



Harlingen Treatment Centre, The Netherlands

VALUES MATTER | 2014 SUSTAINABILITY REPORT
Excellence. Trust. Respect. Responsibility.

VERMILION
ENERGY



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OUR PEOPLE

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About Vermilion

Vermilion is a publicly traded, widely held, international oil and gas producer. We are headquartered in Calgary, Alberta, Canada, with onshore and offshore operations positioned around the world in regions noted for their stable, well-developed fiscal and regulatory policies regarding oil and gas exploration and development. Our core business involves the acquisition, exploration, development and optimization of producing properties in North America, Europe and Australia.

Our asset base comprises a diversified product and project portfolio that receives premium pricing. This increases the stability of our cash flows and our flexibility in allocating our exploration and development capital. The result is a consistently strong return on capital, reliable growth, and exposure to robust end markets that include:

- North American-based midstream and downstream refiners
- Asia Pacific-based refining and lubricant businesses
- European downstream refiners
- Key aggregators and utilities, such as the 50% state-owned GasTerra in The Netherlands. ^{G4-8}

Founded in 1994, Vermilion has been delivering outstanding financial and operational performance for over 20 years. This is made possible by the superlative efforts of more than 690 staff (employees and contractors) located throughout our operations and through an extensive supply chain.

In 2014, our supply chain represented more than 7,000 entities and an investment from Vermilion of more than \$940 million. This encompassed a wide range of inputs, including specialized field expertise and technology, supplies ranging from drilling mud to event facilities, and expert consultant advice. It is extremely important to us that our suppliers not only deliver a sound financial investment in their goods and services, but operate in a manner that aligns with the values that guide our own corporate culture. As a result, we have very strict requirements for third-party vendors who do business for Vermilion. ^{G4-12}

At our Canadian locations, for example, third-party vendors must be HSE (Health, Safety, Environment) pre-qualified prior to commencing service work. This helps ensure that the company has an HSE program in place that meets or exceeds Vermilion's Canada Business Unit (CBU) requirements. We also observe vendors on an ongoing basis to ensure that they are adhering to Vermilion's HSE practices, procedures and rules. In addition to satisfying Vermilion's HSE pre-qualifications, all but the lowest risk vendors must enter into a contractual agreement, which includes details regarding insurances, conduct on location, and Vermilion's work rules.

In spite of a reduction in 2015 capital spending in response to lower commodity prices, we are targeting production growth of 30% between 2014 and 2016, primarily through:

- Resource play development in Western Canada, including Cardium light oil and Mannville condensate-rich gas, with future growth potential from the emerging Duvernay condensate-rich gas play
- High value natural gas drilling in The Netherlands and Germany
- Infill drilling, waterflood and workover programs in France and Australia
- Our 18.5% non-operated working interest in the Corrib gas field in Ireland

In 2014, we realized successful entry into four new areas within our existing core regions that have increased our exposure to both European natural gas and light oil development, and adhere to our long term strategy of balanced and diversified growth: ^{G4-13}

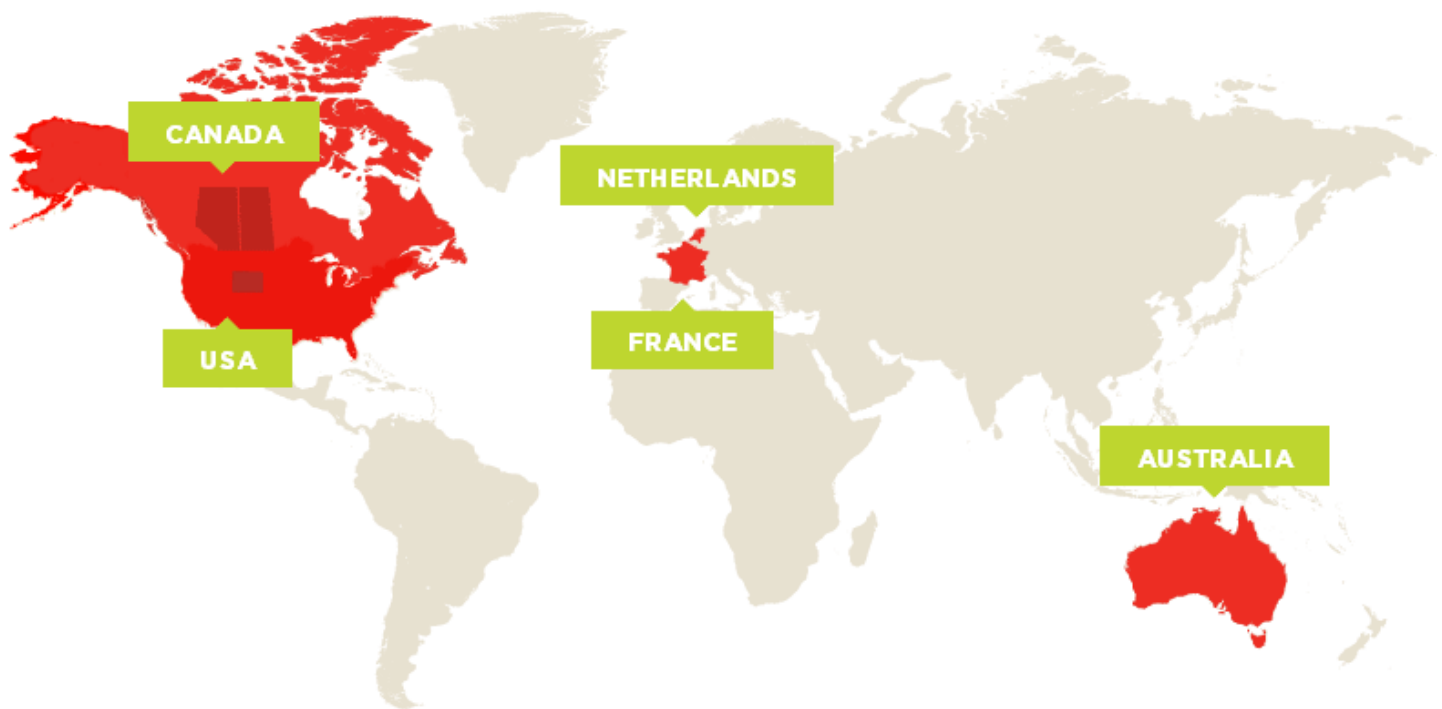
- We completed the acquisition of a 25% interest in four producing natural gas fields and a surrounding exploration license located in northwest Germany. Our entry into Germany expands our exposure to European natural gas markets and establishes a strong foundation for organic growth and possible future acquisitions.
- We closed the purchase of a private company with light oil assets in Southeast Saskatchewan, which establishes a new light-oil focused core area in Canada for organic growth and land expansion. Subsequent to the transaction, we expanded our land base by leasing an additional 15,000 net acres of undeveloped land.
- We executed the Battonya south concession in Hungary with the Hungarian Ministry of National Development. The twenty-year concession consists of 116,000 gross acres located in the southern part of Hungary and offers Vermilion potential for long-term natural gas development with minimal near-term capital commitments.
- We announced our initial entry into the United States with the purchase of 68,000 net acres located in the Powder River Basin in northeastern Wyoming. This acquisition provides Vermilion a significant (98%) undeveloped land block with potential for horizontal development of a promising Turner Sand light oil target.

Additionally, Vermilion was awarded the Ijsselmuiden exploration concession in The Netherlands, which consists of approximately 66,300 net undeveloped acres (60% working interest).

Economic & Operational Highlights

In 2014, Vermilion: **G4-EC1, G4-9**

- › Produced over **18 million boe** of oil and gas
- › Generated net revenue of more than **\$1.3 billion**
- › Distributed more than **\$272 million** in dividends to our shareholders
- › Paid almost **\$266 million** in taxes and royalties in our operating jurisdictions
- › Invested more than **\$1.3 million** in community support
- › Devoted **\$37 million** to protecting our environment



Canada

Production	23,001 boe/d
Staff	304
Net Revenue	\$472.2 MM
Reserves	120,243 Mboe

Netherlands

Production	6,443 boe/d
Staff	110
Net Revenue	\$118.8 MM
Reserves	14,196 Mboe

France

Production	11,011 boe/d
Staff	187
Net Revenue	\$402.8 MM
Reserves	57,967 Mboe

Australia

Production	6,571 boe/d
Staff	75
Net Revenue	\$283.5 MM
Reserves	17,983 Mboe

United States

Production	195 boe/d
Staff	8
Net Revenue	\$.964 MM
Reserves	2,129 Mboe

Note: net revenues = sales less royalties | staff = employees + contractors | reserves = proved + probable

Message From Our Chief Executive Officer

It is my pleasure to welcome you to Vermilion's second annual sustainability report. Although producing an annual sustainability report is still a relatively new venture for Vermilion, producing oil and gas in a sustainable and socially responsible manner is not.

