by the Board and is continuously monitored by Management. As well, a standing agenda item at each Board meeting is a discussion of ARC's strategic plans and a review of new strategic opportunities. The Board sets aside two days, every year, for a focused strategic planning session where the Directors and Management discuss strategic priorities, short-, medium- and long-term business risks, macroeconomic trends and commodity price outlook, capital allocation priorities, the Company's five-year plan and commercial business development opportunities.

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 risk mitigation plans, systems, and procedures.

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 and probability. The Business Risk Matrix forms the framework for identifying and assessing risks which is reinforced in our principles and embedded in our culture. The Board regularly reviews the Business Risk Matrix, and each committee of the Board has defined responsibilities for risk oversight and mitigation as outlined in the committee mandates. For mandate details see ARC's website at www.arcresources.com.

ARC monitors five categories of organizational risk:



Information Security Risk

With specific reference to information security risk, the availability, capacity, reliability, and security of our information technology infrastructure is necessary for ARC to effectively conduct its business operations. Information security risk is a corporate risk subject to control and monitoring at various levels of the organization. The Board assigned information security risk to the Risk Committee and with the support of Management, that committee is responsible for the oversight of ARC's internal controls regarding information security and its strategy to address and mitigate cybersecurity threats. Management provides a quarterly cybersecurity update to the Board through the Risk Committee. ARC's cybersecurity program is modelled after industry standard frameworks and includes ongoing cybersecurity education and awareness training for all employees. Education and training comprise of testing and the periodic engagement of independent third-parties to assess our risk, test our controls and measure the progress and maturity of our program against industry benchmarks. To date, ARC has not experienced any material security breaches.

Governance

Ethical Business Conduct

We believe that maintaining high standards of business conduct is essential to the long-term success of the Company. Our Code of Business Conduct and Ethics (the "Code") reinforces our expectation that all Directors, Management, employees and Company representatives will conduct themselves with a high standard of professionalism and ethical behaviour. The Code specifically outlines the standards required for 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 is applicable to all Directors, Management, and employees of the Company. On an annual basis, all Directors, Management, and employees are required to read, and sign off on their understanding of the Code.

In addition, ARC has a Code of Ethics for Senior Financial Officers and a quarterly certification process to ensure their compliance with ethical business conduct, financial reporting requirements and filings, and accurate reporting of operational results. This Code of Ethics for Senior Financial Officers is signed by the CEO and Chief Financial Officer ("CFO") and reviewed by the Policy & Board Governance Committee ("Governance Committee") each quarter. These documents can be referred to on ARC's website at www.arcresources.com and under ARC's SEDAR profile at www.sedar.com.

The Board has authority over significant strategic, financial, and operational decisions relating to:

- The determination of dividends paid on Common Shares
- The approval of the annual budget, including material budgeted capital expenditures and any material revisions to the budget occurring during the year
- The establishment of credit facilities

- The issuance of Common Shares
- The implementation of Normal Course Issuer Bids (“NCIB”) and the repurchase and cancellation of common shares
- The acquisition and disposition of properties exceeding amounts established by the Board
- The long-term marketing, transportation, and hedging arrangements exceeding levels established by the Board
- CEO compensation and compensation plan enhancements or changes
- The approval of financial reports and overseeing and monitoring internal control over financial reporting (“ICFR”)
- The appointment of Directors and Officers

ESG Oversight

ARC’s stakeholders and Indigenous communities expect the Company to engage in responsible resource development and prioritize ESG matters. ARC has consistently demonstrated leading ESG performance in our industry and is recognized for our ESG practices. A comprehensive review of our objectives, standards, and performance in the areas of environmental, social and governance is published biennially in our ESG report which is available on our website at www.arcresources.com. To identify these measures and their overall impact, we align to established international guidelines and standards, including, the Global Reporting Initiative Sustainability Reporting Standards, the Sustainability Accounting Standards Board and the Task Force on Climate-related Financial Disclosure, among others.

The following policies and practices support our efforts in this area:

- The Board has oversight on all ESG matters and has the requisite skills and experience to provide guidance and assessment.
- The Board approves annual performance targets through a corporate scorecard to create accountability for the execution of the corporate strategy, including ESG-related matters.
- ARC is committed to ESG transparency and our biennial ESG report includes guiding principles, strategies, targets, and performance.
- The Board has a Safety, Reserves & Operational Excellence Committee (“SROE Committee”) to oversee the responsible development and sustainability of our operations, the health and safety of employees and contractors as well as environmental performance on topics such as greenhouse gas emissions (“GHG”), air, water, climate-related risks, and land management. The SROE Committee provides oversight of ARC’s water management strategy, well abandonment and reclamation activities. Management reports quarterly on health, safety and environmental performance and identifies areas for continuous improvement.
- The Human Resources and Compensation Committee (“HRC Committee”) independently sets and monitors executive compensation programs and provides oversight of culture, employee engagement, succession planning, diversity and inclusion practices, hiring practices, human rights, and other legislative employment matters.
- The Governance Committee provides oversight of governance and social matters, including Board diversity and inclusion, Corporate and Board governance, Director assessment, nomination and succession process and regulatory governance matters.
- ESG Leadership is a core responsibility of the Management team.

Active Engagement with Shareholders

We regularly engage with our shareholders to build trust and ensure ongoing communication around our corporate strategies and business plans and results. Management 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 addition to conferences and meetings, ARC also provides shareholder engagement opportunities through:

- Annual Meeting of Shareholders
- Hosting quarterly conference calls to communicate financial and operational results
- Publishing monthly investor presentations
- Disclosing quarterly financial reports and news releases
- Providing regular updates to ARC's website and social media channels
- Hosting regular investor updates
- Responding to investor enquiries through an electronic inbox and through a toll-free line for shareholders
- Managing a Board of Directors email (**Board@arcresources.com**)

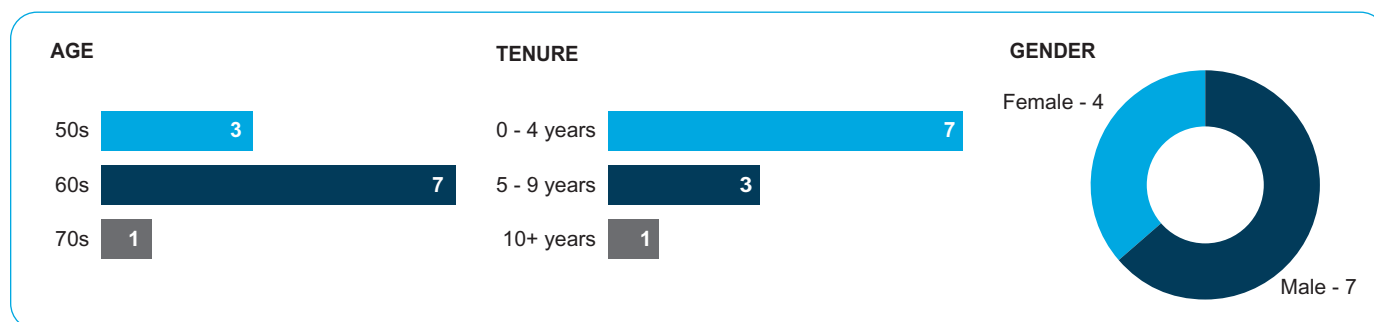
We also consider recommendations of proxy advisory firms and organizations that represent or advise shareholders on matters of governance, such as Institutional Shareholder Services, Glass, Lewis & Co., and the Canadian Coalition for Good Governance.

Board Composition, Director Nomination & Diversity

Board Composition

Achieving balance of experience with deep knowledge of our business and fresh perspectives is important. We believe it is critical that Directors understand our industry, our business and bring skills and knowledge that will assist ARC in advancing its strategic objectives. We also believe that having a diverse board is critical to effective decision making and broadening perspectives.

The composition of the Board who have been nominated for election is displayed in the graphic below.



Director Independence

The Governance Committee, which is comprised entirely of independent Directors, reviews the composition of the Board and committees annually and is responsible for Director succession planning and for identifying and recommending new candidates to the Board. Independent Directors meet quarterly without Management present.

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, except for Terry M. Anderson, the current President and CEO of the Company, and Marty L. Proctor, former President and CEO of Seven Generations, are considered to be independent. It is ARC's practice that the Board Chair is independent. Details of the Board Chair roles and responsibilities are outlined in the Terms of Reference which is available on ARC's website at www.arcresources.com.

Material Interests and Related Party Transactions

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, a proposed material transaction or a related party transaction with ARC must disclose the nature of their interest and may not vote on any resolution to approve such a transaction. Twice per year, Directors and Officers of ARC provide confirmation of material interests and related party transactions. As of the date of this information circular, there are no material transactions, proposed material transactions or related party transactions with ARC in which any Director or Officer has an interest.

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 in 2021.

Company	Director	Roles
Finning International Inc.	Harold N. Kvisle	Director & Board Chair
		Director
	Kathleen M. O'Neill	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. Kathleen M. O'Neill will not be standing for re-election at the 2022 Annual Meeting.

Board Committees

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

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.
- Provides risk oversight of financial reporting and compliance, material interests and related party transactions.

Human Resources & Compensation 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. Approves compensation decisions for all NEOs.
- Assesses and manages risk related to talent management, hiring practices, human rights, succession planning and compensation.

Policy & Board Governance Committee

- Reviews the effectiveness of the Board of Directors, committees, and individual Board members through the annual assessment process, which includes a 360-degree assessment every second year.

- Leads Director selection, the on-boarding process and succession planning.
- Assesses and manages governance, diversity, and regulatory risk.

Safety Reserves & Operational Excellence 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.
- Reviews the efficiency and effectiveness of base operating performance and capital execution.
- Responsible for risk assessment and management for reserves and resources evaluation, operational, health, safety, environment factors, 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 are monitored by the appropriate Board committees.
- Responsible for reviewing all material transportation commitments and commodity risk management.

2021 Changes – Board and Committee Membership

On April 6, 2021, upon the completion of the Business Combination with Seven Generations, John P. Dielwart, Herbert C. Pinder Jr., William G. Sembo and Nancy L. Smith resigned from the ARC Board. Concurrently, Marty L. Proctor, Susan C. Jones, William J. McAdam, M. Jacqueline Sheppard, and Leontine van Leeuwen-Atkins joined the Board. Carol T. Banducci joined the Board on November 5, 2021.

With Kathleen M. O'Neill not seeking re-election in 2022, Leontine van Leeuwen-Atkins will become the Chair of the Audit Committee.

The table below outlines committee membership prior to the closing of the Business Combination and current committee compositions.

Committee	Membership Prior to Close of the Business Combination	Membership as of December 31, 2021
Audit	<ul style="list-style-type: none"> ● Kathleen M. O'Neill (Chair) ● William G. Sembo ● Nancy L. Smith 	<ul style="list-style-type: none"> ● Kathleen M. O'Neill (Chair) ● Farhad Ahrabi ● Carol T. Banducci ● Leontine van Leeuwen-Atkins
Human Resources & Compensation	<ul style="list-style-type: none"> ● David R. Collyer (Chair) ● Herbert C. Pinder, Jr. ● William G. Sembo 	<ul style="list-style-type: none"> ● David R. Collyer (Chair) ● Susan C. Jones ● Michael G. McAllister ● M. Jacqueline Sheppard
Governance	<ul style="list-style-type: none"> ● Herbert C. Pinder, Jr. (Chair) ● David R. Collyer ● Kathleen O'Neill 	<ul style="list-style-type: none"> ● M. Jacqueline Sheppard (Chair) ● David R. Collyer ● Kathleen M. O'Neill
Safety, Reserves & Operational Excellence	<ul style="list-style-type: none"> ● John P. Dielwart (Chair) ● Farhad Ahrabi ● David R. Collyer ● Michael G. McAllister 	<ul style="list-style-type: none"> ● Michael G. McAllister (Chair) ● David R. Collyer ● Susan C. Jones ● William J. McAdam ● Marty L. Proctor
Risk	<ul style="list-style-type: none"> ● Nancy L. Smith (Chair) ● Farhad Ahrabi ● John P. Dielwart 	<ul style="list-style-type: none"> ● Farhad Ahrabi (Chair) ● Carol T. Banducci ● William J. McAdam ● Marty L. Proctor ● Leontine van Leeuwen-Atkins

Director Nomination Process

To ensure that the Board accesses a broad and diverse pool of the best qualified individuals, the Governance Committee retains an external search firm to help identify candidates for future Directors. The Governance Committee and the Board Chair evaluates prospective Director candidates' relevant skills and experience as it relates to the Director Skills Matrix, current Board composition, diversity, skills and competencies and future strategic plans of the organization. Once potential candidates have been determined, a comprehensive interview process is conducted which includes multiple interviews with other Directors and the CEO. Each year, the Governance Committee reviews the list of Directors and their requisite skills and experience to be nominated for election at the Annual Meeting of Shareholders and recommends such nominees for approval by the Board.

As part of the Business Combination, the Board sought to establish a new Board and in doing so considered the Directors Skills Matrix and future strategic plans for ARC. Accordingly, Board members from the former ARC Resources' and Seven Generations' boards were appointed to form the new Board. This allowed for continuity of knowledge and depth in skills and experience from both companies to continue.

