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ARC RESOURCES LTD.



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Site Overview

Operator:	ARC Resources Ltd.
Site:	Kakwa River Project
Location:	Grande Prairie, Alberta, Canada
Area:	500,000 acres
Number of employees:	Approximately 696
Production phase:	Active production
Production volume:	Approximately 580 MMscf/d
Assessor:	Kefer Ecological Services Ltd.





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Site Profile

In 2019, under the ownership of Seven Generations Energy Ltd. (7G), the Kakwa River Project (Kakwa) officially underwent an EO100™ Initial Certification Assessment and subsequently adopted the EO100™ Standard. In 2020, Kakwa underwent an EO100™ Annual Verification to assess changes according to the Continuous Improvement Plan created by EO assessors in 2019. On February 10th, 2021, ARC Resources Ltd. (ARC) and 7G announced a strategic combination of the two Montney producers. As such, the newly amalgamated company ARC took ownership of the EO100™ certified Kakwa. This verification assesses Kakwa based on the 2020 Verification and Continuous Improvement Plan under the new ownership of ARC.

The combined company will become the leading producer in the Montney resource play. Combined natural gas and condensate production will be expected to total over 340,000 barrels of oil equivalent (BOE) per day in 2021. This output will comprise approximately 138,000 barrels per day of liquids and 1.2 billion cubic feet (Bcf) per day of natural gas.

The impact of this merger between ARC and 7G slowed the progress of the Kakwa project's implementation and closing of the EO100™ Standard Level 1 Performance Targets within its 2020 Continuous Improvement Plan. The new corporation operating as ARC has recently begun the review of all management systems, policies, standards, and practices for standardization and consistent application. The engagement, review, and endorsement process will likely continue into 2023 before all activities are completed.

Stakeholders and Indigenous Communities

ARC engages with several key stakeholders:

- Government and regulatory bodies
- Indigenous groups
- Shareholders
- Landowners
- Communities
- Contractors
- Suppliers
- Employees

ARC engages and consults with its stakeholders based on regulatory requirements and their respective interests.

Kakwa River Project facilities are within the traditional territories of the Aseniwuche Winewak Nation, Sucker Creek First Nation, Horse Lake First Nation, and Sturgeon Lake Cree Nation.

Certification Results

ARC has met the requirements for verification of the Kakwa project to the EO100™ Standard for Responsible Energy Development (2017) and the EO100™ Standard Addendum for Shale Oil and Gas Operations (2015).

The EO100™ Standard encompasses the following Principles:

1. Corporate Governance, Transparency & Ethics
2. Human Rights, Social Impact & Community Development
3. Indigenous Peoples' Rights
4. Fair Labour & Working Conditions
5. Climate Change, Biodiversity & Environment

Equitable Origin-approved independent assessors, Keefer Ecological Services Ltd. (KES), conducted the verification assessment in November 2021.

This EO100™ verification assessment was completed utilizing the following tools:

- Reviewing the Kakwa 2020 Continuous Improvement Plan,
- Reviewing ARC's documents and reports,
- Interviews with relevant internal and external stakeholders,
- Discussions with key personnel,
- Review of the Alberta Energy Regulator (AER) Dashboard.

The assessment concluded that ARC has improved on the previous year's Level 1 Performance Targets (see Table 1) under Principles 3 through 5. Under Principles 1 and 2, ARC has slightly reduced scores from 2020. The reason for the reduction in scores is primarily due to policies and procedures that need to be developed or analyzed following the merger. ARC has committed to the ongoing implementation of the continuous improvement process and has developed plans to close existing gaps identified by the assessment team. Figure 1 shows the 2021 results summarized by Principle for each Performance Target level.

Table 1: Summary Results by Principle

Principle	Performance Target 1 2019	Performance Target 1 2020	Performance Target 1 2021
1: Corporate Governance, Transparency & Ethics	81%	90%	85%
2: Human Rights, Social Impact & Community Development	86%	99%	97%
3: Indigenous Peoples’ Rights	92%	98%	100%
4: Fair Labor & Working Conditions	97%	99%	99%
5: Climate Change, Biodiversity & Environment	89%	91%	91%

The assessment also concluded that Kakwa has achieved leading practices (reaching Performance Target levels 2 or 3) in several areas including legal compliance, contractors, transparency & disclosure, human rights, land rights, community health & safety, sustainable community investment, health and safety, emergency preparedness, greenhouse gas emissions, biodiversity, water, and land restoration.