Vermilion's core values of Excellence, Trust, Respect and Responsibility have guided what we do and how we do it throughout our 20-year history. We have always remained committed to conducting our activities in a manner that protects the health and safety of our people, and those in the community, and have continuously striven to operate our business in the most environmentally protective manner possible. These objectives have consistently been given our highest priority, and will continue to take precedence in the future.

Producing the energy that many people and businesses rely upon to meet their daily needs and sustain their quality of life is both a great privilege and a great responsibility. We are acutely aware that we all have a role to play in addressing the environmental impacts of a carbon economy, whether as producers or consumers of fossil fuel energy. That is why Vermilion remains committed to protecting the environment through improvements that maximize energy and water efficiency as well as reductions in our greenhouse gas emissions, while also applying careful consideration for the lands impacted by our operations.

Looking back on 2014, I am proud of what we accomplished and encouraged that these accomplishments were achieved despite the challenging industry environment caused by the significant downturn in commodity prices during the latter half of the year. I believe our success is due, in part, to our continued focus on ensuring that HSE takes precedence over all other factors of our business. Our people subscribe to the belief that successful, well-managed companies manage their sustainability impacts above all else. We believe that by embedding sustainability into our business strategy, we are not only mitigating costly worker safety, public safety, environmental, financial and reputational risks, but that we will ultimately generate economic and social benefits for all our stakeholders and for those in the communities in which we operate.



Lorenzo Donadeo, CEO

As we continue to navigate the challenges brought about by the current economic downturn, we remain acutely focused on fulfilling our sustainability vision of delivering long-term shareholder value by operating in an economically, environmentally and socially sustainable manner that is recognized as a model in our industry. We value the feedback we receive from Socially Responsible Investing (SRI) focused stakeholders as we seek to continually improve and evolve our disclosures regarding our economic, environmental, social and governance (EESG) related impacts, initiatives, and achievements. This feedback helps us to target those areas of our business our stakeholders care most about and increase their understanding of our sustainability initiatives by providing better transparency through improved reporting practices.

I believe that Vermilion is a company that has always punched above its weight, in both operational results and commitment to our communities. Our 2014 Sustainability Report continues our culture of high performance in this regard, and I am proud to share it with you.

Sincerely,

("Lorenzo Donadeo")

Lorenzo Donadeo

Our Approach to Sustainability

Our approach to sustainability, and our business in general, remains one where we prioritize people and the environment over profits: the safety and health of our employees, contractors and those directly or indirectly involved in our operations is placed above all else. ^{G4-2}

Vermilion's second sustainability report is our way of communicating how we identify the economic, environmental and social impacts of our operations, and how we integrate their associated opportunities and risks into our business strategies. We are still in the early stages of our sustainability reporting journey, but over time, our reporting activities will be able to help us chart our progress towards realizing our sustainability vision:

As a responsible oil and gas producer, Vermilion Energy Inc. consistently delivers long-term shareholder value by operating in an economically, environmentally and socially sustainable manner that is recognized as a model in our industry.

Our Sustainability Vision

As a responsible oil and gas producer, Vermilion Energy Inc. consistently delivers long-term shareholder value by operating in an economically, environmentally and socially sustainable manner that is recognized as a model in our industry.

We understand our moral and legal duty to operate in a manner that protects the health and safety of our people and communities, provides responsible stewardship over the environment, and treats our people, partners and suppliers respectfully and fairly.

From the landowners with whom we share the landscape, to the families and businesses that rely on oil and gas to fuel their daily needs, our exploration and production activities have potential effects on a wide range of stakeholders who expect Vermilion to deliver consistently strong financial results in a responsible and ethical way.

These expectations align economic success with every element of our sustainability commitments, and have led us to prioritize our objectives in the following order:

1

The safety and health of our staff and those involved directly or indirectly in our operations. Nothing is more important.

2

Our responsibility to protect the environment. We follow the Precautionary Principle ^{G4-14} introduced in 1992 by the United Nations "Rio Declaration on Environment and Development" ^{G4-15} by using environmental risk as part of our development decision criteria, and by continually seeking improved environmental performance in our operations.

3

Economic success through a focus on operational excellence across our business, which includes technical and process excellence, efficiency, expertise and stakeholder relations.

We believe these three priorities generally do not conflict with each other, because business that is conducted in the safest and cleanest manner is also most likely to be the most profitable way to do business over the long term. In instances where these three priorities may be in conflict, we instruct our staff that the health and safety of people and the protection of the environment must always take priority over profit.

Our Board of Directors and our Executive and Leadership teams continue to recognize our stakeholders' expectations as critical to Vermilion's success and integrate them into our ongoing processes for governance, strategy and performance. They are incorporated as goals into our strategic long-term vision, identified as commitments for annual planning, and assessed on a quarterly basis for progress against those commitments.

We believe this approach continues to be a contributing reason why Vermilion is a leading choice for investors, employees, partners and communities.

Commitments

In 2014, we continued to make good progress toward achieving our immediate and longer-term sustainability goals dealing primarily with Vermilion’s direct, internal sustainability impacts.

These constitute the most important sustainability opportunities and risks arising from sustainability trends, prioritized as we describe in the “About Our Report” section of this report in terms of impact on Vermilion’s organizational success and relevance to our key stakeholders.

At the same time, outside trends have potential impacts on short and longer-term company performance.

These include, by priority, the risk associated with:

- an adverse HSE event
- the volatility of oil and gas prices
- potential changes to government regulations and fiscal policies in our operating areas
- the long-term financial implications of climate change, and
- public concerns about our industry

Vermilion’s Board of Directors, Executive team and Risk Management Committee regularly review these risks, along with mitigation strategies and associated opportunities.

Ethics



2014 Targets	Progress on 2014 Targets	Additional 2014 Highlights	2015 Targets	2016-2020 Goals
Add enhancements to the intranet to highlight policies and provide one-button access to send concerns anonymously to our Corporate Secretary	Made a number of enhancements to the intranet in 2014, and plan to have one-button access to send concerns anonymously to our Corporate Secretary before end of 2015		One-button access to send concerns anonymously to our Corporate Secretary before end of 2015	
Develop procedures for contractors to confirm awareness of and compliance with code of business conduct	Developed a procedure for contractors to sign-off on insider trading	Contractor sign-off on insider trading completed		Germany annual sign-offs through Workday in 2016

Governance



2014 Targets	Progress on 2014 Targets	Additional 2014 Highlights	2015 Targets	2016-2020 Goals
Introduce a "Say on Pay" vote to provide shareholders with an advisory voice on executive compensation at the 2014 AGM	Received 99% shareholder approval on "Say on Pay" advisory vote at 2014 AGM	Adopted an Anti-Hedging policy, Clawback policy, and "Say on Pay" Policy and updated Vermilion's Ownership policy to increase share ownership requirements for executives to further strengthen Vermilion's governance practices	Received 99% shareholder approval on "Say on Pay" advisory vote at 2015 AGM	Continue to conduct annual "Say on Pay" advisory votes at annual AGM
		Board of Directors recognized for strong corporate governance (See Awards)		
		Adopted a Board Diversity Policy to recognize importance of diversity, including gender diversity. (See Board Diversity)		
			Continue to monitor corporate governance regulations, requirements, and trends	Continue to demonstrate strong results in the area of board and corporate governance
		Fair Culture policy rolled out in Canada	Implementation of Fair Culture policy in other business units	