Director Skills Matrix

The Board, led by the Governance Committee, reviews the experience, qualifications, and skills required for Directors so that the Board can meet the challenges of our business today and in the future. The Director Skills Matrix is maintained and used to identify areas for strengthening the Board, if necessary, and addressing any gaps through the recruitment of new members.

Below is the Director Skills Matrix, outlining the experience and knowledge of the Director nominees. All Board members have relevant and complementary experience in the components of our strategic priorities. The skills align with the key areas of ARC's strategy. Each Directors' top three areas of expertise are highlighted in green.

	Harold N. Kvisle	Marty L. Proctor	Farhad Ahrabi	Carol T. Banducci	David R. Collyer	Susan C. Jones	William J. McAdam	Michael G. McAllister	Kathleen M. O'Neill	M. Jacqueline Sheppard	Leontine van Leeuwen-Atkins	Terry M. Anderson
High-quality Assets and Operational Excellence												
Oil & Gas Operations: experience as a CEO, senior officer or board member in various aspects of oil and gas development and operations, including technology & innovation, exploration, and marketing.	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Reserves Evaluation: direct experience or executive experience with oil and gas reserves evaluation.	✓	✓	✓		✓		✓	✓		✓	✓	✓
Profitable Capital Allocation: experience with complex capital allocation decision making and analysis to enhance long-term value creation.	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Health, Safety and Environment: direct experience and knowledge of industry regulations and best practices related to workplace health, safety and environment.	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓
Global Experience: international energy or relevant 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.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Change Management: experience leading major organizational change and/or managing significant M&A activities.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Market Access: experience and knowledge of strategies to proactively leverage market access opportunities.	✓	✓	✓	✓	✓	✓	✓	✓				✓
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 factors.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
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.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
People & ESG Leadership												
Sustainability: experience or knowledge of risks related to a broad range of environmental indicators (emissions, air and water), social indicators (culture, safety, diversity, indigenous and community) 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, strong ethics and quality decision making.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
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.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Diversity, Equity & Inclusion Policy

It is important to ensure the Board is comprised of Directors who have diverse skills, thoughts, and experiences. The Board believes in inclusivity and recognizes the benefits of diverse views on decision-making outcomes and overall corporate performance. We believe that diversity should be represented on the Board, in Management and throughout the organization, to provide a broad range of perspectives and insights. Accordingly, ARC has a formal Diversity, Equity & Inclusion Policy which includes a specific target to increase female representation on the Board and within the executive team to a minimum of 30 per cent by 2024. ARC has now achieved this goal with both the Board and executive team comprised of 36 per cent female representation. We are committed to our target of 30 per cent gender diverse representation on our Board and in Management through our Board and Management succession process going forward. In 2022, we expanded our policy to include diversity beyond gender and will be conducting an ethnicity self-identification survey to inform our strategy for the coming years.

Our targets, and more importantly, our results, reflect our commitment to a workplace that creates a sense of belonging, promotes diversity of thought, and represents the experience and backgrounds of the communities where we live and work. In 2018, ARC was accepted as a member of the 30% Club, joining their campaign to increase gender diversity on boards and senior management teams. We have also been included on the Bloomberg Gender-Equality Index since 2021.

Succession

Succession Planning

Led by the HRC Committee, the Board has responsibility for overseeing the Company's succession planning for Management. Once a year, a succession planning meeting is held with the Board and the CEO, without other members of Management present, to discuss the progression, development, performance and capabilities of Management and to establish 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. The HRC Committee's succession planning process involves working with the CEO to identify internal candidates, selecting development opportunities, and evaluating performance and progress. Included in our succession planning practices is a focus on ensuring we have a diverse pool of candidates for development. 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.

As part of the Business Combination, significant effort was put into ensuring we had the leadership, attributes, and competencies reflected within the executive team to advance the organization. Following a rigorous process, Terry M. Anderson was confirmed as President and CEO and Kristen J. Bibby was confirmed as Senior Vice President and CFO upon closing of the Business Combination. To learn more about the members of the executive team refer to the Annual Information Form on ARC's website at www.arcresources.com.

Board Effectiveness, Director Assessment and Education

To ensure Board members, committees, and processes remain effective, a thorough evaluation of performance is conducted on an annual basis. Each Director completes an anonymous questionnaire, including an opportunity to provide feedback on the effectiveness of the Board and its committees. The results of the questionnaire are analyzed by the Governance Committee and Board Chair, who determine whether any changes are needed in Board processes, mandates, composition, or committee structure. While this is an ongoing discussion, the Board formally meets 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 the other Directors, including the Board Chair and the CEO. Once the assessment is complete, the Board Chair meets with each Director individually to engage in a two-way discussion with an emphasis placed on maximizing the contribution of each Director and continually improving the overall effectiveness of the Board.

Directors are recruited to join the Board 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. While ARC does not have a formal term limit for Directors, if a Director receives an inadequate assessment or is not open to feedback, the Board Chair will ask the Director to submit their resignation.

Director Education

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

The orientation process includes:

- One-on-one meetings with multiple Directors and executives
- Attendance at all 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 the Director with ARC's operations
- Training in the technology platforms used by the Board

Continuing education is an important requirement of our Directors. We reimburse Board members for attending external educational courses relating to corporate governance, financial literacy, ESG, or other related Board matters, as well as for membership dues for each of the Directors in organizations that support them in their role.

In addition to pursuing individual educational initiatives, Directors are kept informed of developments in the Company and the energy sector 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
- Guest speakers and external advisors to provide additional external perspectives
- An annual field visit to tour ARC's operations firsthand and meet employees. This annual visit was not completed in 2021 due to restrictions related to the COVID-19 pandemic
- Quarterly updates from each committee on best practices, industry benchmarking, trends, and policy updates
- Regular updates from ARC's legal counsel on material changes in securities regulations and corporate governance matters

During 2021, the Directors participated in numerous internal and external continuing education opportunities. All of ARC's directors are actively engaged in staying up to date with, among other things, trends in oil and gas industry, ESG, cybersecurity, the state of the economy, political developments and socioeconomic issues that may affect ARC's business, operations, and financial condition.

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 annually by analyzing information circulars of ARC's peer group 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 ARC's compensation peer group, see "Compensation Philosophy" in this information circular.

ARC's Director compensation program consists of both a cash and an equity-based component awarded 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 their 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 Toronto Stock Exchange ("TSX") for the five trading days preceding to the date of grant. Each Director has until December 1st in the calendar year following the date on which they cease to be a Director to redeem their 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 preceding the settlement date.

The following table outlines the Board and committee retainer fee schedule for non-Management Directors. The only change in 2021 to the fee schedule was the addition of a Vice Chair retainer.

2021 Directors Fees	
Cash Retainer:	
Board Chair	\$166,000
Board Vice Chair	\$108,000
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 2021.

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 N. Kvisle	\$166,000	\$ —	\$ 166,000	\$ 249,020	\$ —	\$ 415,020	\$ —	\$ 415,020
Marty L. Proctor ⁽³⁾	\$ 81,000	\$ —	\$ 81,000	\$ 121,500	\$ —	\$ 202,500	\$ 80,980	\$ 121,520
Farhad Ahrabi	\$ 88,000	\$ 4,500	\$ 92,500	\$ 138,764	\$ —	\$ 231,264	\$ —	\$ 231,264
Carol T. Banducci ⁽⁴⁾	\$ 13,630	\$ —	\$ 13,630	\$ 20,446	\$ —	\$ 34,076	\$ —	\$ 34,076
David R. Collyer	\$ 88,000	\$ 6,000	\$ 94,000	\$ 141,000	\$ —	\$ 235,000	\$ 93,990	\$ 141,010
John P. Dielwart ⁽⁵⁾	\$ 23,451	\$ 1,599	\$ 25,050	\$ 37,574	\$ —	\$ 62,624	\$ 27,370	\$ 35,254
Susan C. Jones ⁽³⁾	\$ 66,000	\$ —	\$ 66,000	\$ 99,000	\$ —	\$ 165,000	\$ 65,987	\$ 99,013
William J. McAdam ⁽³⁾	\$ 66,000	\$ —	\$ 66,000	\$ 99,000	\$ —	\$ 165,000	\$ 65,987	\$ 99,013
Michael G. McAllister	\$ 88,000	\$ 4,500	\$ 92,500	\$ 138,750	\$ —	\$ 231,250	\$ 92,489	\$ 138,761
Kathleen M. O'Neill	\$ 88,000	\$10,000	\$ 98,000	\$ 147,000	\$ —	\$ 245,000	\$ 48,978	\$ 196,022
Herbert C. Pinder, Jr. ⁽⁵⁾	\$ 23,451	\$ 1,599	\$ 25,050	\$ 37,574	\$ —	\$ 62,624	\$ 27,370	\$ 35,254
William G. Sembo ⁽⁵⁾	\$ 23,451	\$ —	\$ 23,451	\$ 35,175	\$ —	\$ 58,626	\$ 17,370	\$ 41,256
M. Jacqueline Sheppard ⁽³⁾	\$ 66,000	\$ 4,500	\$ 70,500	\$ 105,760	\$ —	\$ 176,260	\$ —	\$ 176,260
Nancy L. Smith ⁽⁵⁾	\$ 23,451	\$ 1,599	\$ 25,050	\$ 37,574	\$ —	\$ 62,624	\$ 27,370	\$ 35,254
Leontine van Leeuwen-Atkins ⁽³⁾	\$ 66,000	\$ —	\$ 66,000	\$ 99,000	\$ —	\$ 165,000	\$ 49,483	\$ 115,517
Total	\$970,434	\$34,297	\$1,004,731	\$1,507,137		\$2,511,868	\$597,374	\$1,914,494

(1) Excludes Mr. Anderson who was a Management Director during 2021.

(2) This amount is equal to approximately 150 per cent of the amount of the Total Cash Retainer Fees Earned and must be taken as DSUs.

(3) Mr. Proctor, Ms. Jones, Mr. McAdam, Ms. Sheppard, and Ms. van Leeuwen-Atkins joined the Board on April 6, 2021, and their annual fees were prorated.

(4) Ms. Banducci joined the Board on November 5, 2021, and her annual fees were prorated.

(5) Mr. Dielwart, Mr. Pinder, Mr. Sembo, and Ms. Smith stepped down from the Board on April 6, 2021, and their 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, 2021.

Director ⁽¹⁾	Number of DSUs	Estimated Payout Value of DSUs ⁽²⁾
Harold N. Kvisle	346,252	\$3,981,898
Marty L. Proctor	11,058	\$ 127,167
Farhad Ahrabi	74,915	\$ 861,523
Carol T. Banducci	2,925	\$ 33,638
David R. Collyer	90,294	\$1,038,381
Susan C. Jones	43,523	\$ 500,515
William J. McAdam	153,962	\$1,770,563
Michael G. McAllister	17,494	\$ 201,181
Kathleen M. O'Neill	187,344	\$2,154,456
M. Jacqueline Sheppard	159,502	\$1,834,273
Leontine van Leeuwen-Atkins	112,214	\$1,290,461

(1) Excludes Mr. Anderson who was a Management Director during 2021.

(2) Calculated based on the closing price of the Common Shares on December 31, 2021, of \$11.50 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, 2021, and as outlined below, all non-Management Directors meet or exceed the minimum share ownership requirement. Carol T. Banducci has until 2026 to attain the shareholding requirements. Management Directors are subject to separate share ownership requirements which are outlined in the “Compensation Discussion and Analysis” section in 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 N. Kvisle	2021	170,000	346,252	516,252	\$5,936,898	35	Yes
	2020	150,000	295,198	445,198	\$2,671,188	16	Yes
Marty L. Proctor	2021	459,947	11,058	471,005	\$5,416,558	50	Yes
	2020	—	—	—	\$ —	—	—
Farhad Ahrabi	2021	—	74,915	74,915	\$ 861,523	9	Yes
	2020	—	49,985	49,985	\$ 299,910	3	Yes
Carol T. Banducci	2021	—	2,925	2,925	\$ 33,638	0	No
	2020	—	—	—	\$ —	—	—
David R. Collyer	2021	20,000	90,294	110,294	\$1,268,381	13	Yes
	2020	20,000	73,736	93,736	\$ 562,416	6	Yes
Susan C. Jones	2021	96,395	43,523	139,918	\$1,609,057	18	Yes
	2020	—	—	—	\$ —	—	—
William J. McAdam	2021	124,838	153,962	278,800	\$3,206,200	36	Yes
	2020	—	—	—	\$ —	—	—
Michael G. McAllister	2021	46,813	17,494	64,037	\$ 739,531	7	Yes
	2020	18,700	3,326	22,026	\$ 132,156	1	No
Kathleen M. O'Neill	2021	3,000	187,344	190,344	\$2,188,956	22	Yes
	2020	20,666	162,545	183,211	\$1,099,266	11	Yes
M. Jacqueline Sheppard	2021	8,864	159,502	168,366	\$1,936,209	20	Yes
	2020	—	—	—	\$ —	—	—
Leontine van Leeuwen-Atkins	2021	17,728	112,214	129,942	\$1,494,333	17	Yes
	2020	—	—	—	\$ —	—	—

(1) The number of DSUs reflects dividends paid on Common Shares to December 31, 2021 or 2020.

(2) Value based on closing share price of Common Shares of \$11.50 on December 31, 2021 (\$6.00 on December 31, 2020).

(3) Based on total market value of Common Shares and share equivalents including DSUs.

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 provide an overview of ARC's 2021 performance and of the resulting performance assessment and pay decisions made for the CEO and other NEOs of ARC.