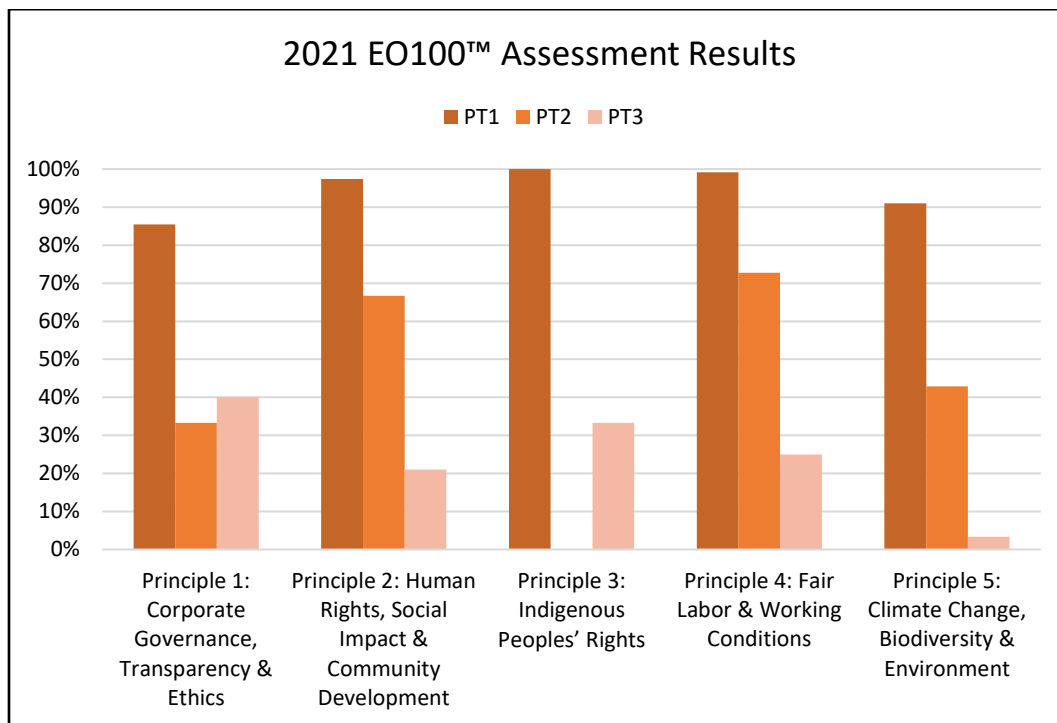


Figure 1: 2021 EO100™ Assessment Results

EO100™ Certification Summary

Certificate Issuer:	Equitable Origin, Inc.
Operator:	ARC Resources, Ltd.
Unit of Certifiable Production (UCP):	Kakwa River Project
Location of certified site(s):	Grande Prairie, Alberta, Canada
Certification date:	11 November 2019
Expiration date:	10 November 2022
Certification Standard:	EO100™ Standard for Responsible Energy Development (2017) and the EO100™ Standard Addendum for Shale Oil and Gas Operations (2015)
Assessor:	Keefer Ecological Services Ltd.
Certificate Number:	EO100-11112019-CAN

The purpose of this report is to document the EO100™ annual re-verification assessment conducted for ARC Resources' operations in Grande Prairie, Alberta, Canada. The assessment scope included the Kakwa River Project, which was treated as a single Certifiable Unit, as the well pads and associated infrastructure are in the same geographic area and geological formation, are operated under the same management system, and affect the same stakeholders and Indigenous communities. Assessment activities were carried out in July 2018, September 2019, November 2020, and November 2021. All supporting assessment documents will remain confidential.

Contact Information:

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If organizations or individuals have concerns, complaints, or comments about the operator's EO100™ Certification, they should first contact the Certified Operator directly: 587-349-8162.

Equitable Origin: contact@equitableorigin.org

For more information on Equitable Origin's Certification System Comments, Complaints and Appeals processes, please visit our website: www.energystandards.org