People



2014 Targets	Progress on 2014 Targets	Additional 2014 Highlights	2015 Targets	2016-2020 Goals
Further develop onboarding material and processes	Successfully on-boarded 166 new hires	53 staff moves, including lateral moves, promotions and progressions		Continue to enhance onboarding material and processes globally
Best in class recruiting processes		Implementation of quarterly metrics reports	Implemented hiring freeze as result of economic downturn	Continued focus on best in class recruiting processes
		Recognized as a Best Workplace by the Great Place to Work Institute in all of our participating jurisdictions	Recognized as a Best Workplace by the Great Place to Work Institute in all of our participating jurisdictions	Continue to be recognized as a workplace of choice.
Strengthen training and development program	Nearly 16,000 hours of training delivered globally			Continue to provide growth opportunities for all employees
Research supply chain due diligence for human rights issues	This will be rescheduled			
			Continued competitive compensation program in all markets with focus on additional communication with staff, process improvements and streamlining	
			Improve contractor management processes by tracking all contractors in Workday	
			Creation of Employee Handbooks, with country-specific policies amendments, for GBU and USBU	
			Establish Works Council in The Netherlands	

Safety



2014 Targets	Progress on 2014 Targets	Additional 2014 Highlights	2015 Targets	2016-2020 Goals
Implement Fair Culture Policy	Implemented Fair Culture Policy in Canada		Implementation of Fair Culture policy in GBU (completed), NBU, FBU, and USBU by year end	
Completion of Process Safety Management System and develop global implementation plan	Completed PSMS. Initiated Process Hazards Analysis (PHA) Standard		Completed PHA and implement globally. Finalize 2016 implementation plan of PSMS	
Implement competency and training program in Canada	Initiated implementation of Operator Competency (OCP) and training program in Canada	Developed additional OCP modules specifically for Leadership team in NBU	Develop OCP scope and framing in FBU	Initiated implementation of OCP in FBU
		NBU Emergency Response Plan Exercise the largest onshore exercise in the country's history		
		Developed robust hazard identification and risk mitigation program around Vermilion's top fatal risk exposures and top environmental sensitive sites	Develop robust hazard identification and risk mitigation program around Vermilion's top fatal risk exposures and top environmental sensitive sites	
		Established clear priorities and measurable actions around 5 key HSE pillars		
		Developed, communicated and measured against leading and lagging HSE key performance indicators		
		Updated various key Corporate HSE Standards such as the Event Management Practice	Update various key Corporate HSE Standards such as the Corporate Risk Management	

Environment



2014 Targets	Progress on 2014 Targets	Additional 2014 Highlights	2015 Targets	2016-2020 Goals
		Published our first Corporate Sustainability Report Submitted our first report to the Carbon Disclosure Project (CDP)	Publish Corporate Sustainability Report Submit CDP Report, including more complete Scope 3 reporting	
		Reduced long-term environmental liabilities through planned and managed decommissioning, abandoning and reclaiming well leases and facilities	Reduce long-term environmental liabilities through planned and managed decommissioning, abandoning and reclaiming well leases and facilities	Reduce long-term environmental liabilities through planned and managed decommissioning, abandoning and reclaiming well leases and facilities
		Managed waste products by reducing, recycling and recovering	Manage waste products by reducing, recycling and recovering	Manage waste products by reducing, recycling and recovering
Assess potential for transfer of geothermal and other technology to locations beyond Parentis	Conducting pilot programs and trials on the implementation of new technology to improve environmental performance and decrease the impact of operations		Conduct pilot programs and trials on the implementation of new technology to improve environmental performance and decrease the impact of operations	
Completion of comprehensive fugitive emissions programs	Completed comprehensive fugitive emissions programs		Eliminate the majority of flaring and venting at Southeast Saskatchewan assets acquired in 2014	
Assess cost-benefits of electric cars for fleet in France	Continue to assess cost-benefits of electric cars for fleet in France			
		Supported launch of an industry and country-wide study to identify the potential of recycled energy use from oil and gas operations in our FBU	Signed a 30-year partnership with a French land developer to provide heat for up to 450 homes in a newly planned eco-neighbourhood complex	
		Approval of Wandoo Facility and Well Construction Environment Plans		
		ABU Safety case revision submitted and accepted		

Community Investment



2014 Targets	Progress on 2014 Targets	Additional 2014 Highlights	2015 Targets	2016-2020 Goals
Establish a global community investment staff committee	Elected to defer establishment of global community investment staff committee and instead focus on engaging staff locally			
		First ever Day of Caring in the NBU	Continue to enhance staff involvement in community investment activities globally through in-country plans	
			Develop a sustainable funding model for community investment budgets globally	

[Download our sustainability commitments as a PDF](#)



Policy

To meet our commitments, we rely on the framework and priorities provided by our sustainability policy:

Vermilion's sustainability policy is guided by our core values of Excellence, Trust, Respect and Responsibility. It applies to all of our operations, and in each of the communities where we live and work. Sustainability is led by our Board of Directors and our Executive, and championed by our employees and contractors. It applies equally to our suppliers and to those who represent us or conduct activities on our behalf.

Guided by our Code of Business Conduct and Ethics, Vermilion meets or exceeds the requirements of all applicable laws and standards in the communities where we operate, through all of our activities, including exploration, drilling, completion, operation and remediation. In doing so, we are committed to transparent and respectful engagement with our stakeholders, including our investors, employees, partners, suppliers and communities.

Sustainability is integrated into all facets of our business, and is reflected in the following five key areas:

1. Governance and Ethics

- Vermilion demonstrates strong corporate governance, with leadership that sets an example of the highest standards of ethics and integrity and a commitment to the responsible development of our diverse resource portfolio.
- Our leadership model effectively embeds ethical, fiscal, environmental and social considerations into all aspects of our business, resulting in operational excellence and the protection of our human, natural, financial, operational, intellectual and reputational capital.

2. Economic Performance

- Vermilion recognizes that strong, consistent fiscal performance provides positive economic benefits for all of our stakeholders.
- We focus on generating long-term, top quartile and stable shareholder returns. Our disciplined approach, together with our technical and intellectual excellence, ensures we recognize and develop appropriate opportunities, effectively manage risks, and continuously improve operational efficiency.

3. People



- Vermilion's commitment to people is embedded in our core values: we embrace diversity, we value and care for our people, and believe every employee and business associate worldwide deserves to be treated with the utmost dignity and respect.
- We recognize the principles of The Universal Declaration of Human Rights, and have policies in place to support these principles throughout our operations, including creating a fair and equal opportunity workplace.
- We challenge and inspire our employees to achieve their best, and value the teamwork, collaboration and innovation that lead to creating both a great place to work and outstanding company performance.

4. Health, Safety and Environment



- Vermilion is committed to conducting our activities in a manner that will protect the health and safety of our employees, contractors and the public while reducing our impact on the environment.
- We fully integrate HSE into our business – Everywhere, Everyday, Everyone. Our vision is that our HSE culture is recognized as a model by our industry and our stakeholders, resulting in a healthy workplace free of incidents.
- Every staff member, including management, is accountable for HSE and is actively involved in continuously delivering HSE performance improvements.

5. Communities



- Vermilion strives to support the communities in which we operate using a shared value model. We work to develop economic and employment opportunities, build positive relationships and contribute to meaningful, mutually beneficial partnerships that strengthen both the community and our company capacity.
- Our community investment program contributes to the quality of life in our communities through both charitable giving and employee engagement, supporting social, environmental and cultural issues. Through this program, our "Ways of Caring," we give back, we give time and we give together.

Associations

Vermilion's sustainability approach is also guided by our participation in the following voluntary industry and sustainability-related organizations, and their associated external initiatives: G4-15, G4-16

Organization	External Reporting Initiative
Canadian Association of Petroleum Producers G4-15	Annual filing for CAPP Responsible Canadian Energy program since 2012.
Carbon Disclosure Project	Vermilion has filed reports for 2012, 2013 and 2014.
Confidential	This working group focused on sustainability benchmarking within the oil and gas industry when it launched in 2013, and has since transitioned into a focus on sustainability best practices.
London Benchmarking Group Canada	Vermilion began reporting community investment through LBG Canada in 2012.
UFIP (Union française des industries pétrolières)	Provides the French government with ongoing industry feedback on various European Union directives/initiatives.
Dutch Long Term Energy Efficiency Improvement Program (MJA Program)	We provide detailed long term planning and annual reporting/updates on an ongoing basis.
AVENIA Geosciences pour l'Energie et l'Environnement	Vermilion began serving on the Board of Directors in 2013; AVENIA has many programs related to supporting geothermal development in France and optimizing recovery from existing hydrocarbon reservoirs. It reports to the French government through meetings with the Ministry of Industry and Ministry of Ecology, Sustainable Development and Energy of France.
France-Canada Chamber of Commerce	Vermilion began serving on the Board of Directors in 2012. The Chamber of Commerce promotes business activities between Canada and France.
Dutch oil and gas explorer and producer association (NOGEP)	Vermilion is an active member of the Dutch oil and gas explorer and producer association. We participate in several workgroups and sub-committees to work closely with other industry representatives to continuously improve our practices as they relate to safety and environment as well as public acceptance.
Ambès Regional Water Basin Committee	Our Ambès superintendent is highly implicated in this group. He is an elected member of this basin committee, having a key role in two commissions: the Littoral Commission and the Industry Commission.