As a result of the Business Combination with Seven Generations, we undertook a review of our compensation plan in 2021 to ensure the design is appropriate in light of the larger company size and the evolving external context in which ARC is operating. We will be implementing some enhancements to ARC's compensation plan design for 2022, the highlights of which are summarized in this letter.

2021 Key Performance Highlights

2021 was a significant year for ARC in many respects. In 2021, ARC celebrated its 25-year anniversary and completed the strategic Business Combination with Seven Generations. The combination of two strong companies was transformational, positioning ARC to increase shareholder value and better manage risk by leveraging our enhanced scale and commodity and geographic diversity. The former ARC and Seven Generations teams came together to complete the transaction and a very successful integration, while safely, efficiently, and profitably executing the business plan against a disruptive COVID-19 pandemic backdrop.

Some of the 2021 key performance highlights are:

- *High-quality Assets and Operational Excellence* – Safely and efficiently executed a \$1.062 billion capital expenditure ⁽¹⁾ program and achieved or exceeded our operational targets including safety, production, operating expense, and capital efficiencies. ARC achieved our best year of safety performance on record and advanced other key ESG initiatives including reducing legacy ARC GHG emissions by 16 per cent relative to the 2019 baseline.
- *Financial Sustainability and Return on Investment* – Maintained a strong balance sheet with a year-end net debt to funds from operations ratio ⁽²⁾ of 0.8 times. Full-year 2021 financial and operational results included the generation of \$2.4 billion (\$3.85 per share) ⁽³⁾ in funds from operations ⁽²⁾, and \$1.4 billion (\$2.16 per share) ⁽⁴⁾ in free funds flow ⁽⁵⁾. Captured approximately \$190 million in synergies, surpassing initial expectations of \$110 million in annual savings due to the synergies of the Business Combination.
- *High-performance People and Culture* – Completed the integration process in an exemplary manner with a focus on building team and culture in a remote work environment and across our operations. Achieved greater than 30 per cent female representation on the executive team and were recognized for our efforts in diversity and inclusion through the inclusion in the Bloomberg Gender-Equality Index for the second consecutive year.
- *Commercial Activities and Risk Management* – Strategic business development activities included the transformational Business Combination with Seven Generations and the divestment of our Pembina asset. ARC continued to execute its strategy of diversifying the markets where the Company sells natural gas to gain exposure to regional pricing as well as mitigate price concentration risk.

2021 Compensation Plan Changes

Given the significance of the Business Combination and the importance of ensuring successful integration, the decision was made to largely continue with ARC's existing compensation plan through 2021 with only two immediate changes, the first of which was under consideration by the HRC Committee prior to the Business Combination:

- The suspension of the Long-term Restricted Share Award program was made to simplify the compensation plan, better align the plan to market, and to align the executive team by having all executives participate in the same compensation program.
- To reflect the substantial increase in the size of ARC, the Performance Share Unit ("PSU") peer group was amended, increasing the production threshold from 25,000 boe per day to 50,000 boe per day and expanded it to include upstream and integrated energy companies publicly traded on the TSX.

2021 Performance Assessment and Pay Decisions

The details of ARC's 2021 performance and corporate scorecard outcomes are provided within the CD&A section of this information circular. I speak for the entire Board when I say that we are extremely pleased with the performance of the executive team, the contributions of all ARC employees and the terrific operational and financial results that were achieved in 2021.

As with the decision to continue with ARC's existing compensation plan through 2021, a similar decision was made regarding the performance metrics in the corporate scorecard. Based on a comprehensive review by the HRC Committee and the Board, it was agreed that we would continue with essentially the same performance metrics established for ARC for 2021, but with the quantum of the targets adjusted where necessary to reflect the size and scale of the combined Company. The revised corporate scorecard targets were approved by the Board in the second quarter of 2021, following the successful close of the Business Combination.

Following our normal process, we reviewed executive compensation in June. To conduct this annual review, we engaged Mercer to provide benchmarking data for each of the members of the new executive team. The benchmarking data included the members of our executive compensation peer group, and this data was used to determine 2021 compensation targets. Terry Anderson, ARC's CEO, and the other NEOs received moderate increases to their compensation to reflect ARC's increased size and the scope of their new responsibilities. Overall, there were significant cost savings on executive pay as a result of the Business Combination, relative to the overall executive structure of the prior separate entities.

Following the comprehensive review of the 2021 year-end results and of the corporate scorecard, the Board approved an overall performance assessment of 1.8 (in the range of "Outperform" to "Outstanding") out of a maximum potential assessment of 2.0. Given the significance of the Business Combination, the timely and successful integration of the two companies, operational performance that met or exceeded all of the corporate scorecard performance targets, and key advancements in the area of ESG, the HRC Committee and the Board believe that the scorecard assessment is reflective of ARC's strong 2021 performance. With regard to the 2021 bonus payment, each executive was assessed based on corporate performance and individual performance. The CEO and other NEOs received bonus awards that were above target, reflecting their individual and collective leadership contributions related to the closing of the Business Combination, integration, synergy realization, and delivering strong financial and operational performance.

Compensation Plan Review for 2022

As noted above, it was decided to maintain the current ARC compensation plan in most respects for 2021. This provided Management and the HRC Committee the opportunity to conduct a thoughtful review of compensation to determine if any changes or enhancements should be implemented in 2022 and beyond, with consideration for both the impact of the Business Combination (and resultant larger organization) and external market trends. Mercer and Hugessen Consulting were engaged to assist with the compensation plan review. A comprehensive process was undertaken to design a compensation plan for the combined Company that considered evolving market best practices and ARC's forward-looking business strategy, organizational culture, and operational priorities. Through the process, executive compensation principles, compensation philosophy, plan designs and executive pay related to governance were reviewed. Key executive compensation design principles were confirmed as being aligned with strong market practice, notably the importance of market competitiveness and of executive compensation being directly tied to performance outcomes.

As a result of this review, effective in 2022 we will be implementing the following enhancements to ARC's compensation plan, with a transition period for outstanding PSU grants extending to 2024:

- Continuing the use of one holistic corporate scorecard with existing strategic performance areas, however within the corporate scorecard, performance metrics will be more clearly designated to determine short-term incentives (i.e., annual bonus payments) and long-term incentives (i.e., the PSU performance multiplier);
- Applying new weightings to the strategic components of the corporate scorecard for the purposes of determining annual bonus payments and the PSU performance multiplier;
- Introducing an annual bonus design that is consistent with market practice, whereby corporate performance will determine the funding multiplier;
- Consistently applying executive bonus weightings of 80 per cent based on corporate scorecard performance and 20 per cent based on individual performance; and
- Discontinuing LTRsAs for 2022 and beyond, with previously granted awards to vest as planned.

With the integration activities complete, in 2022, the HRC Committee will be focused on ensuring the successful implementation of the compensation plan enhancements and further refine if required.

Summary

The CD&A set forth in the following pages outlines in detail our 2021 compensation plan and governance practices, our 2021 performance, and the basis for our decisions regarding executive compensation. We encourage you to read these materials, as they include information relevant to your “say on pay” vote. We have consistently received strong shareholder support of our approach to executive compensation and at the 2021 Annual Meeting, received a favourable “say on pay” vote of 94.56 per cent. Based on the Company’s outstanding performance in 2021, we strongly believe that the Board decisions regarding executive compensation reflect market competitiveness and alignment with performance outcomes.

We welcome and will consider all feedback from our shareholders. Please feel free to contact me at Board@arcresources.com, Attention: David Collyer.

Sincerely,



David Collyer
Chair, Human Resources & Compensation Committee

- (1) Non-GAAP financial measure that is not a standardized financial measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. The most directly comparable GAAP measure for capital expenditures is cash flow from investing activities. Certain additional disclosures for this non-GAAP measure have been incorporated by reference and can be found in the section entitled “Non-GAAP and Other Financial Measures” in ARC’s MD&A as at and for the three months and year ended December 31, 2021, available on ARC’s website at www.arcresources.com and under ARC’s SEDAR profile at www.sedar.com.
- (2) For information on this capital management measure refer to Note 18 “Capital Management” of ARC’s audited consolidated financial statements as at and for the year ended December 31, 2021 (the “financial statements”) and to the section entitled “Non-GAAP and Other Financial Measures” contained within the MD&A, available on ARC’s website at www.arcresources.com and on SEDAR at www.sedar.com
- (3) See “Non-GAAP and Other Financial Measures” for certain additional disclosures for this supplementary financial measure that have been incorporated by reference in ARC’s MD&A as at and for the three months and year ended December 31, 2021, available on ARC’s website at www.arcresources.com and under ARC’s SEDAR profile at www.sedar.com.
- (4) Non-GAAP financial ratio that is not a standardized financial measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. Includes the non-GAAP financial measure component free funds flow. Certain additional disclosures for this non-GAAP measure have been incorporated by reference and can be found in the section entitled “Non-GAAP and Other Financial Measures” in ARC’s MD&A as at and for the three months and year ended December 31, 2021, available on ARC’s website at www.arcresources.com and under ARC’s SEDAR profile at www.sedar.com.
- (5) Non-GAAP financial measure that is not a standardized financial measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. The most directly comparable GAAP measure for free funds flow is cash flow from operating activities. Certain additional disclosures for this non-GAAP measure have been incorporated by reference and can be found in the section entitled “Non-GAAP and Other Financial Measures” in ARC’s MD&A as at and for the three months and year ended December 31, 2021, available on ARC’s website at www.arcresources.com and under ARC’s SEDAR profile at www.sedar.com.

COMPENSATION GOVERNANCE

ARC is committed to ensuring that the design of our compensation programs motivate and reward the appropriate behaviours to deliver performance on business objectives and our long-term strategy. Compensation is designed to be market competitive, motivate and reward performance and reinforce the business strategy, organizational culture, and priorities of the Company.

The Board and the HRC Committee provide risk oversight of the Company's compensation plans. The HRC Committee is committed to strong governance and reviews the risk implications of ARC's compensation policies and practices annually. The HRC Committee has not identified any risks that are likely to have a materially adverse effect on the Company.

The following table summarizes the key governance features of our 2021 compensation policies and practices:

What We Do
<p>✓ Defined Mandate of the HRC Committee:</p> <ul style="list-style-type: none"> • The HRC Committee consists of all independent directors who are experienced and qualified. • The HRC Committee and the Board assesses compensation against a corporate scorecard and individual executive performance annually. • The HRC Committee benchmarks executive compensation against ARC's executive compensation peer group to understand market practices and rewards. • An independent, third-party consultant is engaged to review and advise on compensation recommendations. • All elements of executive compensation are reviewed and approved by the HRC Committee and, where applicable, the Board prior to payments being made.
<p>✓ Pay-for-performance and significant at-risk pay:</p> <ul style="list-style-type: none"> • All executives participate in the same compensation plan. • Executives have a significant portion (approximately 80 per cent) of their total compensation that is "at-risk". • Approximately 50 per cent of total compensation is made up of long-term incentives. PSUs have a minimum performance threshold, which, if not achieved, results in zero payment and have a maximum performance threshold of two times. PSUs vest after three years and are linked directly to defined annual performance metrics and to relative total shareholder return ("TSR") against the PSU peer group. • Performance is measured based on individual and corporate performance through the use of defined performance metrics and targets as identified in the corporate scorecard and relative TSR against a defined peer group. • Bonus decisions and payments are not awarded until year-end performance has been approved by the Board and released to shareholders.
<p>✓ Share Ownership Guidelines and Post-retirement Hold Periods:</p> <ul style="list-style-type: none"> • The CEO is required to hold five times his base salary in ARC shares. • Senior Vice Presidents are required to hold three times their base salary in ARC shares. All other executives are required to hold two times their base salary. • The CEO is required to hold five times his base salary in shares or share equivalents for one year post-retirement. • RSUs and PSUs continue to vest following retirement, creating an inherent post-retirement hold period
<p>✓ Risk Mitigation, Clawback and Anti-hedging Policy:</p> <ul style="list-style-type: none"> • ARC has an executive Clawback Policy that permits the Board to recoup cash bonuses and other incentive compensation paid or awarded to an Officer in the event willful misconduct or fraud on the part of an Officer and/or restatement of financial statements resulting in excess incentive compensation being paid to our Officers in prior periods. • ARC's insider trading policy prohibits Officers from purchasing financial instruments for their own account that are designed to hedge or offset a decrease in market value of ARC's securities held by our Officers, directly or indirectly
<p>✓ Change of Control Agreements:</p> <ul style="list-style-type: none"> • All long-term incentives plans have a double trigger upon a change of control. • All executives have an employment agreement that outlines the terms of their employment arrangement and ARC's obligations in the event of a termination or change of control event. Change of control events include a double trigger for termination benefits.
What We Do Not Do
<p>✗ No executive employment contracts have multi-year guaranteed pay increases, bonus awards or long-term incentive grants.</p>
<p>✗ No change of control or termination payments greater than two times cash pay multiple for our executives, including the CEO.</p>
<p>✗ No re-pricing, back-dating, or cancellation of options. ARC suspended Share Option grants in 2019.</p>
<p>✗ No payment of dividends on long-term incentives prior to vesting.</p>
<p>✗ No pension plan.</p>

Clawback Policy

In 2019, we implemented an executive Clawback Policy that permits the Board to recoup cash bonuses and other incentive compensation paid or awarded to an Officer in the event that Officer engaged in willful misconduct or fraud which had a detrimental effect on the Company or its subsidiaries or required the Company to restate its financial statements and such conduct caused the need for the restatement. In addition, the Clawback Policy also authorizes the Board to recoup cash bonuses and other incentive compensation awarded to our Officers if, regardless of fault on the part of any one Officer, the Company is required to restate its financial statements and the Board determines that less incentive compensation would have been paid to the Officers based on the restated financial results.

