



FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT 2023 REPORT

Introduction

Pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act (“the Act”) the following report provides an overview of ARC Resources Ltd.’s (“ARC” or “the Company” or “we”) approach to prevent and reduce the risk of the use of forced labour or child labour (each as defined in the Act and together referred to as “modern slavery”) in the Company’s supply chain for the financial year ending December 31, 2023.

Background and Approach

Steps to Prevent and Reduce the Risks of Modern Slavery

During the reporting period, being January 1 to December 31, 2023, we took the following steps to prevent or reduce the risk of modern slavery in our supply chain:

- Established oversight of management’s responsibility for compliance with the Act and related disclosure to the Policy & Board Governance Committee (the “Committee”) of ARC’s Board of Directors (the “Board”). Aligned on ARC’s approach through quarterly discussions between Management and the Committee through the year.
- Formed an internal working group comprising of members of the executive leadership team, and representatives from the supply chain, legal and sustainability functions. The executive leaders are collectively responsible for governance, operations, supply chain, sustainability and reporting and disclosure. The working group attended training and education sessions, engaged legal advice and services of an external subject matter advisory firm to understand the requirements of the Act and lead the review of policies, processes and programs to identify gaps and opportunities to address the risk of modern slavery in the Company’s supply chain.
- Developed a Modern Slavery Policy Statement in conjunction with the Committee to reinforce ARC’s commitment to preventing and fighting against modern slavery.
- Conducted a preliminary review of ARC’s supply chain to help determine the potential risk of the use of modern slavery which was reviewed by the Committee.
- Drafted an Acknowledgement Form to be signed by the Company’s suppliers, which outlines the Company’s expectations to comply with the requirements of the Act including suppliers having their own due diligence process in place to identify and reduce the risk of modern slavery and confirmation that there is no evidence of modern slavery currently in their supply chains.

ARC’s Structure, Activities and Supply Chains

ARC’s Structure and Activities

ARC is the largest pure-play Montney producer and one of Canada's largest dividend-paying energy companies, featuring low-cost operations and leading environmental, social and governance performance. Headquartered in Calgary, Alberta, ARC’s activities focus on the exploration, development, and production of unconventional natural gas, condensate, natural gas liquids, and crude oil in Western Canada. The Company was founded in 1996 with guiding principles focused on long-term profitability, risk management, and operational excellence. Today, ARC is Canada's largest condensate producer, third-largest natural gas producer, and sixth-largest upstream energy company.

Our operations are in Canada and are focused in the Montney resource play in Alberta and northeast British Columbia. We have an average production of approximately 355,000 barrels of oil equivalent per day. ARC has approximately 930 employees and contractors, located in Calgary, Grande Prairie, and Dawson Creek.

ARC was incorporated under the Alberta Business Corporations Act and ARC's common shares are traded on the Toronto Stock Exchange under the symbol ARX.



ARC's Supply Chain

ARC works with suppliers ranging from major international companies to small local businesses. ARC strives to work with suppliers who share our commitment to health and safety, operational excellence, ethical and responsible development, and operate in accordance with applicable laws. We use various prequalification criteria to help ensure that our suppliers are aligned with ARC's commitment to responsible development practices. In communities where we operate, we strive to create positive benefits through employment, local contracting and community support.

During the reporting period, ARC procured goods and services across a wide range of disciplines including drilling, completions, constructions, engineering, base operations, and professional services. ARC is committed to ensuring that our contracting and procurement activities comply with our procurement standard commitments. More information on ARC's approach to supplier engagement can be found on our website [Suppliers - ARC Resources](#).

Policies and Due Diligence Processes

ARC's Modern Slavery Policy Statement

ARC is committed to meeting the requirements of the Act. Our core values of respect, integrity, trust, and community reinforce how we ethically conduct our business. We are well-positioned to address the requirements of the Act and believe that any form of modern slavery will not be tolerated. In line with our commitment to continuous improvement in all aspects of our business, we will regularly assess our approach, policies, practices, and procedures related to human rights to help mitigate the risk of modern slavery occurring in our operations or within our supply chains. We are committed to conducting our business with a high standard of professional and ethical conduct and expect the same from all our business partners.

Additional Policies and Frameworks

The following policies and frameworks reinforce our commitment to high ethical standards and support our approach to managing the risk of modern slavery in our business and across our supply chain.