[Download our industry associations as a PDF](#)



Awards

We are honoured that our economic, environmental, social and governance performance has been recognized through the following organizations:



Recognized by the Great Place to Work Institute® as a Best Workplace in Canada (10th out of 300) and France (9th out of 101) for a sixth consecutive year, and in The Netherlands (8th out of 79) for a second consecutive year. Vermilion is the only energy company to be included on the Canadian and Dutch lists, and the highest scoring energy company on the French list.



Submitted our first CDP submission in 2013 and received 2nd place ranking in our peer group (best inaugural score by our peers).



Vermilion ranked 15th out of an original field of 187 companies, an improvement over our inaugural 32nd place ranking in 2013. We are also the highest ranked oil & gas company on the list.



Vermilion placed 5th in the category of Best First Time Report for our inaugural Sustainability Report, in the corporateregister.com reporting awards program.



Recognized for excellence in governance practices via Globe and Mail annual Board Games survey. Vermilion's governance practices resulted in a rank of 2nd among oil and gas companies, 3rd among energy companies and 19th of 247 corporations overall.



Golden Gavel Award for Best Disclosure of Governance Practices and Approach to Executive Compensation by a small or mid-sized issuer.

**Brendan Wood International
First Intelligence**

Shareholders have accredited Vermilion's Board, CEO and senior management with TopGun status, ranking Vermilion's strategy, leadership and governance with the highest levels of the confidence index.



WINNER OF THE 2015 EPAC AWARD FOR
*Top International
Producer*

Recognized by EPAC as the 2014 Top Canadian-Based International Producer. Evaluated on seven financial and operating performance benchmarks (75% of score), including: Total return, Production growth per debt-adjusted share, Corporate cash margin, Proved-plus-probable reserves growth per debt-adjusted share, Proved-plus-probable FD&A costs per boe (including future development capital), Recycle ratio. Remaining 25% of score was based on industry leadership and corporate culture, including HSE, community investment, innovation, training, and other sustainability-related programs.



Recognized by Department of Landes in France as 2014 Aquitain Company of the Year.



Awarded the Special Jury Prize, 7th annual Road Safety Award by Prefecture of Landes. The prize recognizes our place as a leader in safety and risk prevention on the road.

[Download our awards information as a PDF](#)



About Our Report

Our 2014 Sustainability Report is Vermilion's second annual report on our economic, environmental, social and governance (EESG) impacts, the content of which emphasizes our activities throughout the 2014 calendar year. Our intent is to produce an updated downloadable full report on an annual basis; however, in the spirit of environmental stewardship, we are electing not to produce print versions of these reports annually.

We continue to use the GRI-G4 framework to guide our sustainability reporting, as we believe the Global Reporting Initiative remains the current leading framework for EESG reporting. The information we have shared to date is largely reflective of our decision to report in accordance with GRI's comprehensive reporting option. Our 2014 report follows the same four-step process of Identification, Prioritization, Validation and Review as we followed for our 2013 report, and incorporates the key principles of Sustainability Context, Materiality, Completeness and Stakeholder Inclusiveness. ^{G4-32}

This report covers Vermilion's operations relating to its Canada Business Unit (CBU), France Business Unit (FBU), Netherlands Business Unit (NBU) and Australia Business Unit (ABU).

This report provides data where available in respect of Vermilion's United States Business Unit (USBU), however not all data was available at the time of this report as a result of the late year closing of the acquisition. The report also does not cover our non-operated interests in the Corrib gas field in Ireland, or our non-operated 25% contractual participation interest in a four-partner consortium in Germany (although we have staff in Germany, and have reflected this in the Performance Metrics table of this report). In both instances, the operating partners (Shell E&P Ireland and ExxonMobil respectively) would include these projects under their sustainability reporting. ^{G4-17, G4-18}

Where restatements of previous information were required, they are noted in our Performance Metrics document. ^{G4-22}
There were no significant changes to the report structure or framework in 2014. ^{G4-23}

Our Value Chain

Vermilion's operations influence an extensive value chain that connects petrochemical resources with activities that are essential to our daily lives, including transportation, manufacturing and heating, thus contributing to the strength and resilience of the global economy. ^{G4-12}



Exploration	Supply	Production	Transportation	Product Use
How we identify, analyze and develop new oil and gas opportunities.	The external contractors, suppliers, materials and expertise we leverage throughout our process, from exploration to drilling and completions to production.	How we extract oil, gas and associated byproducts from our operating properties, through the lifecycle from drilling & completion to production.	How Vermilion transports and markets our products and byproducts, along with the subsequent transportation of those products to the end consumer.	The midstream and downstream refiners who constitute our customers, and the manufacturers and individual consumers who use the products that result from their activities.

Value, impact or influence

Exploration	Supply	Production	Transportation	Product Use
Our decisions about where to operate and how best to extract oil and gas offer job creation and economic assets for communities, while requiring strong safety and environmental protection and community capacity analysis	Our purchasing decisions, including our performance expectations of suppliers, have a strong influence on company and community safety, environmental impacts and economic success	We focus on the operational excellence of our people, processes and technology to maximize economic value, and safety and environmental management; this includes the land reclamation stage of well life cycle management	This supports job creation and economic success while potentially involving safety and environmental impacts, including pipeline, road and rail transport safety, and waste transport and disposal safety	The economic value and the potential safety and environmental impacts of our oil and gas flow through this stage to the economic sectors that rely on a stable and consistent supply of oil and gas and to the end consumer

Focus of operational activity & decision making

Exploration	Supply	Production	Transportation	Product Use
Internal to Vermilion	Both internal and external to Vermilion	Primarily internal to Vermilion	Primarily external to Vermilion	External to Vermilion

Key stakeholders, listed by degree of impact

Exploration	Supply	Production	Transportation	Product Use
<ul style="list-style-type: none"> > Communities > Investors > Partners > Government > NGOs 	<ul style="list-style-type: none"> > Suppliers > Employees > Investors > Communities 	<ul style="list-style-type: none"> > Investors > Employees > Partners > Communities > Government > NGOs > Media 	<ul style="list-style-type: none"> > Communities > Partners > Customers/end users > Investors > Government > NGOs 	<ul style="list-style-type: none"> > Investors > Customers/end users > Government > Media

Primary issues

(top three to five identified through stakeholder engagement and issues monitoring)



Exploration	Supply	Production	Transportation	Product Use
<ul style="list-style-type: none"> > Safety > Environment > Community relations > Regulation > Governance 	<ul style="list-style-type: none"> > Safety > Environment > Efficiency > Supply chain management 	<ul style="list-style-type: none"> > Safety > Environment > Efficiency > Community relations > Staff relations 	<ul style="list-style-type: none"> > Transport safety > GHG emissions > Spills > Ethics > Stable supply 	<ul style="list-style-type: none"> > Safety > GHG emissions > Stable supply > Cost > Regulation

[Download our value chain as a PDF](#)



Stakeholder Engagement

Our people, partners, suppliers, investors and members of the communities in which we operate continue to be regarded as Vermilion’s key stakeholders: those whom we believe to have the greatest impact on our business, or whom are most impacted by our activities.