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 their base salary for one year post-retirement. In addition, ARC has 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 ARC's disclosure policies and practices 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 those Directors, executives, and employees of ARC, with limited exception, who 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 remaining officers 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 share ownership requirement.

The following table details the ownership holdings of ARC's NEOs and their requirements as of December 31, 2021:

Officer	Required Share Ownership as a Multiple of Base Salary	Number of Shares as of December 31, 2021 ⁽¹⁾	Value as of December 31, 2021 ⁽²⁾	Multiple of Base Salary	Meets Minimum Share Ownership Requirement
Terry Anderson	5	482,750	\$5,551,625	9	Yes
Kristen Bibby	3	205,112	\$2,358,788	5	Yes
Larissa Conrad	3	154,492	\$1,776,658	5	Yes
Armin Jahangiri	3	103,335	\$1,188,353	3	Yes
Ryan Berrett	3	93,155	\$1,071,283	3	Yes

(1) Includes all shares owned as well as all RSUs, and LTRSAs including accumulated dividends.

(2) Based on the December 31, 2021 closing price for ARC's Common Shares of \$11.50.

The following table details the holdings of our CEO as of December 31, 2021:

Element	Number of Shares as of December 31, 2021 ⁽¹⁾	Value as of December 31, 2021 ⁽²⁾⁽³⁾
Common Shares (Privately Held)	176,856	\$ 2,033,844
Restricted Share Units	113,694	\$ 1,307,481
Long-term Restricted Share Awards	192,200	\$ 2,210,300
Total Common Share & Share Equivalents	482,750	\$ 5,551,625
Performance Share Units	906,466	\$ 9,779,033
Share Options	314,720	\$ —
Total	1,703,936	\$15,330,658

(1) Includes all shares owned as well as all RSUs, PSUs and LTRSAs including accumulated dividends.

(2) Based on the December 31, 2021 closing price for ARC's Common Shares of \$11.50.

(3) PSUs are valued using the performance multipliers as of December 31, 2021.

Compensation Advisors

An independent, third-party consultant is solicited to ensure compensation recommendations are competitive and market-based.

The HRC Committee has retained Mercer and other compensation advisory firms to provide advice and analysis on compensation matters. From time to time, Management also engages Mercer and depending on the scope of the project, seeks approval from the HRC Committee. 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 worked with Mercer since 2004. In 2020, Mercer was engaged to review ARC's Executive Compensation Peer Group, executive compensation recommendations and provide an annual recommendation for CEO compensation. Following the Business Combination, the HRC Committee engaged Hugessen and Mercer on several compensation matters, including the review of the executive compensation peer group criteria, provide benchmarking and recommendations for executive compensation, compensation market practices, advice related to the compensation plan review and recommendations for disclosure enhancements. Hugessen was engaged to provide an independent perspective and expertise of disclosure, as both ARC and Seven Generations used Mercer as their established compensation advisor.

The fees paid to Marsh & McLennan Companies, Inc. for executive compensation and insurance services, as well as the fees paid to Hugessen Consulting Inc. are summarized below.

Fees Paid & Insurance	2020	2021
Mercer – Executive Compensation-Related Fees	\$ 259,243	\$ 179,418
Marsh Canada – All Other Fees ⁽¹⁾	\$3,930,269	\$5,662,528
Total – Marsh & McLennan Companies, Inc.	\$4,189,812	\$5,841,946
Hugessen – Executive Compensation-Related Fees	\$ —	\$ 173,725

(1) All Other Fees pertain to insurance services.

COMPENSATION PHILOSOPHY

ARC's compensation programs are designed to:

- Provide market competitive compensation to attract, retain and motivate executives to drive superior forward-looking performance;
- Reward executives for achievement of defined individual and corporate performance objectives (pay-for-performance) which align with, and reinforce, the business strategy, organizational culture, and priorities of the company; and
- Align the interests of executives with the interests of stakeholders and demonstrate that compensation is tied to performance and the experience of the shareholders (pay at-risk, realized versus granted compensation).

Market Competitiveness

ARC has been successful due to its ability to attract, retain, and motivate experienced and talented executives. We have designed a competitive compensation plan in which executives' total compensation is targeted around the median of the executive compensation peer group with the opportunity for realized pay to be above median commensurate to individual and corporate performance.

To determine executive compensation, the HRC Committee reviews the peer group benchmarking data which is used to determine annual compensation targets and pay mix based on each executive's role and responsibilities and reviewing ARC's performance compared to this peer group. Benchmarking data is gathered from the executive compensation peer group's information circulars and the HRC Committee consults with Mercer on their compensation data and to understand market trends. Annually, executives' base salary, bonus and long-term incentive ("LTI") targets are determined and unvested LTI is reviewed. Executive compensation decisions are approved by the HRC Committee, except for the CEO, whose compensation is recommended by the HRC Committee to the Board for approval.

Executive Compensation Peer Group

The executive compensation peer group is determined by comparing ARC's production, revenues and enterprise value to all Canadian energy companies publicly traded on the TSX, limited to those companies that are one quarter to four times the size of ARC. Currently, ARC's size is just above the median of this peer group. The HRC Committee reviews and approves this peer group annually. In 2021, the HRC Committee engaged Mercer to review our executive peer group methodology in the context of the larger organization resulting from the Business Combination. No changes were made to the methodology; however, due to ARC's increased size, the list of companies in the peer group changed. Specifically, Canadian Natural Resources Ltd. and Suncor Energy Inc. were added to the peer group and Baytex Energy Corp., Birchcliff Energy Ltd., Bonavista Energy Corp., Nuvista Energy Ltd. and Advantage Energy Ltd. were removed from the peer group.

Based on the selection criteria and process outlined above, ARC's 2021 executive compensation peer group consisted of the following 15 companies:

Canadian Natural Resources Ltd.	Ovintiv Inc.
Cenovus Energy Inc.	Paramount Resources Ltd.
Crescent Point Energy Corp.	Peyto Exploration & Development Corp.
Enerplus Corp.	Suncor Energy Inc.
Imperial Oil Ltd.	Tourmaline Oil Corp.
Inter Pipeline Ltd.	Vermilion Energy Inc.
Keyera Corp.	Whitecap Resources Inc.
MEG Energy Corp.	

Pay-for-performance

We believe that linking executive pay directly with defined corporate and individual objectives encourages performance and reinforces our business strategy, organizational culture, and priorities of the Company. We use a deliberate, disciplined process to determine individual and corporate performance targets and holistically measure performance metrics. This disciplined approach underscores ARC's commitment to good governance and alignment with shareholder interests.

Specifically, ARC uses a corporate scorecard to create clarity and focus for the company on key deliverables to advance ARC's strategy. Equally important, the corporate scorecard creates frequent and in-depth conversations amongst the Board, Management, and employees throughout the year.

For the purposes of compensation, the corporate scorecard is used to measure performance for the annual bonus program and 50 per cent of the performance multiplier for PSU payments.

- One corporate scorecard is used and includes both short-term and long-term metrics, as ARC's business strategy is comprehensive and considers all aspects of the business today and in the future.
- The performance metrics are designed to align with the four areas of our long-term strategy: High-quality Assets and Operational Excellence; Financial Sustainability and Return on Investment; High-performance People and Culture; and Commercial Activities and Business Development. The performance metrics include operational and financial measures as well as a focus on ESG, culture, commercial and business development activities to advance our annual business plans and long-term strategic imperatives.
- Within each of the four areas, Management and the HRC Committee (with input from other committee Chairs) define specific performance metrics and targets which are determined once the Company's budget and business plan has been approved. The corporate scorecard performance metrics and targets are recommended annually to the Board for approval.
- The assessment of the corporate scorecard includes quarterly conversation with the Board to provide frequent information on corporate performance. At year-end, the CEO prepares a comprehensive report to the HRC Committee that provides the details of the Company's annual accomplishments against the targets. The HRC Committee provides a preliminary assessment and recommendation to the Board that considers each of the strategic areas which are nominally equally weighted and assigns a score to each area which is then aggregated to determine the final performance assessment score for the year and makes up 50 per cent of the PSU performance multiplier. The PSU multiplier is based on the average performance assessment score over the three-year period.

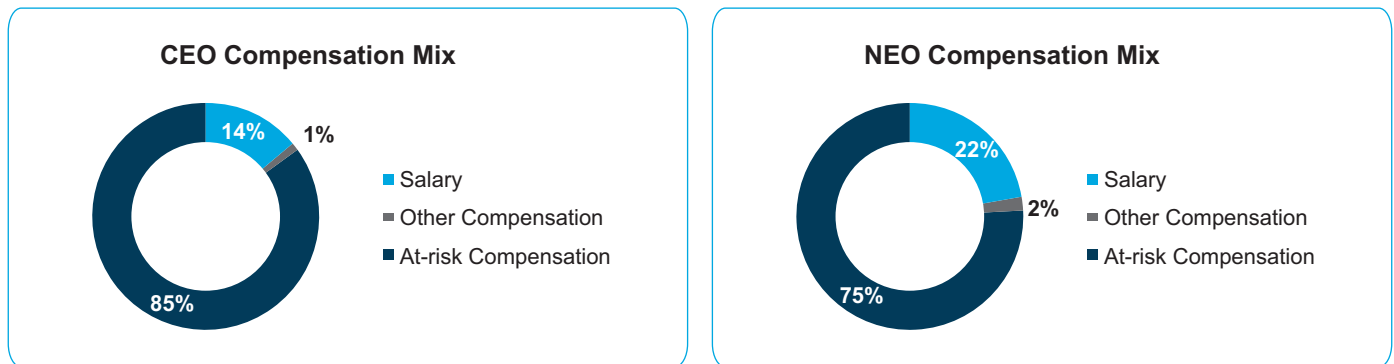
For specific details of the 2021 corporate scorecard see "2021 Performance & Corporate Scorecard Assessment" in this information circular.

Another important element of ARC's pay-for-performance philosophy is the measurement of relative TSR compared to the PSU peer group. Relative TSR performance makes up the other 50 per cent of the PSU performance multiplier. In 2021, the PSU peer group was expanded to comprise upstream and integrated energy companies publicly traded on the TSX with production greater than 50,000 boe per day to reflect ARC's larger size following the Business Combination.

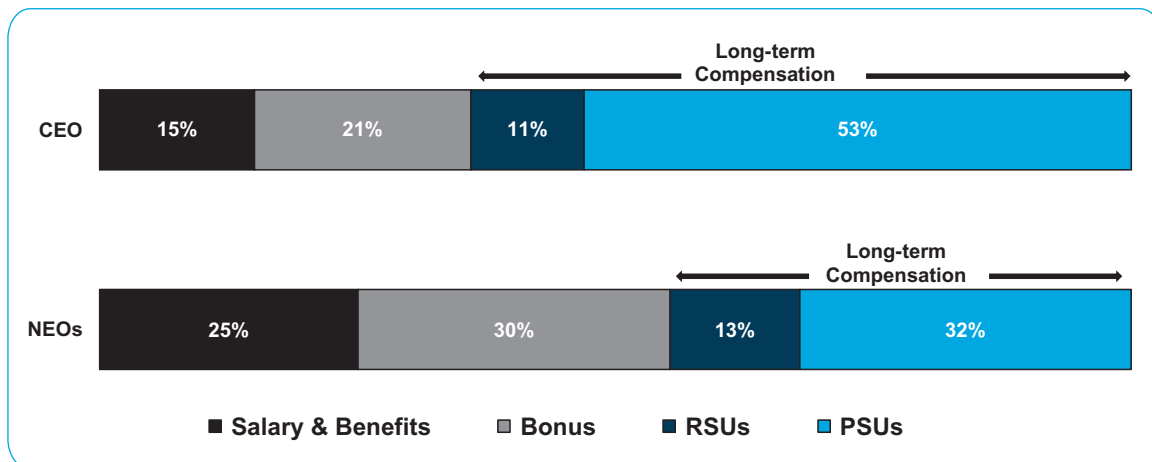
Alignment with Shareholders

The majority of ARC's executive compensation is variable and at-risk to create alignment with performance and with shareholders. The at-risk components are annual bonus, RSUs and PSUs. ARC's compensation programs are designed to pay above target for superior performance and below target, possibly 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 85 per cent of the CEO's compensation and an average of 75 per cent of other NEO's compensation is considered to be at-risk. At-risk pay includes bonuses and RSU and PSU awards.



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



ELEMENTS OF COMPENSATION

Our executive compensation program includes base salary, annual cash bonuses and long-term share-based incentives comprised of RSU and PSU awards. A significant portion of executive compensation is provided in variable performance-based compensation.

Base Salary

In determining base salaries, we consider each executive's job responsibilities and the level of skills and experience required to perform their role effectively. Base salaries are intended to be market competitive and fixed compensation to attract and retain talent. This is the only element of ARC's compensation plan that is not considered to be at-risk. We target base salaries at the median of the market.