Policies and Framework	Overview and Application
<p><i>Code of Business Conduct & Ethics</i></p>	<p>ARC's Code of Business Conduct & Ethics ("the Code") applies to employees, officers and directors, consultants, contractors, subcontractors or an employee of a contractor or subcontractor while working for ARC or under the Company's direction. All existing and new employees and contractors review and sign in compliance with the Code annually.</p> <p>The Code reflects our commitment to our values and outlines the basic principles and policies which all members of our workforce are expected to comply with, including legislative requirements. ARC demands a high level of personal conduct from all members of our workforce.</p>
<p><i>Whistleblower Policy</i></p>	<p>The purpose of the Whistleblower Policy is to provide ARC employees, consultants, and external stakeholders with a mechanism by which they can raise any concerns through their leaders or in a confidential and anonymous process without fear of reprisal.</p> <p>As part of our efforts to ensure the integrity of ARC and our financial and other information, we encourage employees who have concerns regarding any suspected violations of our disclosure standards, Code of Business Conduct and Ethics, policies and/or our financial reporting, to raise them with the appropriate people or submit an anonymous message through the Whistleblower Hotline.</p>
<p>Masters Services Agreements and our Terms and Conditions for Purchase Orders</p>	<p>ARC's Master Service Agreements and our Terms and Conditions for Purchase Orders require counterparties to abide by all applicable laws while working with ARC, including agreements not to engage in modern slavery, and/or agree to provide information to ARC so that ARC can comply with the Act.</p>
<p>Procurement Standards</p>	<p>ARC is committed to hiring competent suppliers and working together with those suppliers to maintain ARC's best-in-class operational performance, health and safety and ethics requirements. ARC's Procurement Standards include:</p> <ul style="list-style-type: none"> • Clarity on financial approval authority of supplier selection and the level of due diligence required to evaluate financial risks, ethics and legal requirements. • A supplier assessment using various prequalification criteria to ensure alignment with ARC's commitment to responsible development practices.

Board Oversight

We believe sound corporate governance builds trust with our stakeholders and is core to the success of our business. ARC's Board of Directors approves this report and our policies, which include the Code of Business Conduct & Ethics Policy and the Whistleblower Policy. The Policy & Board Governance Committee of the Board has oversight of management's responsibility for compliance with the Act and related disclosure and ARC's approach to prevention of modern slavery; and reviews the steps taken to assess and prevent the risk of modern slavery in ARC's supply chain.

Due Diligence – Assessing Risk of Modern Slavery

In 2023, ARC conducted a preliminary review of our supply chain to assess the risk of modern slavery. We focused our assessment on Tier 1¹ suppliers serving our operations where ARC's commercial activity fell within an established material spend threshold. The assessment was conducted on 315 suppliers and 83% of our total annual spend.

Our assessment collected information from suppliers who participated in surveys through a supplier information management system which gathers information related to human rights practices, and we conducted an analysis of the suppliers' websites to understand risk based on product category, supplier geography, and supplier business model. Other online materials were reviewed including media coverage that may link suppliers to issues of human rights violations or modern slavery. With a small group of our suppliers, additional information was required to verify our assessment, and, in these cases, ARC followed up directly with suppliers. In addition, all stakeholders, including employees who work directly with ARC's suppliers, have access to the anonymous Whistleblower Hotline and other internal means to raise any concerns to be reviewed.

Of our Tier 1 suppliers assessed, 99% are based within Canada and the U.S., through our existing policies and practices and the information gathered through our assessment, we consider the risk of modern slavery in our supply chain to be low.

Training

In 2023, members of ARC's working group participated in more than 10 educational sessions in the form of webinars and in-person presentations. The content of the sessions included overviews of modern slavery challenges in the global context, understanding the global supply chain, the role of organizations in addressing modern slavery, how to identify and address modern slavery risks, and how to address the reporting obligations under the Act. These sessions were led by external experts in human rights, legal, supply chain and sustainability. Sessions were focused on training the working group in 2023 as we developed our internal approach, and we expect to roll-out mandatory training to the Board, all leaders and employees whose roles involve working with suppliers in 2024.

Remediation Measures and Remediation of Loss Income

ARC has not identified any instances of modern slavery in our activities or supply chain; consequently, no measures to remediate any modern slavery or to assess the loss of income to vulnerable families impacted by such measures have been considered.

¹ Tier 1 suppliers provide goods and services directly to the organization.

Assessing Effectiveness

We understand that it is the Company's responsibility to assess and mitigate the risks of modern slavery in our supply chain and we are committed to continuous improvement. ARC advanced our ability to assess and mitigate risks of modern slavery in our supply chains in 2023. We believe more time is required to determine the effectiveness of our approach given 2023 was the first year that we began our review and assessment of the risk of modern slavery in our supply chain.

In 2024, we will strive to provide more information about the effectiveness of the measures and approaches we began to establish in 2023. Our internal working group will continue activities to assess and mitigate modern slavery which includes regular updates and discussion with the Policy & Board Governance Committee. We will continue to monitor updates to the Act and implications for ARC, and review, assess and refine our approach to evaluating the risk of modern slavery in our supply chain and the practices of our suppliers.

Moving Forward

In 2024, we expect to:

- Introduce formal training for all Board members, executives, and leaders, as well as employees whose roles involve working with suppliers.
- Continue to review all policies to ensure they are current, including opportunities to further expand or address modern slavery risk.
- Commence the roll-out ARC's Modern Slavery Acknowledgement form to new and existing suppliers.
- Continue to review ARC's supply chain as part of an ongoing continuous improvement approach to identify and mitigate the risks of modern slavery in our supply chain.

Approval and Attestation

This report was approved by ARC's Board of Directors on May 9, 2024 pursuant to paragraph 11(4)(a) of the Act and has been or will be filed with the Minister of Public Safety and Emergency Preparedness.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above."

Date: May 9, 2024



Terry Anderson
President and Chief Executive Officer