



Mandate of the Audit Committee

Role and Objective

The primary responsibility for the financial reporting, information systems and security, risk management and internal and disclosure controls of the Corporation is vested in management and overseen by the Board of Directors (the “Board”). The Audit Committee (the “Committee”) is a committee of the Board of ARC Resources Ltd. (the “Corporation”) to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, cybersecurity, financial reporting and statements and recommending, for Board approval, the audited financial statements, and other mandatory disclosure releases containing financial information.

The objectives of the Committee are as follows:

- To assist the Board in its oversight of the Corporation's financial reporting and risk associated with financial disclosure, including management's preparation and disclosure of the financial statements.
- To review Management's implementation and maintenance of an effective system of internal controls over financial reporting and disclosure control over financial reporting.
- To review the external auditor's independence, including the facilitation of in-depth discussions between Committee Directors, Management and external auditors and review of the external auditor's compensation and performance.

Mandate and Responsibilities of Committee

Financial Reporting and Related Public Disclosure

1. It is a primary responsibility of the Committee to review and recommend for approval to the Board the annual and quarterly financial statements of the Corporation. The Committee is also to review and recommend to the Board for approval the financial statements and related information included in prospectuses, Management Discussion and Analysis, financial news releases, Information Circular-Proxy Statements and Annual Information Forms. The process should include but not be limited to:
 - a. reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
 - b. reviewing significant management judgments and estimates that may be material to financial reporting including alternative treatments and their impacts;
 - c. reviewing the presentation and impact of any significant risks and uncertainties that may be material to financial reporting including alternative treatments and their impacts;
 - d. reviewing accounting treatment of significant, unusual, or non-recurring transactions;
 - e. reviewing adjustments and/or disclosure matters raised by the external auditors, whether or not included in the financial statements;
 - f. reviewing unresolved differences between Management and the external auditors;
 - g. reviewing the Corporation's public disclosure regarding non-GAAP and other financial measures;

- h. review and/or discuss the Corporation's disclosure, including disclosure controls, contained in the financial statements or other financial reporting documents relating to environmental, social and governance;
 - i. determining through inquiry if there are any related party transactions and ensuring the nature and extent of such transactions are properly disclosed; and
 - j. reviewing all financial reporting relating to risk exposure including the identification, monitoring, and mitigation of business risks and their disclosure.
2. The Committee shall satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information, including from the Corporation's financial statements and periodically assess the adequacy of those procedures.

Internal Controls over Financial Reporting and Information Systems

3. It is the responsibility of the Committee to satisfy itself on behalf of the Board with respect to the adequacy of the Corporation's internal controls over financial reporting and information systems. The process should include but not be limited to:
- a. inquiring as to the adequacy and effectiveness of the Corporation's system of internal controls over financial reporting, including treasury, hedging and marketing transactions, and review Management's report on internal controls over financial reporting;
 - b. reviewing the existence of procedures for the confidential, anonymous submission by employees of the Corporation of concerns relating to accounting, internal controls over financial reporting, auditing or Code of Business Conduct and Ethics matters and periodically reviewing a summary of complaints and their related resolution; and
 - c. establishing procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters.

External Auditors

4. With respect to the appointment of external auditors by the Board, the Committee shall:
- a. be directly responsible for overseeing the work of the external auditors engaged for the purpose of issuing an auditors' report or performing other audit, review, or attest services for the Corporation, and upon completion of such services, their reports upon the financial statements of the Corporations and its subsidiaries;
 - b. addressing, and overseeing the resolution of any disagreements between Management and the external auditor regarding financial reporting;
 - c. recommending to the Board a firm of chartered public accountants, and their compensation, to be recommended to the shareholders of the Corporation to be appointed as the external auditors;
 - d. reviewing the terms of engagement of the external auditors, including the appropriateness and reasonableness of the auditors' fees;
 - e. reviewing and evaluating annually the external auditors' performance, and periodically, (at least every five years) conducting a comprehensive review of the external auditor;

- f. when there is to be a change in auditors, reviewing the issues related to the change and the information to be included in the required notice to securities regulators of such change;
 - g. reviewing and approving any non-audit services to be provided by the external auditors' firm and considering the impact on the independence of the auditors in accordance with policies and procedures adopted by the Committee from time to time;
 - h. inquiring quarterly as to the independence of the external auditors and obtaining, at least annually, a formal written statement delineating all relationships between the external auditors and the Corporation as contemplated by Independence Standards Board No. 1;
 - i. reviewing the Annual Report of the Canadian Public Accountability Board ("CPAB") concerning audit quality in Canada and discussing implications for the Corporation;
 - j. review inspection and other reports issued by CPAB regarding the audit of the Corporation; and
 - k. discussing with the external auditors, without the presence of Management, the quality of the Corporation's financial and accounting personnel, and the completeness and accuracy of the Corporation's financial statements; and
 - l. annually reviewing the Corporation's hiring policies regarding (former) partners and employees of the external audit firm.
5. The Committee shall review with the external auditors (and the internal auditor if one is appointed by the Corporation) their written report containing recommendations for improvement of internal control over financial reporting and other suggestions as appropriate, and Management's response and follow-up to any identified significant control deficiencies.
6. The Committee shall also review and approve annually, with the external auditors, their audit plan.