Annual Bonus

ARC's annual bonus program is designed to encourage and reward the achievements of defined short-term performance outcomes. The bonus program is at-risk and not guaranteed. We target annual bonus at the median of the peer group with consideration for higher positioning towards the 75th percentile based on corporate and individual performance and ARC's relative position within the peer group. In determining bonus awards, executives are assessed based on individual performance and overall corporate performance through the corporate scorecard. Each executive sets individual objectives, in addition to the corporate scorecard metrics which are reviewed and approved by the CEO. The CEO also sets individual objectives which are reviewed by the HRC Committee and recommended to the Board for approval. After the year-end corporate scorecard assessment and annual individual assessments are complete, the CEO recommends executive bonus payments to the HRC Committee. The HRC Committee recommends the bonus for the CEO to the Board for approval.

Long-term Compensation

Our long-term compensation is comprised of RSU and PSU awards.

Restricted Share Units

ARC's RSU awards are designed to focus and reward executives for enhancing absolute share price performance, to create retention 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 one-third per year over a three-year period, 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 PSU awards are designed to focus and reward executives for achieving corporate performance outcomes and top quartile TSR 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. The performance multiplier used to determine PSU payments includes 50 per cent of the award based on the achievements of the corporate scorecard, which is determined annually and averaged over the three-year period and 50 per cent of the award based on TSR compared to the PSU peer group, which is determined at the end of the three-year period. For both the corporate scorecard and the TSR assessment, the performance multiplier ranges based on a scale from zero to two times. The performance multipliers are intended to provide meaningful upside for above target performance and substantive downside in the event of underperformance.

Legacy Plans

As part of the Business Combination, ARC assumed all outstanding Seven Generations long-term incentive plans which consisted of RSUs, PSUs and Share Options. Seven Generation shares were exchanged for ARC shares which also minimized costs associated with the transaction and created retention of employees joining ARC. The Seven Generations RSU plan is consistent with ARC's and units vest one-third annually over a three-year timeframe. PSUs differ from ARC in that units vest one-third annually over a three-year timeframe.

At the close of the Business Combination, all outstanding Share Options vested. These options have a 10-year term, and the last grant was awarded in 2019.

ARC previously granted Share Options and LTRSAs. The share option program was suspended in 2019 and all previously granted options have continued to vest on schedule. The Share Options have a seven-year term. In 2021, in conjunction with the compensation plan review, the HRC Committee determined that the LTRSA program would be discontinued and previously granted awards would continue to vest in accordance with the plan agreement. In consultation with Mercer and Hugessen, the decision to discontinue the program was made to simplify the compensation plan and to align the new executive team by having executives participate in the same market competitive programs. The LTRSAs have a 10-year term.

Other Compensation

ARC offers all employees a comprehensive benefits program for employees, including executives. In addition, ARC provides all employees with a company match through the savings plan. In 2021, ARC provided all employees with a dollar-for-dollar match of up to eight per cent of base salary which could 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.

2021 Performance & Corporate Scorecard Assessment

ARC uses the corporate scorecard to create clarity and focus for the Company to advance ARC's strategy and for facilitating frequent, in-depth conversations amongst the Board, with Management, and employees throughout the year. The corporate scorecard is designed around the four areas of ARC's long-term strategy and the successful achievement of the targets within the corporate scorecard is a key measurement of the Company's success. The corporate scorecard provides the Board with a structured framework to assess performance against defined metrics and targets while also applying necessary judgment to arrive at the final performance assessment.

In the context of the holistic achievements of the Company in 2021, the Board determined that corporate performance was in the range of "outperform" to "outstanding". Following the review of Company's annual accomplishments against the targets, the HRC Committee provided a preliminary assessment and recommendation to the Board that considers each of the strategic areas which are nominally equally weighted and a recommended score for each area which is then aggregated to determine the final performance assessment score. Key achievements are related to the Business Combination, and full integration while managing the impacts of COVID-19 on our operations. In addition, the Company achieved or exceeded all defined performance targets. A 2021 score is 1.8 out of 2.0 was awarded and was approved by the Board

The table below provides an overview of ARC's 2021 key performance deliverables and scorecard assessment.

High-quality Assets & Operational Excellence			
High-quality Assets and Operational Excellence was assessed at an overall rating in the range of "outperform" to "outstanding". Management delivered outstanding performance in safety, production and operating expenses, while effectively managing its low-cost structure and exercising capital discipline. Project execution across ARC's asset base was outstanding and capital expenditures were within the approved range. Management introduced several innovative solutions using technological advancements in its operations.			
Category overall score: 1.8 out of 2.0			
Performance Metrics	Target	Result	Key Performance Highlights
Safety			
– Total Recordable Injury Frequency	0.6	0.36	<ul style="list-style-type: none"> Delivered strong safety performance and exceeded targeted health and safety key performance indicators ("KPIs") for 2021, one of ARC's strongest safety performance years.
– Lost-time Incident Frequency	0.1	0.06	
Production (boe/day) ⁽¹⁾	294,500	302,003	<ul style="list-style-type: none"> Delivered record average annual production of 302,003 boe per day (63 per cent natural gas and 37 per cent crude oil and liquids).
Operating Expenses (\$/boe) ⁽¹⁾	\$4.30	\$3.86	<ul style="list-style-type: none"> Reduced operating expense to \$3.86 per boe ⁽¹⁾ which is the lowest annual per boe operating expense in ARC's 25-year history.
Capital Execution vs. Budget	\$1 billion	\$1.062 billion Projects on time/on budget	<ul style="list-style-type: none"> Safely and efficiently executed a \$1.062 billion capital expenditure program, including optimization of well and pad design to achieve business targets. \$50 million was shifted from the 2022 capital budget into 2021. Key capital projects included infrastructure optimization and expansion projects at Sunrise and Parkland, both of which were executed safely, on time, and on budget. Active drilling and completions program with 141 wells drilled, 132 wells completed. Considerable cost-savings opportunities through contract negotiations and design optimization, to reduce costs, improve the efficiency of execution and mitigate inflationary pressures.

Financial Sustainability and Return on Investment

Financial Sustainability and Return on Investment was assessed at an overall rating in the range of “outperform” to “outstanding”. ARC delivered better than planned performance against leverage targets through proactive financing initiatives and delivered on greater-than-expected synergies through the Business Combination.

Category overall score: 1.8 out of 2.0

Performance Metrics	Target	Result	Key Performance Highlights
Net Debt to Annualized Funds from Operations ⁽²⁾	≤1.5x	0.8x	<ul style="list-style-type: none"> Proactively engaged in initiatives to strengthen our balance sheet including tendering US private placement notes, extending credit facilities and reducing net debt levels to 0.8 times funds from operations. Generated record \$2.4 billion (\$3.85/share) of funds from operations and \$1.4 billion (\$2.16/share) of free funds flow. Declared dividends of \$181 million or \$0.286 per share in 2021. Initiated and managed the Normal Course Issuer Bid (“NCIB”) process repurchasing 31 million common shares outstanding.
Return on Average Capital Employed (“ROACE”) ⁽²⁾ – 3-year average	-1%	1.03%	<ul style="list-style-type: none"> Delivered an 18% ROACE in 2021. 3-year ROACE improved to 1.03%.
Business Combination Synergies	\$110 million	\$190 million	<ul style="list-style-type: none"> Completed the successful integration of Seven Generations and captured approximately \$190 million in annual synergies.

High-performance People and Culture

High-performance People and Culture was assessed at an overall rating of “outperform” to “outstanding”. The integration of ARC and Seven Generations was completed in an exemplary and timely manner. Enhanced communication efforts to support change management, integration, and cultural alignment were delivered to employees and COVID-19 response continued to be effectively managed in the corporate head office and field locations.

Category overall score: 1.7 out of 2.0

Performance Metrics	Target	Result	Key Performance Highlights
ESG Leadership	Progress against ESG targets in 2021 ESG report	Outperform	<ul style="list-style-type: none"> ARC completed the annual Equitable Origin EO100™ assessment for the Kakwa asset acquired through the Business Combination, maintaining its certification as a responsible energy developer. We are currently in the process of certifying our northeast British Columbia assets. Exceeded 30 per cent female representation target for the executive team. Partnered with Natural Gas Innovation Fund, an equity fund focused on advancing technologies and solutions that enhance the environmental and economic performance of the natural gas sector.
GHG Emissions Intensity ⁽³⁾	20% reduction by 2025 relative to 2019 baseline	16% reduction relative to 2019 baseline	<ul style="list-style-type: none"> GHG emissions intensity associated with ARC’s legacy assets, reduced 16% against the five-year target which is ahead of plan.

Performance Metrics	Target	Result	Key Performance Highlights
People & Culture	Actions taken against key deliverables (culture integration, learning and development, turnover, and engagement)	Outperform to Outstanding	<ul style="list-style-type: none"> Enhanced communication due to COVID-19 and the Business Combination, supported team and culture initiatives, in a remote work environment, continued to build employee engagement and managed change. Advanced key areas of Succession, Progression and Development plans. Efficient and timely integration with a focus on cultural alignment.

Commercial Activities and Risk Management

Commercial Activities and Risk Management was assessed at an overall rating of “outstanding”, reflecting the transformative impact of the Business Combination with Seven Generations. Management delivered strong financial performance through market access initiatives and physical marketing diversification activities.

Category overall score: 2.0 out of 2.0

Performance Metrics	Target	Result	Key Performance Highlights
Market Access/Commodity Risk Management	Action taken against key deliverables (pricing optimization, diversification, agreements, outcomes of decisions)	Outperform	<ul style="list-style-type: none"> Optimized marketing contracts to capture incremental revenue and take advantage of strong commodity prices. Right-sized legacy Seven Generations natural gas transportation agreement with Alliance Pipeline. Executed an active risk management program to protect our balance sheet and capital program. Executed strategic contracts through third-party processing agreement, LNG supply agreement, and market diversification efforts through the US Midwest and Pacific Northwest markets.
Strategic Business Development Plan	Advancement of long-term Business Development strategy	Outstanding	<ul style="list-style-type: none"> Completed strategic Business Combination with Seven Generations. Divestiture of non-core Pembina asset to become a pure-play Montney producer.

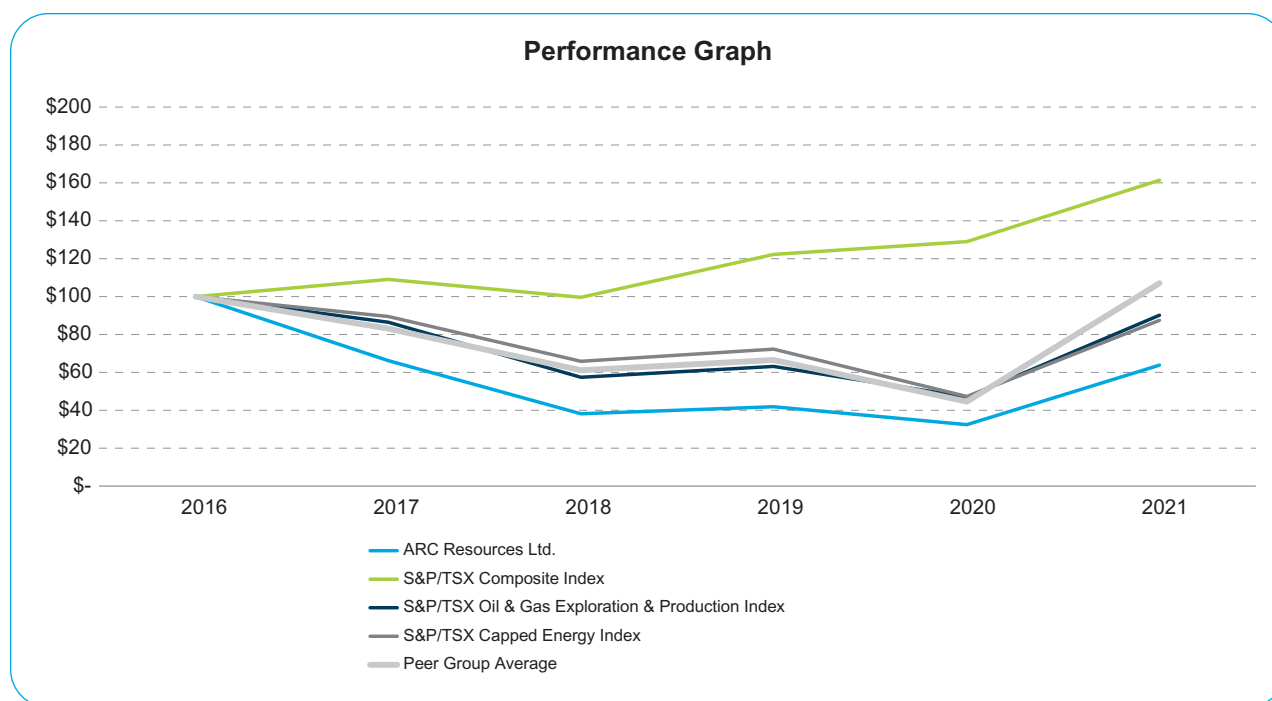
(1) Production and Operating Expenses include three months legacy ARC and nine months combined company.

