



# Charter of the Board of Directors

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. ARC and the Board place certain expectations on its members with regards to the performance of their duties and their behavior and decorum, some of which are outlined below.

## General Expectations

- Members shall endeavor to maintain their status as an independent director and the ability to be objective as to what is in the best interests of ARC. Any director who is an independent director and whose circumstances change such that he or she might be considered to be a non-independent director shall promptly advise the Board, through the Chair, of the change in circumstances.
- Members will be aware of and abide by ARC's Code of Business Conduct and Ethics. Annual review and sign-off is required. Members must also understand and abide by ARC's Confidentiality agreement.
- Members will be provided with a Letter of Indemnification and covered under ARC's Director and Officer (D&O) insurance policy.
- Members should have relevant skills and experience, including strategic, analytical and communications skills, based on the requirements outlined in the Board skills matrix, so as to participate effectively in board discussions.
- Members should have or obtain sufficient knowledge of ARC and the oil and gas business to assist in providing advice and counsel on relevant issues.
- Members shall ensure that they have the time to review available materials in advance of meetings and are expected to attend all meetings of the Board and the committees on which they participate either in person or by tele-conference subject to unavoidable conflicts.
- Members shall give notice to the Chair of the Board and the Chair of the Policy and Board Governance Committee of any participation on any board of a public corporation, any significant time commitments, and any potential conflict of interest with ARC. Members should not participate in more than 4 boards of public corporations without the approval of the Chair of the Board and the Policy and Board Governance Committee.
- Members shall not participate on the board of any publicly listed corporation where such participation may constitute a conflict of interest without the approval of the Chair of the Board and the Policy and Board Governance Committee.

## Composition

- The Board shall be composed of at least seven individuals and not more than 12 individuals.
- At least two-thirds of the Board members should be independent Directors and free from any direct or indirect material relationship, being one that could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of the member's independent judgment. To

be considered an independent director, an individual must not have a relationship captured by the bright line tests, as set out in section 1.4 of National Instrument 52-110.

- At its meeting to approve the Information Circular for the annual meeting of the shareholders of ARC each year, the Board will consider and determine whether a director or nominee to be a director is an independent director.
- The Board prefers to have a CEO as the only management member on the Board, although there may be times when it is appropriate to have an additional management member on the Board. The maximum of management and inside directors on the Board will be two.
- Board members will be recruited with the expectation of serving for a minimum of 7 years, subject to their annual performance review, a change in personal circumstances or our majority voting policy set forth below.
- Board members should offer their resignation from the Board to the Chair of the Policy and Board Governance Committee following:
  - a change in personal circumstances which would reasonably be expected to interfere with the ability to serve as a Director, including a conflict of interest;
  - a change in personal circumstances which would reasonably be expected to reflect poorly on the Corporation (for example, finding by a Court of fraud, or conviction under Criminal Code or securities legislation); and
  - a change in position or occupation of a Board member who was appointed or nominated for election to the Board on the basis of such member holding such position or occupation.
- Board members should offer their resignation from the Board to the Chair of the Policy and Board Governance Committee if, at any election of directors conducted by ballot at an annual meeting of shareholders, the number of common shares withheld from voting for such person exceeds the number of common shares voted in favour of such person:
  - this requirement will not be applicable where the election involves a contested election outside of the slate nominated by the Board;
  - the Board will consider such resignation after receipt of the recommendation of the Policy and Board Governance Committee;
  - the applicable member who offered their resignation will not participate in that portion of any meeting of the Board, the Policy and Board Governance Committee or any other committee of the Board at which the resignation is considered;
  - the resignation will be accepted except in situations where special circumstances would warrant the applicable member's continuation on the Board;
  - any replacement of the resigning member will be made on the recommendation of the Policy and Board Governance Committee at the discretion of the Board;
  - disclosure to the public of the Board decision will be made within 90 days of the applicable annual meeting;
  - a copy of the news release with the Board's decision must be provided to the Toronto Stock Exchange; and
  - if the Board determines not to accept the resignation, the news release must fully state the reasons for that decision.

## Share Dealings, Ownership and Compensation

- Members shall observe relevant statutory rules and requirements as well as the corporation's own policy in regard to the buying or selling of shares, warrants or other equity instruments of ARC.
- Members will maintain a minimum ownership of three (3) times their Annual Base Retainer (or equivalent securities which have been awarded in favour of any member under any compensation plan) after they have been on the board for at least five years. Ownership may be direct or indirect and includes common shares (or equivalent securities) over which such directors exercise control or direction.
- The Policy and Board Governance Committee will review the form and amount of compensation of the directors annually in view of the responsibility and risks of being an effective director and directors' compensation of peer corporations. The Committee will make recommendations to the Board for consideration when it believes changes in compensation are warranted.