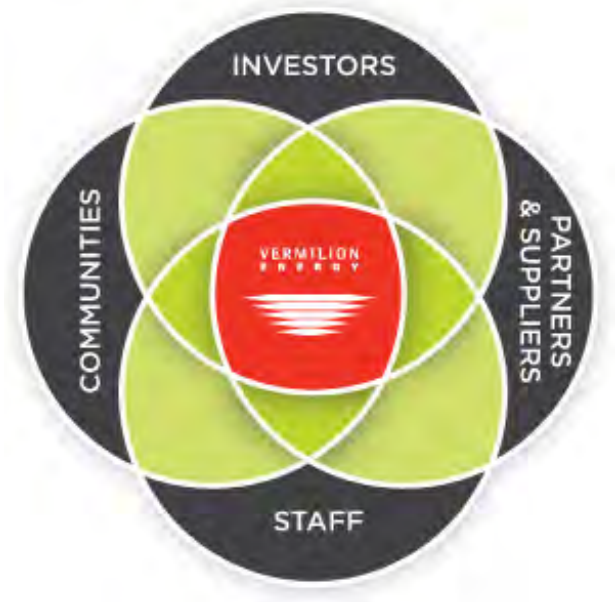
We continue to base stakeholder identification and prioritization on our understanding and analysis of our value chain. G4-25 The degree to which we engage with our stakeholders continues to be dependent upon the area of impact or influence of the stakeholder group.

We believe that a failure in our economic, environmental and/or social performance could have negative and long-lasting effects on our key stakeholders.

In turn, these groups influence our business and operations in several ways, including through the provision of capital to fund our activities as well as the setting of expectations regarding safety and environmental performance. Meeting these expectations is the key to maintaining our social license to operate and to increasing our productivity, and we therefore engage with these stakeholders on a regular and ongoing basis.

For those stakeholders with lesser degrees of impact or influence, our engagement is more specific and generally involves direct engagement on specific issues.

The following table details how we engage with our stakeholders, topics raised, and how we have responded. G4-24 G4-26 G4-27



Current & potential investors



Engagement Channels	Topics Related	Response
<ul style="list-style-type: none"> > Annual General Meeting and webcast, distribution of financial statements & proxy statement > Annual benchmarking against peers through Board Games > Business updates, analyst conference calls > Ongoing presentations to investor and industry conferences, with webcasts on external Vermilion website and intranet > Ongoing monitoring of and response to investor relations e-mail and phone inquiries > Ongoing monitoring of and response to social media including LinkedIn and Twitter > Media monitoring/ media appearances > News releases 	<ul style="list-style-type: none"> > Financial results > Increasing emphasis on transparency and sustainability reporting 	<ul style="list-style-type: none"> > Ongoing communication of material issues and results > Confidential industry benchmarking project for CDP reporting > Second submission to CDP and second sustainability report > Response to requests for interviews and other input

Employees



Engagement Channels	Topics Related	Response
<ul style="list-style-type: none"> ➤ Annual Great Place to Work® program staff survey, communication of results to staff through e-mails and meetings, ongoing engagement of staff in feedback and improvement action planning meetings from department to team levels ➤ Semi-annual staff updates (town halls) ➤ Staff interactive sessions held in Canada, France, The Netherlands ➤ New employee breakfasts and lunches, scheduled as needed ➤ Vermilion 101 – Introduction to Oil & Gas for new staff, scheduled as needed ➤ Whistleblower policy, 24/7 (referred to internally as “Reporting of Inappropriate Activity”) 	<ul style="list-style-type: none"> ➤ Strategic direction of the company ➤ Employee engagement and satisfaction ➤ Communication (internal and external) of community investment program ➤ Clear communication and implementation of HSE program 	<ul style="list-style-type: none"> ➤ Executive response to all town hall suggestions and questions ➤ Implemented suggestions from staff working groups ➤ Implemented Canadian Fair Culture policy in 2014 and implementing similar country-specific programs in our other locations throughout 2015 (see our Fair Culture section of this report)

Partners & Suppliers



Engagement Channels	Topics Related	Response
<ul style="list-style-type: none"> ➤ Meetings, etc. to review requirements and negotiate contracts, as needed ➤ Daily operations, including inspections and field audits ➤ Meetings, phone calls, e-mails as issues or concerns arise 	<ul style="list-style-type: none"> ➤ HSE performance ➤ Production and financial results 	<ul style="list-style-type: none"> ➤ Focus on operational excellence

Communities



Engagement Channels	Topics Related	Response
<ul style="list-style-type: none"> > Meetings, phone calls, e-mails with landowners, as needed > Contract negotiation with landowners, as needed > Ongoing partnerships with key social agencies > Meetings, e-mail, phone calls with other local social agencies & councils, ongoing > Customized community investment program for each location, ongoing > Communication of community investment via external website & LinkedIn, ongoing > Engagement with First Nations and/or Métis communities near our operations as appropriate, including provision for consultation and community investment <small>OG-9, DMA Social</small> 	<ul style="list-style-type: none"> > Community support and capacity building 	<ul style="list-style-type: none"> > Progressing community investment program in all locations based on community and staff engagement (see Our Communities in this report) > Discussions with local communities regarding impacts and potential partnerships

Governments



Engagement Channels	Topics Related	Response
<ul style="list-style-type: none"> > Regulatory requirements in all of our locations > Meetings, phone calls, conferences with government officials, ongoing 	<ul style="list-style-type: none"> > Compliance 	<ul style="list-style-type: none"> > Compliance with or exceeding all regulatory requirements > Audits and inspections to confirm compliance

NGOs: industry, environment, social



Engagement Channels	Topics Related	Response
<ul style="list-style-type: none"> > CAPP membership & annual Responsible Canadian Energy (RCE) reporting > Ongoing participation in industry meetings and conferences > High-level review of NGO positions and topics > Meetings with NGO personnel 	<ul style="list-style-type: none"> > Increasing transparency and communication of sustainability performance > Environmental concerns and performance based on location, including fracking 	<ul style="list-style-type: none"> > Published 2014 CDP and Sustainability Report > Focus on operational excellence, including compliance with or exceeding all regulations

Download our stakeholder engagement table as a PDF



Identifying Issues

To identify the topics relevant to Vermilion's 2014 sustainability report, we began with a review of the issues we had originally identified in our 2013 report: [G4-18](#) [G4-19](#) [G4-20](#) [G4-21](#)

- International standards, including the United Nations Global Compact, OECD Guidelines for Multinational Enterprises, and The Universal Declaration of Human Rights
- Reports from sector-related government and industry bodies, including the Canadian Association of Petroleum Producers
- Media scans
- Sustainability/corporate responsibility reports from sector-leading companies
- Published research and analysis from reporting entities such as GRI, the Carbon Disclosure Project and the International Integrated Reporting Council
- Reports and benchmarking from third parties with insight into the area, such as Deloitte, Ernst & Young, KPMG, ISS, Sustainalytics, AccountAbility and Bloomberg, and socially responsible investor entities such as the Dow Jones Sustainability Index, FTSE4GOOD and Corporate Knights Capital

We then analyzed issues that Vermilion identifies internally as important to the company, using such sources as annual reports, risk matrices, and internal policies and procedures. By further examining our value chain, including our stakeholder engagement results, we added issues that are important to the people and locations upon which our operations have an impact.

Once we had reviewed the issues included in our 2013 report, we then provided key internal stakeholders, including Leadership team members, with opportunities to provide their feedback on these original topics as well as any new topics for consideration in the 2014 report. [G4-18](#) [G4-19](#) [G4-27](#)

We also reflected upon the disclosure requirements and EESG topics contained within other sustainability reporting frameworks, as well as the sustainability reports and disclosure activities by our peers. Where we felt we could strengthen our own reporting and disclosure, we incorporated these topics into our 2014 report.

Finally, we reviewed and reflected on the feedback that we have received from SRI and other sustainability-related organizations since launching our inaugural report, and incorporated this feedback where we felt it strengthened our level of disclosure on the sustainability topics that matter most to Vermilion and our key stakeholders.

Material Issues

The issues identified for this report have been cross-referenced to the GRI G4 Aspects and Standard Disclosures list. A Boundary Assessment for each Aspect was performed in our 2013 reporting cycle and it was determined that the outcomes of the original assessment for each Aspect had not changed as to its relevance to Vermilion or any of the stakeholders throughout our value chain. ^{G4-20}
G4-21

Where the issues were relevant to Vermilion or its stakeholders, we reevaluated whether they were of high, medium or low impact on Vermilion, and high, medium or low impact from the perspective of our key stakeholder groups.