(2) Non-GAAP financial ratio that is not a standardized financial measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. Includes the non-GAAP financial measure components adjusted earnings before income tax and average capital employed. Certain additional disclosures for this non-GAAP measure have been incorporated by reference and can be found in the section entitled “Non-GAAP and Other Financial Measures” in ARC’s MD&A as at and for the three months and year ended December 31, 2021, available on ARC’s website at www.arcresources.com and under ARC’s SEDAR profile at www.sedar.com.

(3) GHG Emissions Intensity represents legacy ARC targets and results.

PERFORMANCE GRAPH

The graph below compares ARC's share price performance over the past five years compared 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 2016.



	2016	2017	2018	2019	2020	2021
ARC Resources Ltd.	\$100.00	\$ 66.07	\$38.07	\$ 41.72	\$ 32.29	\$ 63.63
S&P/TSX Composite Index	\$100.00	\$109.08	\$99.39	\$122.10	\$128.93	\$161.36
S&P/TSX Oil and Gas Exploration and Production Index	\$100.00	\$ 86.41	\$57.22	\$ 62.91	\$ 47.01	\$ 90.06
S&P/TSX Capped Energy Index	\$100.00	\$ 89.39	\$65.64	\$ 72.04	\$ 47.08	\$ 87.36
Executive Compensation Peer Group Average	\$100.00	\$ 83.02	\$61.09	\$ 66.53	\$ 44.44	\$107.02

ARC is a long-term company, and we believe our disciplined strategy and competitive strengths will position us to perform well over the long term. In the past five years, commodity price volatility and intense pressure on investments in the oil and gas industry has increased the volatility of share performance. Now that ARC is a larger entity, we will be able to capitalize on numerous long-term investment opportunities and generate superior and sustainable returns in the future. During the five-year period, total granted NEO compensation has decreased by 12 per cent and realized pay for our NEOs was more than 30 per cent less than granted compensation, reflecting the share price depreciation ARC experienced during this time frame. Since inception in 1996, ARC has delivered an average annual total return of nine 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 eight companies in our executive compensation peer group that has had positive returns over this time period.

2021 CEO and NEO Compensation

CEO Compensation

Based on the corporate scorecard results and the individual objectives set for the CEO, the Board assessed Mr. Anderson's performance as above target in 2021. Considering the decision to pursue the strategic Montney combination with Seven Generations, Mr. Anderson's leadership has been instrumental in further transforming ARC into a premier Canadian energy company. Furthermore, under Mr. Anderson's leadership in 2021, ARC achieved or exceeded all performance metrics of the corporate scorecard. Mr. Anderson led the organization through a year of complex change while effectively protecting the health and safety of employees through the COVID-19 pandemic.

Mr. Anderson's key strategic decisions and achievements are as follows:

High-quality Assets & Operational Excellence

- Oversaw safe and efficient operations while maintaining a leading cost structure.
- Delivered record annual average production of 302,003 boe per day and a record-low operating expense of \$3.86 per boe.
- Focused the organization on safety leadership that delivered above-target performance on safety KPIs and surpassed eight years without an employee lost-time incident.
- Continued to realize capital efficiency improvements, including reduced drilling and completions costs at the Kakwa asset, which was acquired through the Business Combination.

Financial Sustainability & Return on Investment

- Stewarded cost structure improvements through realizing \$190 million of synergies associated with the Business Combination.
- Defined ARC's capital allocation framework which resulted in the implementation of the NCIB, increasing ARC's dividend by 67 per cent and communicating ARC's plans to return 50 to 80 per cent of free funds flow to shareholders.
- Received an investment-grade credit rating and syndicated a \$2 billion unsecured extendible revolving credit facility.
- Significantly strengthened financial position following the closing of the Business Combination, reducing net debt by approximately \$0.6 billion or 25 per cent.

High-performance People & Culture

- Led the organization through significant change, integrating people, processes, and systems.
- Focused on culture and setting clear performance expectations, which resulted in strong financial and operational results.
- Set meaningful emissions-reduction targets and invested in several projects to reduce emissions, including electrification of facilities.
- Engaged with Canadian Association of Petroleum Producers, The Explorers and Producers Association of Canada, First Nations partners, BC Oil and Gas Commission, and government officials.

Commercial Activities & Risk Management

- Led the Business Combination and subsequent integration effort.
- Oversaw the portfolio rationalization to divest of non-core Pembina assets, improving the Company's overall efficiency and cost structure.
- Oversaw the strategic advancement of ARC's marketing strategy by entering into a long-term gas supply agreement with an LNG Canada participant.

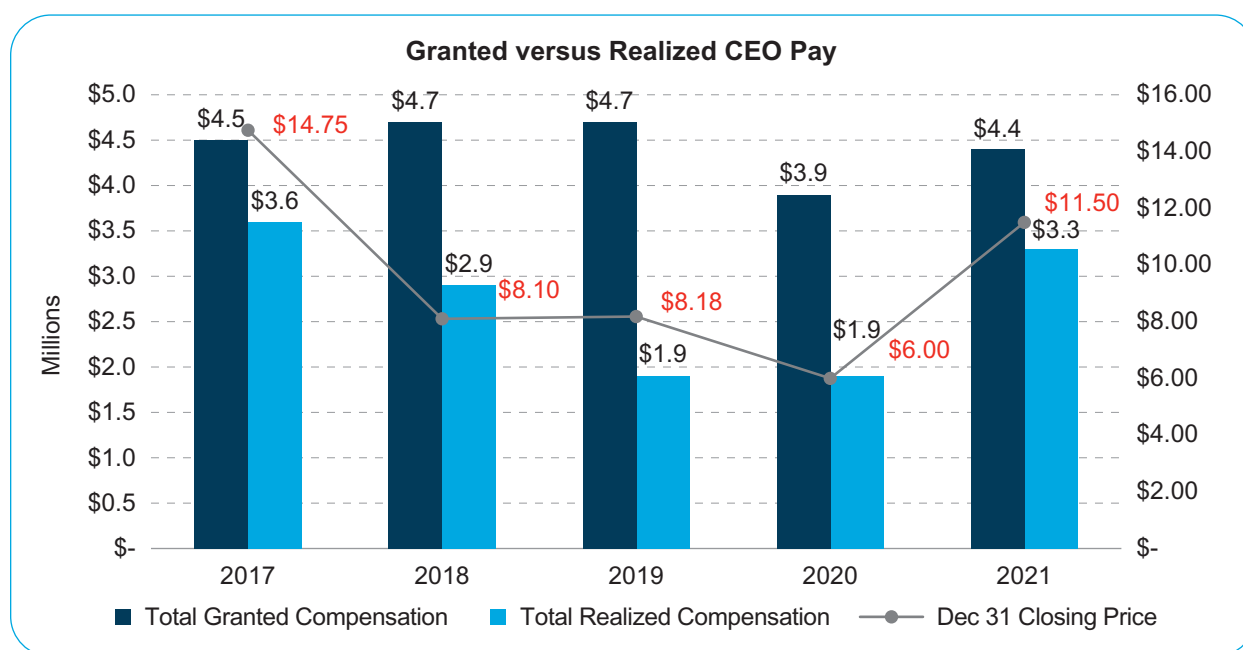
For the purposes of determining Mr. Anderson's annual bonus, the performance of the Company and individual accomplishments are assessed. The weighting is defined as 80 per cent corporate performance and 20 per cent individual performance. Given both the strong corporate and individual performance in 2021, the Board determined they would recognize Mr. Anderson's outstanding by awarding him with a 40 per cent increase to his bonus above his planned annual target, in addition to an eight per cent increase to his annual planned LTIP grant. Mr. Anderson received a moderate increase to his base salary and annual RSU and PSU award target levels due to his expanded role resulting from the Business Combination.

The following table summarizes compensation awarded to the CEO over the past five years. Mr. Stadnyk was CEO from 2017 to 2019 and Mr. Anderson has been CEO since 2020.

Compensation Component	2017	2018	2019	2020	2021
Base Salary	\$ 570,000	\$ 570,000	\$ 570,000	\$ 475,000	\$ 600,000
Other Compensation	\$ 76,400	\$ 76,400	\$ 76,400	\$ 54,300	\$ 64,050
Bonus ⁽¹⁾	\$ 650,000	\$ 650,000	\$ 650,000	\$ 650,000	\$ 915,000
RSU & PSU Grants	\$1,600,017	\$1,655,017	\$2,470,007	\$2,100,004	\$2,797,504
Share Option Grant	\$ 800,002	\$ 800,001	—	—	—
Long-Term Restricted Share Awards	\$ 800,000	\$ 910,000	\$ 950,000	\$ 600,000	—
Total Compensation	\$4,496,419	\$4,661,418	\$4,716,407	\$3,879,304	\$4,376,554

(1) Bonus amounts reflect amounts earned in the fiscal year.

The following table summarizes total CEO 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 target pay and the actual pay realized by the CEO in the last five years. CEO realized pay, which includes base salary, bonus and the LTIP value vested and paid in the applicable year, has been less than grant value in the past five years. Our compensation plan is designed to pay for performance and to align with the experience of ARC's shareholders. During this time, ARC's share price depreciated 22 per cent. Over the same time frame the CEO received 60 per cent of his targeted compensation.



NEO Compensation

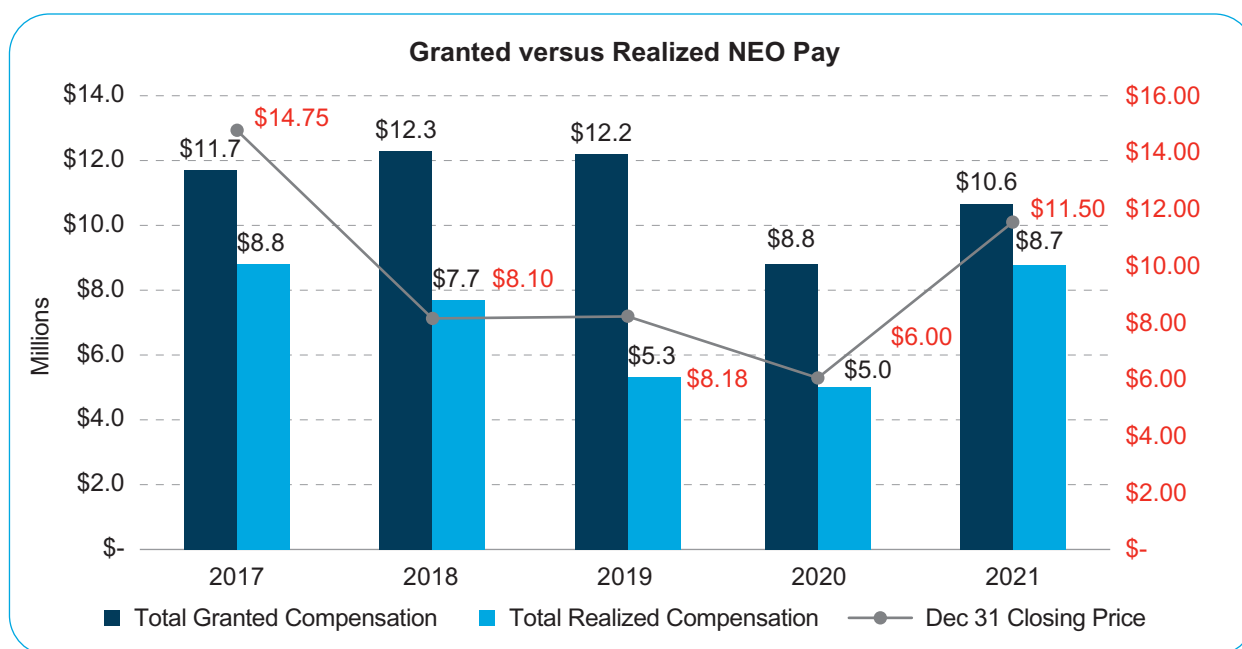
Each of the NEOs demonstrated strong leadership and performance through 2021. Given ARC's succession planning over the past five years, total NEO compensation has decreased by 10 per cent. Upon closing of the Business Combination, the HRC Committee, with the assistance of Mercer, designed a new peer group that was more reflective of ARC's new size. Executive compensation was reviewed against this new peer group and adjustments were made to executive compensation targets.

In 2021, total NEO compensation became a much smaller percentage of funds from operations and enterprise value than in previous years and the Business Combination has resulted in a reduced cost structure.

	2017	2018	2019	2020	2021
Total NEO Compensation (\$ millions)	11.7	12.3	12.2	8.8	10.6
Funds from Operations (\$ millions)	731.9	819.0	697.4	667.6	2,415.4
NEO Compensation as % of Funds from Operations ⁽¹⁾	1.60	1.50	1.75	1.32	0.44
Enterprise Value (\$ billions)	5.9	3.6	3.8	2.9	10.7
NEO Compensation as a % of Enterprise Value	0.20	0.34	0.32	0.31	0.10
Total Shareholder Return (%) ⁽¹⁾	-33.9	-42.4	9.6	-22.6	97.1

(1) See the section entitled “Non-GAAP and Other Financial Measures” within this document for an explanation of composition of these supplementary financial measures.

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. During this time frame where ARC’s share price dropped 22 per cent, on average NEOs received 65 per cent of their targeted compensation.



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, 2021, whose total compensation was more than \$150,000 (collectively, the NEOs).