Compliance

7. It is the responsibility of the Committee to review Management's process for the certification of annual and interim financial reports in accordance with required securities legislation.
8. It is the responsibility of the Committee to ascertain compliance with covenants under loan agreements.
9. The Committee shall review the Corporation's compliance with all legal and regulatory requirements as it pertains to financial reporting, taxation, internal controls over financial reporting, *Extractive Sector Transparency Measure Act* (Canada) and any other area the Committee considers to be appropriate relative to its mandate or as may be requested by the Board.
10. Review compliance with the Corporation's Hedging Policy, as approved by the Board of Directors, and review the accounting treatment, financial measurement and disclosure of derivatives and financial instruments. Periodically review and discuss "lookbacks" of derivatives results with management.

Other Risk Management

11. Review the accounting treatment, financial measurement, and disclosure of new or amended long-term lease and other contracts.

12. Monitor ongoing financial risks to the Corporation, including market risk, counterparty risk, credit risk and risk to credit rating.
13. Periodically review ongoing transactions and contractual arrangements conducted for the purpose of expanding sales margins and/or reducing unused transportation capacity and their financial results.
14. Regularly discuss with Management, their review of information technology, information systems and cybersecurity risks of the Corporation, including business continuity plans and management's risk ranking and plan for mitigation of significant risks.
15. Review management's assessment and mitigation plans as it relates to fraud risk within the organization. Discuss, at least annually, management's fraud risk assessment and conduct enquiries with the external auditor.
16. Annually review the insurance program including coverage for property damage, business interruption and liabilities.
17. Review any other significant financial exposures of the Corporation to the risk of a material financial loss including legal claims or other activities, including appropriate accounting treatment, financial measurement and disclosure, if any.

Other Matters

18. Direct and oversee the work completed by the internal audit function, and if there is no such function, consider periodically the need for such a function and its mandate.
19. The Committee may also review any other matters that the Audit Committee feels are important to its mandate or that the Board chooses to delegate to it.
20. Annual discussion with the CFO regarding the accounting and finance function's technical resourcing and competencies in fulfilling the duties of the functions.
21. The Committee shall undertake annually a review of this mandate and make recommendations to the Policy and Board Governance Committee as to proposed changes.

Composition

22. This Committee shall be composed of at least three individuals appointed by the Board from amongst its members, all of which members will be independent (within the meaning of Section 1.4 and 1.5 of *National Instrument 52-110 Audit Committees* ("NI 52-110")) unless the Board determines to rely on an exemption in NI 52-110. "Independent" generally means free from any business or other direct or indirect material relationship with the Corporation that could, in the view of the Board, be reasonably expected to interfere with the exercise of the member's independent judgment.
23. The Chair of the Committee is appointed by the Board.
24. The Secretary to the Board or another individual selected by the Committee shall act as the Committee's Secretary.
25. A quorum shall be a majority of the members of the Committee.

26. All of the members must be financially literate within the meaning of NI 52-110 unless the Board has determined to rely on an exemption in NI 52-110. Being “financially literate” means members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

Meetings

27. The Committee shall meet at least four times per year and/or as deemed appropriate by the Committee Chair.
28. At each meeting, the Committee may meet separately with management and will meet in separate, closed session with the external auditors and internal auditors, if relevant, and/or other internal control or information systems advisors, as appropriate, and then with the independent directors in attendance.
29. The Committee shall meet not less than quarterly with the auditors, independent of the presence of Management.
30. Agendas, with input from Management, shall be circulated to Committee members and relevant Management personnel along with background information on a timely basis prior to the Committee meetings.
31. Minutes of the Committee meeting shall be prepared by the Committee's Secretary and distributed on a timely basis.
32. The Chief Executive Officer and the Chief Financial Officer or their designates shall be available to attend at all meetings of the Committee upon the invitation of the Committee.
33. The Controller and such other staff as appropriate to provide information to the Committee shall attend meetings upon invitation by the Committee.

Reporting / Authority

34. Following the Committee meeting the Committee Chair provides a verbal report to the Board. The Committee will then review the draft meeting minutes which will be finalized and approved at the next meeting of the Committee. Meeting minutes are posted for all Board members on Diligent.
35. Supporting schedules and information reviewed by the Committee shall be available for examination by any Director.
36. The Committee shall have the authority to investigate any financial activity of the Corporation and to communicate directly with the internal and external auditors. All employees are to cooperate as requested by the Committee.
37. The Committee may retain, and set and pay the compensation for, persons having special expertise and/or obtain independent professional advice to assist in fulfilling its duties and responsibilities at the expense of the Corporation.