We wish to continue to emphasize that materiality in the context of this report is not a judgment on societal importance. For example, the issues surrounding the use of child labour are of significant concern; however, their impact on Vermilion and our stakeholders is considered low as a result of our operations being located in countries with robust laws and enforcement around these issues. While unlikely, were Vermilion were to extend its operations into a geographical region where child labour was at higher risk to occur within our supply chain, we would assess this as having a higher potential impact.

Moreover, while we remain comfortable with our original high-medium assessment for the “Regulatory Framework” topic, we continually monitor changes that could influence its future categorization as it relates to the impact on Vermilion. For example, in September 2014, the Council of the European Union formally adopted the Directive on disclosure of non-financial and diversity information by certain large companies. This Directive introduced measures that will strengthen the transparency and accountability of approximately 6000 companies in the EU who have more than 500 employees. While the changes may not affect Vermilion from a mandatory perspective because our staff count in our FBU does not meet the Directive’s threshold, the changes nevertheless affect our environment and the sustainability context within which we operate.

The following parameters were used to assess the level of impact on Vermilion:

The following parameters were used to assess the level of impact on Vermilion:

High	Medium	Low
<ul style="list-style-type: none"> ➤ Critical or immediate (12-month) risk to health & safety, environmental management, financial performance, reputation, employee relations, community relations, or social license to operate ➤ Strong opportunity to significantly increase financial performance or operational efficiency ➤ Likely reflected in externally and internally stated policies and/or commitments 	<ul style="list-style-type: none"> ➤ Important but not critical risk; risk may be mid-term (1-3 years) ➤ Good opportunity to increase financial performance or operational efficiency ➤ Likely reflected in internally stated policies and/or commitments; may be included in external policies and/or commitments 	<ul style="list-style-type: none"> ➤ Small or no risk; risk may be longer term (3-10 years) ➤ Does not apply in our geographic operating areas or to our business ➤ Small or no opportunity to increase financial performance or operational efficiency ➤ May or may not be reflected in policies and/or commitments

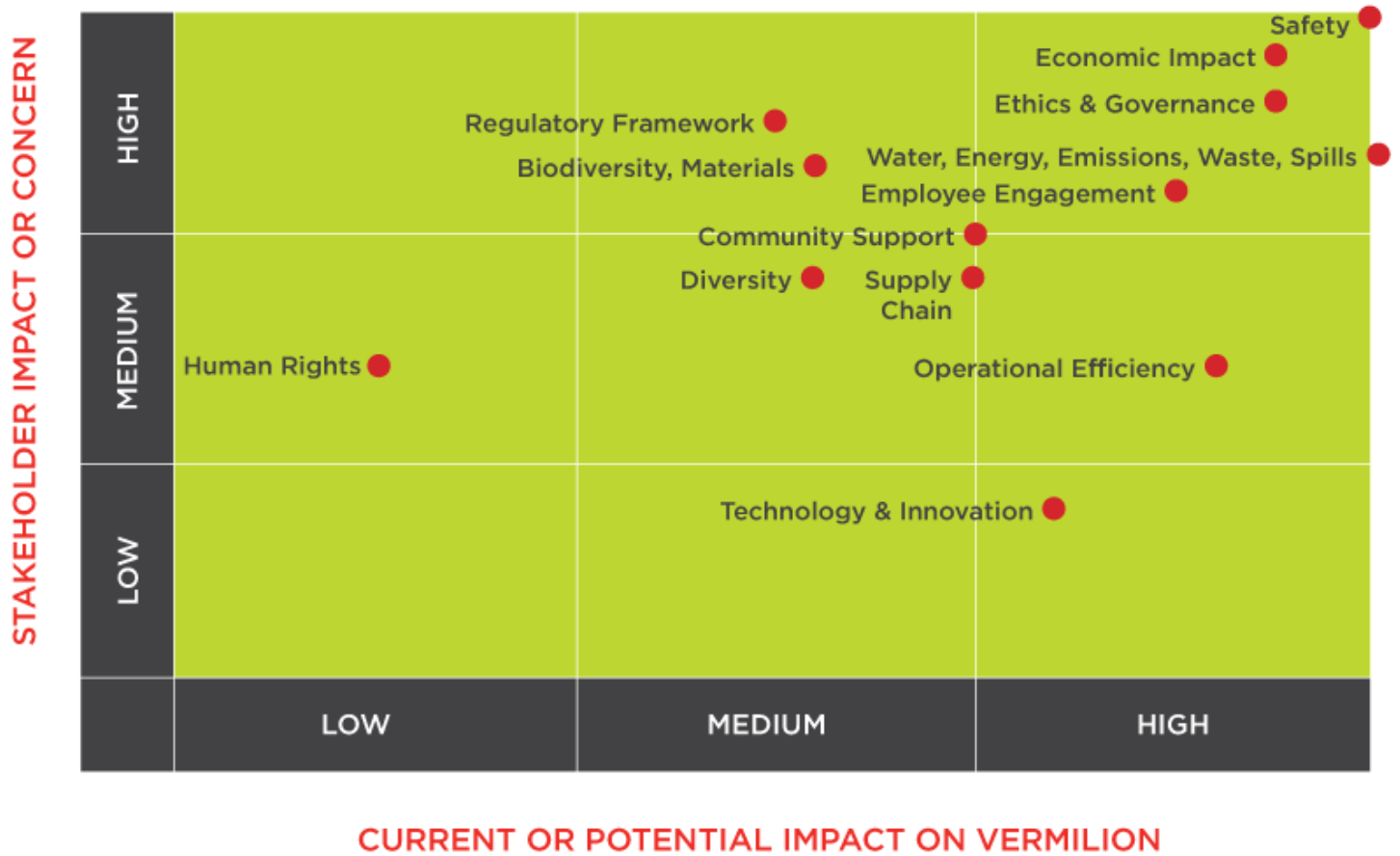
[Download our material issues table as a PDF](#)



We used a similar approach to assessing potential impact of these issues on stakeholders. We analyzed our engagement results with different groups of stakeholders, to identify issues and rate their importance reflecting the critical/high, important/medium, and small/low definitions from the table above. We also took into consideration how directly affected the stakeholders were (for example, employees and fenceline communities are more directly affected by Vermilion's operations than are governments). We then integrated those results to identify where issues had a common impact or concern spanning several key stakeholder groups. ^{G4-18 G4-19}

The resulting summary of all GRI Aspects is contained in our full [GRI Materiality Analysis](#), which you can find in our additional information. ^{G4-19 G4-20 G4-21}

[View our materiality Analysis](#)



Validation & Review

Our materiality analysis was reviewed by a GRI-trained professional internal to Vermilion, who also holds a CSR-P designation (Corporate Social Responsibility-Practitioner, certified by The Center for Sustainability and Excellence). The analysis has also been reviewed and validated by Vermilion's Executive.

We have listened to, and incorporated feedback from, external stakeholders such as Corporate Knights and Corporate Register Reporting Awards (CRRRA), who ranked Vermilion's 2013 Sustainability Report as the 5th Best First Time Report.

Portions of the data contained in this report were also independently audited or verified by the following organizations: LBG Canada, GLJ Petroleum Consultants and Deloitte (noted in our Performance Metrics document). ^{G4-33}

Our Highest Governing Body



The men and women who comprise our Board of Directors, Vermilion’s highest governing body, are proven leaders who guide our management, ensure the continued integrity of our people and processes, oversee risk management, and position our company to deliver on our mission to consistently deliver superior rewards to investors, employees, partners and the communities in which we operate.

At December 31, 2014, Vermilion’s Board of Directors was comprised of nine directors and one corporate secretary. Eight of the nine Directors were considered independent and one was female. Mr. Lorenzo Donadeo, our CEO, is the only executive, non-independent director. Mr. Larry Macdonald, is an independent director and has acted as Chairman of our Board since 2003.