Name and Principal Position	Year	Salary	RSUs, PSUs and LTRsAs (1)(2)(3)(4)(5)	Share Options	Non-equity Incentive Plan Compensation			Total Compensation
					Bonus (6)	Long-term Incentive Plans	All Other Compensation (7)	
Terry Anderson	2021	\$600,000	\$2,797,504	\$—	\$915,000	N/A	\$64,050	\$4,376,554
President & Chief Executive Officer	2020	\$461,026	\$2,700,004	\$—	\$650,000	N/A	\$54,300	\$3,865,330
	2019	\$375,000	\$1,975,010	\$—	\$400,000	N/A	\$51,050	\$2,801,060
Kristen Bibby	2021	\$420,000	\$1,045,005	\$—	\$540,000	N/A	\$44,550	\$2,049,555
Senior Vice President & Chief Financial Officer	2020	\$320,056	\$ 960,005	\$—	\$365,000	N/A	\$39,675	\$1,684,936
	2019	\$275,000	\$ 692,508	\$—	\$200,000	N/A	\$35,125	\$1,202,633
Larissa Conrad	2021	\$310,000	\$ 730,013	\$—	\$440,000	N/A	\$38,050	\$1,518,063
Senior Vice President & Chief Development Officer	2020	\$275,000	\$ 632,504	\$—	\$260,000	N/A	\$35,613	\$1,203,117
	2019	\$250,000	\$ 705,017	\$—	\$225,000	N/A	\$34,313	\$1,214,330
Armin Jahangiri	2021	\$330,000	\$ 610,007	\$—	\$525,000	N/A	\$38,050	\$1,503,057
Senior Vice President & Chief Operating Officer	2020	\$275,000	\$ 620,003	\$—	\$225,000	N/A	\$35,613	\$1,155,616
	2019	\$250,000	\$ 645,012	\$—	\$225,000	N/A	\$33,338	\$1,153,350
Ryan Berrett	2021	\$300,000	\$ 442,508	\$—	\$350,000	N/A	\$36,750	\$1,129,258
Senior Vice President, Marketing	2020	\$265,000	\$ 417,505	\$—	\$215,000	N/A	\$33,825	\$ 931,330
	2019	\$235,000	\$ 477,510	\$—	\$195,000	N/A	\$31,388	\$ 938,898

(1) In 2021, the value of RSUs and PSUs granted were as follows:

NEO	PSUs	RSUs	Total Share-based Awards
Terry Anderson	\$2,295,013	\$502,491	\$2,797,504
Kristen Bibby	\$ 728,011	\$316,994	\$1,045,005
Larissa Conrad	\$ 488,013	\$242,000	\$ 730,013
Armin Jahangiri	\$ 488,013	\$121,994	\$ 610,007
Ryan Berrett	\$ 322,007	\$120,501	\$ 442,508

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

NEO	PSUs	RSUs	Long-term Restricted Share Awards	Total Share-based Awards
Terry Anderson	\$1,890,012	\$209,992	\$600,000	\$2,700,004
Kristen Bibby	\$ 592,009	\$147,996	\$220,000	\$ 960,005
Larissa 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

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

NEO	PSUs	RSUs	Long-term Restricted Share Awards	Total Share-based Awards
Terry Anderson	\$1,116,013	\$478,997	\$380,000	\$1,975,010
Kristen Bibby	\$ 362,005	\$190,503	\$140,000	\$ 692,508
Larissa 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

(4) RSUs and PSUs are granted twice per year. 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 preceding 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
2021	\$9.11	\$9.54
2020	\$2.98	\$6.17
2019	\$9.19	\$6.47

(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

(6) Bonus amounts reflect amounts earned in the fiscal year.

(7) Other compensation includes benefits and savings plan contributions.

UNVESTED VALUE OF LONG-TERM INCENTIVES AT YEAR-END

The tables below illustrate the outstanding RSUs, and PSUs held by each NEO as of December 31, 2021, which had not vested at such date. All PSUs are subject to a performance multiplier that may vary from zero to two.

RSUs

NEO	Year of Award	Unvested Awards ⁽¹⁾	Year of Vesting	Value of Unvested Awards ⁽²⁾
Terry Anderson	2021	54,953	2022, 2023, 2024	\$ 631,960
	2020	36,555	2022, 2023	\$ 420,382
	2019	22,186	2022	\$ 255,139
		113,694		\$1,307,481
Kristen Bibby	2021	34,592	2022, 2023, 2024	\$ 397,808
	2020	25,763	2022, 2023	\$ 296,275
	2019	8,717	2022	\$ 100,246
		69,072		\$ 794,329
Larissa Conrad	2021	26,467	2022, 2023, 2024	\$ 304,371
	2020	16,104	2022, 2023	\$ 185,196
	2019	8,594	2022	\$ 98,831
		51,165		\$ 588,398
Armin Jahangiri	2021	13,142	2022, 2023, 2024	\$ 151,133
	2020	15,512	2022, 2023	\$ 178,388
	2019	8,220	2022	\$ 94,530
		36,874		\$ 424,051
Ryan Berrett	2021	13,099	2022, 2023, 2024	\$ 150,639
	2020	10,500	2021, 2022, 2023	\$ 120,750
	2019	6,006	2022	\$ 69,069
		29,605		\$ 340,458

(1) The number of awards has been updated to reflect dividends paid on Common Shares from the date of grant to December 31, 2021.

(2) Values are based on the December 31, 2021 closing price of ARC's Common Shares of \$11.50.

PSUs

NEO	Year of Award	Unvested Awards ⁽¹⁾	Year of Vesting	Median Value of Unvested Awards ⁽²⁾	Maximum Value of Unvested Awards ⁽³⁾
Terry Anderson	2021	247,254	2024	\$ 2,843,421	\$ 5,686,842
	2020	493,522	2023	\$ 5,675,503	\$11,351,006
	2019	165,690	2022	\$ 1,905,435	\$ 3,810,870
		906,466		\$10,424,359	\$20,848,718
Kristen Bibby	2021	78,412	2024	\$ 901,738	\$ 1,803,476
	2020	154,586	2023	\$ 1,777,739	\$ 3,555,478
	2019	54,337	2022	\$ 624,876	\$ 1,249,752
		287,335		\$ 3,304,353	\$ 6,608,706
Larissa Conrad	2021	52,571	2024	\$ 604,567	\$ 1,209,134
	2020	96,632	2023	\$ 1,111,268	\$ 2,222,536
	2019	52,855	2022	\$ 607,833	\$ 1,215,666
		202,058		\$ 2,323,668	\$ 4,647,336
Armin Jahangiri	2021	52,571	2024	\$ 604,567	\$ 1,209,134
	2020	93,078	2023	\$ 1,070,397	\$ 2,140,794
	2019	48,379	2022	\$ 556,359	\$ 1,112,718
		194,028		\$ 2,231,323	\$ 4,462,646
Ryan Berrett	2021	34,632	2024	\$ 398,268	\$ 796,536
	2020	63,004	2023	\$ 724,546	\$ 1,449,092
	2019	34,377	2022	\$ 395,336	\$ 790,672
		132,013		\$ 1,518,150	\$ 3,036,300

(1) The number of awards has been updated to reflect dividends paid on Common Shares from the date of grant to December 31, 2021.

(2) Values are based on the December 31, 2021 closing price of ARC's Common Shares of \$11.50 and a median performance multiplier of 1.0.

(3) Values are based on the December 31, 2021 closing price of ARC's Common Shares of \$11.50 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, respectively.

The table below illustrates the outstanding Share Options held by each NEO and the before-tax gain under both exercising methods as of December 31, 2021.

Name	Grant Date	Share Options ⁽¹⁾					
		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, 2021	Value of Unexercised in-the-money Options (Reduced Exercise Price)
Terry Anderson	June 19, 2018	104,816	\$13.21	June 19, 2025	\$—	\$11.774	\$—
	June 21, 2017	83,461	\$16.59	June 21, 2024	\$—	\$14.554	\$—
	June 23, 2016	63,102	\$21.13	June 23, 2023	\$—	\$18.494	\$—
	June 24, 2015	63,341	\$21.86	June 24, 2022	\$—	\$18.224	\$—
		314,720			\$—		\$—
Kristen Bibby	June 19, 2018	36,395	\$13.21	June 19, 2025	\$—	\$11.774	\$—
	June 21, 2017	24,343	\$16.59	June 21, 2024	\$—	\$14.554	\$—
	June 23, 2016	18,405	\$21.13	June 23, 2023	\$—	\$18.494	\$—
	June 24, 2015	18,475	\$21.86	June 24, 2022	\$—	\$18.224	\$—
		97,618			\$—		\$—
Larissa Conrad	June 19, 2018	36,395	\$13.21	June 19, 2025	\$—	\$11.774	\$—
	June 21, 2017	28,980	\$16.59	June 21, 2024	\$—	\$14.554	\$—
	June 23, 2016	19,281	\$21.13	June 23, 2023	\$—	\$18.494	\$—
	June 24, 2015	19,354	\$21.86	June 24, 2022	\$—	\$18.224	\$—
		104,010			\$—		\$—
Armin Jahangiri	June 19, 2018	36,395	\$13.21	June 19, 2025	\$—	\$11.774	\$—
	June 21, 2017	23,184	\$16.59	June 21, 2024	\$—	\$14.554	\$—
	June 23, 2016	13,147	\$21.13	June 23, 2023	\$—	\$18.494	\$—
	June 24, 2015	12,317	\$21.86	June 24, 2022	\$—	\$18.224	\$—
		85,043			\$—		\$—
Ryan Berrett	June 19, 2018	23,293	\$13.21	June 19, 2025	\$—	\$11.774	\$—
	June 21, 2017	18,547	\$16.59	June 21, 2024	\$—	\$14.554	\$—
	June 23, 2016	13,147	\$21.13	June 23, 2023	\$—	\$18.494	\$—
	June 24, 2015	13,196	\$21.86	June 24, 2022	\$—	\$18.224	\$—
		68,183			\$—		\$—

(1) Values are based on the December 31, 2021 closing price of ARC's Common Shares of \$11.50.

Long-term Restricted Share Awards

The table below illustrates the outstanding LTRSAs held by each NEO as of December 31, 2021, and which had not vested at such date.

Restricted Shares ⁽¹⁾				
NEO	Year of Award	Unvested Awards	Year of Vesting	Value of Unvested Awards
Terry Anderson	2021	4,041	2027 - 2031	\$ 46,471
	2020	72,383	2026 - 2030	\$ 832,404
	2019	42,911	2027, 2028, 2029	\$ 493,476
	2018	22,975	2026, 2027, 2028	\$ 264,213
	2017	18,823	2025, 2026, 2027	\$ 216,465
	2016	15,180	2024, 2025, 2026	\$ 174,570
	2015	15,887	2023, 2024, 2025	\$ 182,701
		192,200		\$2,210,300
Kristen Bibby	2020	26,541	2026 - 2030	\$ 305,221
	2019	15,809	2027, 2028, 2029	\$ 181,803
	2018	7,977	2026, 2027, 2028	\$ 91,736
	2017	5,490	2025, 2026, 2027	\$ 63,135
	2016	4,428	2024, 2025, 2026	\$ 50,922
	2015	4,635	2023, 2024, 2025	\$ 53,303
		64,880		\$ 746,120
Larissa Conrad	2020	19,303	2026 - 2030	\$ 221,984
	2019	18,068	2027, 2028, 2029	\$ 207,782
	2018	9,573	2026, 2027, 2028	\$ 110,089
	2017	7,843	2025, 2026, 2027	\$ 90,195
	2016	5,271	2024, 2025, 2026	\$ 60,617
	2015	5,517	2023, 2024, 2025	\$ 63,446
		65,575		\$ 754,113
Armin Jahangiri	2020	19,303	2026 - 2030	\$ 221,984
	2019	15,809	2027, 2028, 2029	\$ 181,803
	2018	7,977	2026, 2027, 2028	\$ 91,736
	2017	5,229	2025, 2026, 2027	\$ 60,134
		48,318		\$ 555,657
Ryan Berrett	2020	13,874	2026 - 2030	\$ 159,551
	2019	12,987	2027, 2028, 2029	\$ 149,350
	2018	6,382	2026, 2027, 2028	\$ 73,393
	2017	5,229	2025, 2026, 2027	\$ 60,134
	2016	3,374	2024, 2025, 2026	\$ 38,801
	2015	4,984	2023, 2024, 2025	\$ 57,316
		46,830		\$ 538,545

(1) The number of awards has been updated to reflect dividends paid on Common Shares from the date of grant to December 31, 2021. Values are based on the December 31, 2021 closing price of ARC's Common Shares of \$11.50.

VALUE VESTED DURING THE YEAR

RSU and PSU awards 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 2021 and the value of non-equity plan compensation (bonus) earned in 2021. No LTRsAs vested in 2021.