Organizational responsibility for sustainability flows from the Board to our CEO and our President and COO, and throughout the company via our Executive and senior leadership teams. In turn, priorities and progress on sustainability topics, including governance updates, HSE targets and performance, and developments within our community investment program, are communicated back to the Board through quarterly updates. Stakeholders can also communicate to the Board in confidence directly and anonymously, via postal mail and email, as well as via our dedicated Investor Relations phone and e-mail lines, or at investor relations presentations and events, and our annual meetings. For more information on communicating with our Board, please refer to our Proxy Statement and [Information Circular](#) G4-35 G4-36 G4-37 G4-42 G4-49

We define independence as the absence of relationships that could compromise the ability of a director to exercise judgment with a view to make an objective assessment of management and assess the merits of management initiatives. Our independence statement is publically available via our [Board Operating Guidelines](#), which are published on our corporate website. ^{G4-41}

On February 27th, 2015, we announced the appointment of two new Directors to our Board, Mr. Kevin Reinhart and Ms. Cathy Williams. We also announced that Mr. Ken Davidson, who has served as Chair of Vermilion's Audit Committee and as a member of the Governance and Human Resources Committee since 2007, after joining our Board in 2005, would not be standing for re-election to Vermilion's Board of Directors in 2015.

As of May 8, 2015 our Board of Directors is comprised of 10 directors and one corporate secretary. Of our current Directors, nine are independent (90%) and two are female (20%). These individuals oversee all matters related to performance, including our economic, environmental, social and governance impacts through four committees: ^{G4-34 G4-38}

- Audit (Killi, Chairman; Ghersinich; Reinhart; and Williams)
- Governance and Human Resources (Macdonald, Chairman; Raiss; Killi; Reinhart; and Williams)
- Health, Safety and Environment (Madison, Chairman; Macdonald; Marchant; and Raiss)
- Independent Reserves (Ghersinich, Chairman; Leiker; Macdonald; Madison; and Marchant)

Our board structure is a one-tier system. Vermilion has never had an Executive Committee – a small committee of directors that can make decisions without the rest of the board.

International directorships

In addition to our Board of Directors, Vermilion practices good governance standards with its international subsidiary companies and has appointed independent directors to the Boards of our various subsidiaries. Here again, independence is based upon the absence of relationships and interests that could compromise the ability of directors to exercise judgment with a view to the best interest of the Company. ^{G4-41}

International Board members are responsible for overall guidance of the subsidiaries and are knowledgeable in the country of operations with backgrounds in legal, regulatory, executive leadership and operations. In aggregate, we have 11 independent Directors, including two Directors who are women.

Boards of our international subsidiary companies are two-tier systems and include representation by non-executive directors and employee representatives.

Proven Performance

Our Board of Directors is committed to demonstrating a high standard of corporate governance. We believe that strong governance promotes effective decision making at the board level, helping to ensure that all of Vermilion’s business dealings are fair and transparent and that we can be held accountable and responsible to our stakeholders.

In 2014, Vermilion’s strong governance practices were widely and independently recognized by a number of well-respected entities:



The **Canadian Coalition for Good Governance** named Vermilion the recipient of the 2014 Governance Gavel Award for Best Disclosure of Governance Practices and Approach to Executive Compensation by a Small or Mid-Sized Issuer. This award recognizes Vermilion’s dedicated efforts in observing guidelines for high performing boards, developing and maintaining exceptional disclosure practices, and actively engaging all shareholders.

Brendan Wood International
First Intelligence

Institutional investors in the **2014 Brendan Wood International Shareholder Confidence Report** ranked Vermilion a TopGun energy company for a third year in a row. Vermilion’s Board, CEO and senior management were all uniformly accredited with TopGun status – the highest level of confidence in the worldwide survey – ranking Vermilion’s strategy, leadership and governance.



The **Globe & Mail’s 2014 Board Games** ranked Vermilion’s corporate governance performance third within the energy sector and 19th overall out of 247 companies and income trusts in the S&P/SSX composite index. Having consistently placed in the top ranks of oil and gas companies, and Canadian companies overall, since 2006, this is a continued positive reflection of Vermilion’s performance in the areas of board composition, executive compensation, shareholder rights and disclosure.

Vermilion’s consistently strong results in the area of disclosure and governance practices are a strong indicator that we have a framework of policies and practices in place to ensure accountability, fairness and transparency to our stakeholders.

We continue to monitor corporate governance regulations and legal requirements, while also maintaining a watch on trends in governance disclosure and structure, along with benchmarks that compare our performance to that of our peers. We use this information to implement practices and policies that ensure Vermilion remains best in class in the area of governance. In 2014, for example, we introduced an annual 'Say on Pay' Advisory Vote which received 99% support from Shareholders. We also adopted anti-hedging and clawback policies, and updated our ownership policy. G4-53

The 'Say on Pay' Advisory Vote reflects our belief that Shareholders should have the opportunity to understand the objectives, philosophy and principles the Board has used in its approach to executive compensation decisions, and have an opportunity to have a non-binding advisory vote on Vermilion's approach. A second annual 'Say on Pay' Advisory Vote was held at our 2015 annual general meeting on May 8, 2015, and received 99% support from Shareholders. G4-53

Vermilion has been following an anti-hedging policy on an informal basis for some time, but formally adopted the policy in February 2014. The anti-hedging policy prohibits directors and officers from hedging Vermilion shares, and ensures alignment through long-term holdings.

The clawback policy was also adopted in February 2014, and demonstrates that our Board will act on behalf of Shareholders to hold management accountable for their actions. The clawback policy requires repayment where the executive(s) and officer(s) engaged in intentional misconduct that causes financial restatement. G4-51

In February 2014, we also increased the share ownership requirement for executives to demonstrate our commitment to aligning executives to shareholder interests as owners of Vermilion. The Chief Executive Officer ("CEO") share ownership requirement increased from three (3) times annual base salary to five (5) times and share ownership for the President and Chief Operating Officer and Executive Vice Presidents increased from two (2) times annual base salary to three (3) times.

Ethical Culture

Excellence. Trust. Respect. Responsibility. Our core values guide what we do and how we do it.

Each director and officer understands they have a fiduciary duty to Vermilion and its stakeholders, including the obligation to act honestly and in good faith. Our Code of Business Conduct and Ethics (“Code of Conduct”) outlines a framework of guiding principles for directors, officers and employees globally, and supports the personification of our core values and the demonstration of ethical business practices. ^{G4-56}

Specifically, the Code of Conduct covers:

- › Conflicts of interest
- › Compliance with the law
- › Outside business interests
- › Confidential information and securities trading
- › Retention and destruction of records
- › Accounting and auditing
- › Recoupment of incentive compensation
- › Entertainment, gifts and favours
- › Improper payments, including bribes and facilitating payments
- › Fair dealing
- › Non-profit and professional association
- › Protection and use of the corporation’s property
- › Political participation
- › No loans to executive officers or directors
- › Disclosure
- › Workplace conduct and safety
- › Environment
- › Reporting of inappropriate activity
- › No retaliation
- › Responsibility

The Code of Conduct is contained within each country-specific Employee Handbook. These handbooks, which are published on our company intranet, also contain Vermilion's country-specific policies, workplace guidelines, and employment obligations.

Our employment obligations cover the following topics:

- Code of Business Conduct & Ethics
- Social media
- Reporting of inappropriate activity
- Personal information privacy
- Anti-corruption policy
- Health & Safety
- Environment
- Discrimination, harassment and workplace violence
- Drug and Alcohol
- Fitness for Duty

We require all of our Directors, officers and employees to review their employment obligations annually, including sign-off to confirm their understanding and compliance with these obligations. ^{G4-41}

Within the company, our CEO and our EVP People & Culture hold responsibility for these policies, while our entire executive team operates with an open-door policy for staff concerns about any of these issues. This is augmented by a confidential website and phone number that allow staff to anonymously report concerns or seek advice from our Corporate Secretary, who is a partner of our external legal counsel and not a Vermilion employee. The Corporate Secretary can then take those concerns directly to the Board of Directors. Our whistleblower policy – known internally as our “Reporting of Inappropriate Activity Policy” – prohibits retaliation, harassment or discrimination against anyone making a complaint or reporting a concern. No concerns or complaints were registered with the Corporate Secretary in 2014. ^{G4-49 G4-50 G4-57 G4-58}

Fair Culture

Fair culture is about understanding human involvement in relation to events and establishing a fair, transparent assessment of the behaviour.