NEO	RSUs/PSUs ⁽¹⁾				Share Options ⁽²⁾			2021 Bonus ⁽³⁾
	Type of Award	Year of Award	Number of Awards Vested	Value	Year of Award	Number of Awards Vested	Value	
Terry Anderson	RSU	2019, 2020	39,874	\$ 343,836	2017	41,730	\$—	\$915,000
	PSU	2018	93,990	\$1,359,585	2016	31,551	\$—	
			133,864	\$1,703,421		73,281	\$—	
Kristen Bibby	RSU	2019, 2020	21,279	\$ 182,818	2017	12,171	\$—	\$540,000
	PSU	2018	27,632	\$ 399,723	2016	9,203	\$—	
			48,911	\$ 582,541		21,374	\$—	
Larissa Conrad	RSU	2019, 2020	16,399	\$ 140,916	2017	14,490	\$—	\$440,000
	PSU	2018	29,912	\$ 433,621	2016	9,641	\$—	
			46,311	\$ 574,537		24,131	\$—	
Armin Jahangiri	RSU	2019, 2020	15,741	\$ 135,357	2017	11,592	\$—	\$525,000
	PSU	2018	25,381	\$ 367,930	2016	6,574	\$—	
			41,122	\$ 503,287		18,166	\$—	
Ryan Berrett	RSU	2019, 2020	11,088	\$ 95,019	2017	9,273	\$—	\$350,000
	PSU	2018	18,569	\$ 268,341	2016	6,574	\$—	
			29,657	\$ 363,360		15,847	\$—	

(1) The value of the PSU awards that vested in 2021 was calculated based on the weighted average trading price of Common Shares for the five trading days preceding the vesting date multiplied by the number of PSU awards 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, 2021	\$8.1417	2.000
September 15, 2021	\$9.5400	1.320

(2) The value of the Share Options that vested in 2021 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 21, 2021	\$9.85	\$14.68
June 23, 2021	\$9.95	\$18.62

(3) Bonus amounts reflect amounts earned in the fiscal year.

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	<p>CEO – 2 times base salary and 2 times the average bonus over the last two years</p> <p>CFO – 1.75 times base salary and 1.75 times the average bonus over the last two years</p> <p>All other executives – 1.5 times base salary and 1.5 times the average bonus over the last two years,</p> <p>All executives – 18 per cent of base salary for loss of benefits</p>	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 company	No accelerated vesting – shares are converted into shares of the continuing successor company	CEO and CFO – no accelerated vesting All other executives – immediate vesting
Change of Control and Termination: Not for Cause	<p>CEO – 2 times base salary and 2 times the average bonus over the last two years</p> <p>CFO – 1.75 times base salary and 1.75 times the average bonus over the last two years</p> <p>All other executives – 1.5 times base salary and 1.5 times the average bonus over the last two years,</p> <p>All executives – 18 per cent of base salary for loss of benefits</p>	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	<p>If executive has between 5 and 10 years at ARC – all awards active for over one year continue to vest on schedule,</p> <p>If executive has over 10 years at ARC – all awards continue to vest on schedule</p>	<p>If the executive is a minimum of 55 years old and has a combined age plus service equal to a minimum of 70 years, 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 years, a portion of the awards and dividends continue to vest on schedule and the remainder are forfeited and cancelled/returned.</p>	<p>If executive has between 5 and 10 years at ARC – all awards continue to vest for three years.</p> <p>If executive has over 10 years at ARC – all awards continue to vest on schedule</p>

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, 2021.

NEO	Triggering Event	Payment Pursuant to Employment Agreement	RSUs/PSUs ^{(1) (2)}	LTRSAs ⁽³⁾	Share Options ⁽⁴⁾	Total
Terry Anderson ⁽⁵⁾	Termination for Just Cause or Resignation	\$ —	\$ —	\$ —	\$—	\$ —
	Termination Event	\$2,466,000	\$ —	\$ —	\$—	\$ 2,466,000
	Change of Control	\$ —	\$ —	\$ —	\$—	\$ —
	Change of Control and Termination Event	\$2,466,000	\$11,086,514	\$2,210,300	\$—	\$15,762,814
	Retirement	\$ —	\$ —	\$ —	\$—	\$ —
	Death	\$ —	\$11,086,514	\$2,210,300	\$—	\$13,296,814
Kristen Bibby ⁽⁵⁾	Termination for Just Cause or Resignation	\$ —	\$ —	\$ —	\$—	\$ —
	Termination Event	\$1,361,675	\$ —	\$ —	\$—	\$ 1,361,675
	Change of Control	\$ —	\$ —	\$ —	\$—	\$ —
	Change of Control and Termination Event	\$1,361,675	\$ 3,908,006	\$ 746,120	\$—	\$ 6,015,801
	Retirement	\$ —	\$ —	\$ —	\$—	\$ —
	Death	\$ —	\$ 3,908,006	\$ 746,120	\$—	\$ 4,654,126
Larissa Conrad ⁽⁵⁾	Termination for Just Cause or Resignation	\$ —	\$ —	\$ —	\$—	\$ —
	Termination Event	\$ 912,450	\$ —	\$ —	\$—	\$ 912,450
	Change of Control	\$ —	\$ —	\$ —	\$—	\$ —
	Change of Control and Termination Event	\$ 912,450	\$ 2,846,043	\$ 754,113	\$—	\$ 4,512,606
	Retirement	\$ —	\$ —	\$ —	\$—	\$ —
	Death	\$ —	\$ 2,846,043	\$ 754,113	\$—	\$ 3,600,156
Armin Jahangiri ⁽⁵⁾	Termination for Just Cause or Resignation	\$ —	\$ —	\$ —	\$—	\$ —
	Termination Event	\$ 921,600	\$ —	\$ —	\$—	\$ 921,600
	Change of Control	\$ —	\$ —	\$ —	\$—	\$ —
	Change of Control and Termination Event	\$ 921,600	\$ 2,586,260	\$ 555,657	\$—	\$ 4,063,517
	Retirement	\$ —	\$ —	\$ —	\$—	\$ —
	Death	\$ —	\$ 2,586,260	\$ 555,657	\$—	\$ 3,141,917
Ryan Berrett ⁽⁵⁾	Termination for Just Cause or Resignation	\$ —	\$ —	\$ —	\$—	\$ —
	Termination Event	\$ 838,500	\$ —	\$ —	\$—	\$ 838,500
	Change of Control	\$ —	\$ —	\$ —	\$—	\$ —
	Change of Control and Termination Event	\$ 838,500	\$ 1,816,947	\$ 538,545	\$—	\$ 3,193,992
	Retirement	\$ —	\$ —	\$ —	\$—	\$ —
	Death	\$ —	\$ 1,816,947	\$ 538,545	\$—	\$ 2,355,492

(1) RSUs and PSUs are valued using the December 31, 2021 closing price of ARC Common Shares of \$11.50.

(2) PSUs have been valued using their actual performance multiplier, except those awards that have been active less than a year are valued at 1.0.

(3) LTRSAs have been valued using the December 31, 2021 closing price of \$11.50

(4) Share Options have been valued using the December 31, 2021 closing price of \$11.50 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, 2021, was approximately \$171 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, 2021:

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⁾	7,559,928	\$15.27	21,401,414
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	7,559,928	\$15.27	21,701,414

(1) Excludes securities to be issued upon exercise of outstanding options, warrants and rights.

(2) The Company'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. Both the Share Option Plan and LTRSA Plan have been suspended. The Legacy Seven Generations Plans that were acquired by ARC through the Business Combination have a combined maximum share reserve of 8,586,007.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS AND OTHERS

There is not and has not been at any time in fiscal 2021, any indebtedness outstanding from our Directors or Officers to the Company.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as described below, there were no material interests, direct or indirect, of any of our Director or Officer, or to our knowledge, any person or company that beneficially owns or who exercises control or direction over, directly or indirectly, more than 10 per cent of ARC's outstanding common shares, or any associate or affiliate of any of the foregoing, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to affect the Company.

Upon closing the Business Combination, Marty L. Proctor (Seven Generations' 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 that provided for payments to him in connection with the termination of his employment or a change of control event of Seven Generations. 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 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 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 incentive awards.

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

Management of the Company is not aware of any material interest of any Director, Officer, or nominee for Director of the Company, 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 Company is available under the Company's SEDAR profile at www.sedar.com. The Financial Information in respect of the Company and its affairs is provided in the Company's annual financial statements for the year ended

December 31, 2021, and the related Management's Discussion and Analysis. Copies of the Financial Information are available upon request from the Company at 1200, 308 – 4th Avenue SW, Calgary, Alberta, T2P 0H7 (toll free number **1-888-272-4900**), on ARC's website at **www.arcresources.com** or under ARC's SEDAR profile at **www.sedar.com**.

OTHER MATTERS

Management of the Company 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.

NON-GAAP AND OTHER FINANCIAL MEASURES

Throughout this document and in other materials disclosed by the Company, ARC employs certain measures to analyze its financial performance, financial position, and cash flow including "capital expenditures" and "free funds flow". Additionally, other financial measures are also used to analyze performance including, but not limited to, "funds from operations", "net debt", and "net debt to funds from operations". These non-GAAP and other financial measures are not standardized financial measures under IFRS and may not be comparable to similar financial measures disclosed by other issuers. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss), cash flow from operating activities, and cash flow used in investing activities, as indicators of ARC's performance. See "Non-GAAP and Other Financial Measures" in ARC's MD&A as at and for the three months and year ended December 31, 2021, available on ARC's website at www.arcresources.com and under ARC's SEDAR profile at www.sedar.com.

"Total Shareholder Return" (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.

"NEO Compensation as % of Funds from Operations" is comprised of Named Executive Officers total compensation, divided by funds from operations.

See our Annual Information Form dated March 10, 2022, for additional details of "Proven plus Probable Reserves."

APPROVAL

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

DATE

This information circular is dated March 17, 2022.

Appendices

A. SUMMARY OF SHARE OPTION PLAN

ARC suspended its Share Option Plan in 2019. Share Options granted prior to 2019 will 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	Share Options Granted	Grant Price	Shares Outstanding	Share 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

Shares Outstanding as of December 31, 2021	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
694,891,732	14,225,000	2.01	3,978,130	0.57	27.97

B. SUMMARY OF LTRSA PLAN

ARC suspended its LTRSA Plan in 2021. LTRSAs granted prior to 2021 will continue to vest on schedule. The maximum number of Common Shares issuable under the LTRSA Plan is limited to 1,600,000 shares.

The details of the awards granted under the LTRSA Plan are below.

Year	Long-term Restricted Share Awards	Grant Price	Shares Outstanding	Long-term Restricted Share Awards Granted as % of Shares Outstanding (Burn Rate)
2021	4,009	\$ 9.11	694,891,732	0.0006
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, 2021, ARC had LTRSAs outstanding representing 62 per cent of the approved share reserve, as shown below:

Shares Outstanding as of December 31, 2021	Approved Share Reserve	Share Reserve as a % of Shares Outstanding	Long-term Restricted Share Awards Outstanding at Year-end	Long-term Restricted Share Awards Outstanding as % of Shares Outstanding (Burn Rate)	Long-term Restricted Share Awards Outstanding as a % of Approved Reserve
694,891,732	1,600,000	0.23	976,016	0.14	61.00

C. SUMMARY OF TREASURY-BASED LEGACY SEVEN GENERATIONS PLANS

Upon the completion of the Business Combination ARC acquired all outstanding Seven Generations long-term incentive plans. At this time a share reserve was listed with the TSX for the outstanding treasury-based long-term incentives. There were no grants under any of these plans in 2021.

The details of acquired treasury-based legacy Seven Generations plans are as follows:

Treasury-based Legacy Seven Generations Plans	Reserve at Close of Business Combination	Reserve as of December 31, 2021	Outstanding as of December 31, 2021
Share Options	8,077,211	6,473,931	2,447,166
RSUs and PSUs	113,307	100,010	10,104
DSUs	239,438	239,438	148,512
Performance Warrants	156,051	—	—
Total	8,586,007	6,813,379	2,605,782

Shares Outstanding as of December 31, 2021	Approved Share Reserve	Share Reserve as a % of Shares Outstanding	Outstanding at Year-end	Outstanding as % of Shares Outstanding (Burn Rate)	Outstanding as a % of Approved Reserve
694,891,732	8,586,007	1.24	2,605,782	0.37	30.35

D. 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 strategic objectives of ARC including short-term business plans and long-term strategic plans;
- (b) monitor the management of the business and affairs of ARC with the goal of achieving such principal strategic 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 responsibilities:

- 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 strategic objectives; and
 - 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 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 other entities, and undeveloped lands;
- approve the establishment of credit facilities;
- approve all public and private placement offering of securities of ARC or its subsidiaries for capital raising purposes; and
- approve all issuer bids to acquire or redeem securities of ARC or its subsidiaries that are listed or quoted for trading on a stock exchange or quotation system.

MONITORING AND ACTING

- monitor ARC’s progress towards its goals, and to revise and alter its direction through management in light of changing circumstances;
- monitor overall human resource policies and procedures, including compensation and succession planning for the organization. Lead the CEO and executive succession process;
- appoint all of 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 controls and management information systems;
- monitor corporate governance of ARC, including oversight of Sustainability including Environmental, Social and Governance matters, reporting and compliance with all applicable safety, health and environmental laws and other regulatory requirements;
- 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; and
- 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 environmental and social performance is integrated accurately and consistently into annual reports and financial reporting;
- 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 and applicable reporting standards;
- 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; and
- ensure that ARC has in place a policy to enable ARC to communicate effectively with its stakeholders, including 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;
 - ensuring that processes are in place to assess the Board, its Committees, and individual director's performance; and
 - 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 with regard to the Director's skills matrix and the evolving needs of the Board; and
- 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 committees of the Board from time to time 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 CEO shall be available to attend all meetings of the Board or Committees of the Board upon invitation by the Board or any such Committee.
- Executives 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 CEO.
- 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 and/or any member or Committee of the Board, after consultation with the Policy and Board Governance Committee, through the Chair, 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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