We developed and implemented a Canadian Fair Culture policy in September 2014. The current policy applies to all Canadian-based Vermilion staff and third parties performing work on our Canadian premises. Similar country-specific policies for France, The Netherlands and Germany are being developed and will be implemented throughout 2015. We have had a Fair Culture Policy – referred to locally as the *Culpability Procedure* – in place in Australia since 2011. ^{G4-56}

We developed the policy because we believe that fair culture:

- Encourages organizations to learn from their mistakes
- Identifies the underlying causes of events involving human error
- Fairly assigns responsibility and consequences to individuals and leaders following an event
- Rewards behaviours that meet or exceed expectations and closely examines and addresses non-compliance
- Identifies appropriate organizational resolutions to address the underlying causes of events

The purpose of our Fair Culture policy is to establish fair and consistent procedures by which all reported events or potential violations of company policies and guidelines or local laws are properly reviewed, documented and resolved. The policy creates transparency by outlining procedures for reporting and investigating events and complaints.

We believe this new policy creates a balanced approach to assessing organizational, leader and employee accountability as it relates to an event, helping to align Vermilion with industry best practices and positioning us as a leader in the Fair Culture approach.

Risk Oversight

One of the key roles of the Board is to provide risk oversight for Vermilion, including sustainability related risks.

As a responsible company, effective risk and crisis management is vital for Vermilion. Our focus on awareness and the effective management of our business related risks, including sustainability risks, begins with our Board of Directors. Through its four committees, the Board independently reviews the effectiveness of Vermilion’s identification and management of risk quarterly. G4-44 G4-45a G4-46 G4-47

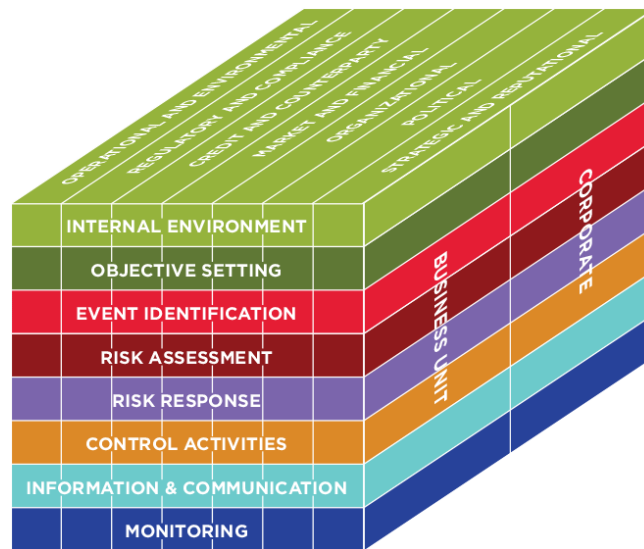
This gets translated into action by our executive team, through implementation of associated policies and procedures. Our staff also play a key role in identifying potential risk areas through their participation in tabletop staff interactive sessions which often form part of our semi-annual staff update meetings. G4-45b G4-45b

Feedback is communicated to the management team, which in turn reports back to staff with responses to concerns, ideas and suggestions raised. The feedback is also communicated to the Board when considered material.

Our internal control processes are proactive and comply with existing regulations. They are also designed to help us achieve our business strategy of delivering modest annual growth in production and cash flow while also providing reliable and growing dividends to our shareholders. Our management approach reflects this, with a long-range plan that covers business strategy and related goals and objectives, to 2020. G4-45

Vermilion’s Enterprise Risk Management Process

Risk associated with climate change has been quantified for each business unit utilizing the Enterprise Risk Management process. This process is utilized to assess implications and identify mitigating measures that are required to limit or reduce risk and potential liabilities to an acceptable and manageable level. Risk is assessed based on the anticipated impact severity and subsequent probability of an event occurring in consideration of human, environment, financial and social license to operate. Stakeholders in risk assessment include internal (Board of Directors, Executive, Staff) and external parties (Landowners, NGOs, investors, the general public, industry groups such as CAPP). Vermilion proactively conducts operational and engineering reviews aimed at increasing efficiency, reducing the emissions and monetary expenditure requirements at major facilities.



* Vermilion’s ERM process based on Coso ERM Framework

To achieve this long-term success, Vermilion has identified and continually monitors risks – including economic, environmental and social risks – in the following categories:

- Operational and environmental
- Regulatory and compliance
- Credit and counterparty
- Market and financial
- Organizational
- Political
- Strategic and reputational

We use a corporate risk matrix as a framework to guide us in identifying and prioritizing material issues for sustainability reporting on our materiality matrix.

Board governance of economic, environmental and social topics and risks is self-assessed annually against our corporate performance scorecard indicators. These include both standard industry metrics and internal measures of performance that are compared to plans established by management and approved by the Board of Directors each year.

G4-44a

Transparency of Compensation

Transparency Matters.

We communicate the compensation of our Board of Directors and our five highest paid executive officers on an individual level via our annual Proxy Statement and [Information Circular](#). We also publically disclose what performance measures are relevant for performance based variable compensation. As a publicly traded company, we believe our stakeholders have a right to know this information, and we believe this level of disclosure strengthens trust in Vermilion.

Although not required, we take our disclosure practices a step further and also disclose the annual total compensation (includes base salary, bonus, Vermilion Incentive Plan and allowances) of the highest-paid individual – our CEO – to the median annual total compensation for employees in the Performance Metrics Table of our Sustainability Report. ^{G4-54}

Vermilion's 2014 CEO-to-average worker ratio of 26.92: 1 is significantly lower than the average Canadian CEO-to-worker pay ratio of 206:1, as reported by the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO). Canada's ratio is one of the highest in the world. In the United States, the ratio is even higher at 331:1 in 2013.

([Source - edit.aflcio.org](#), [Source - www.aflcio.org](#), [Source - www.macleans.ca](#))

Dodd-Frank

The Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly referred to as "Dodd Frank", was signed into U.S. federal law by President Barack Obama in 2010 and represents significant changes to financial regulation in the United States. As a Canadian-based Foreign Private Issuer under securities regulations in the United States, we are not required to comply with the disclosure requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act; however, we choose to disclose the annual total compensation of the highest-paid individual – our CEO – to the median annual total compensation for employees because we believe that transparency matters. ^{G4-53}

Board Diversity

We recognize the importance of diversity as a component of board effectiveness and business performance. Diversity and complementarity of skills are key criteria in Vermilion's board nomination process. ^{G4-38 G4-40}

Our current Board is made up of a diverse group of individuals with a broad range of skill sets. We believe that by composing our Board with individuals that bring diverse backgrounds and skills, Vermilion has been and will continue to be successful in problem-solving, deliberating key issues and making quality decisions that deliver positive long-term results for our shareholders and stakeholders alike. We also recognize the importance of gender diversity and at this time our Board has two female members, which represents 20% of the Board. To learn more about Vermilion's Board of Directors, please see our 2015 Proxy Statement and [Information Circular](#).

SKILLS MATRIX

We maintain a skills matrix to evaluate the skill set of the Board. Each Director rates their level of expertise in each area annually on a scale from limited to expert application. The results are then evaluated for individuals and for the Board as a whole. Following our most recent assessment, it was determined that there was a minimum of five and up to nine directors that were skilled at the expert/mastery levels in each of 12 of the 13 areas assessed.

As part of our most recent recruiting process for additional Board members, the director's skills matrix was reviewed by the Board to ensure an appropriate mix of backgrounds, skills and experience to guide Vermilion's long-term strategy and ongoing business operations. The review process resulted in changes to the 2014 skills matrix, including the addition of Risk Management and Reserve Evaluation skills.

As can be seen by the table, the skills matrix includes sustainability-related skills, including Governance, HSE, Social Responsibility and Stakeholder Relations. All of the skills are supported by board training as required. With specific regard to Corporate Social Responsibility, we also benefit from the expertise of one of our Board members, Dr. Timothy Marchant, who is an Adjunct Professor of Strategy and Energy Geopolitics at the Haskayne School of Business at the University of Calgary, and teaches graduate-level courses on CSR and related areas.^{G4-43}

CEO / Senior Officer	Experience as a CEO or senior officer for an organization of a size similar to or greater than Vermilion.
Managing / Leading Growth	Experience as a CEO or senior officer in developing business strategies and leading significant growth through mergers and acquisitions.
Oil and Gas Operations	Experience as a CEO or senior officer in various aspects of oil and gas development and operations, including exploration, marketing and production.
Reserve Evaluation	General experience with or executive responsibility for oil and gas reserve evaluation.
Global	Experience as a CEO or senior officer leading an international operation providing an understanding of the challenges faced in different political, cultural, and regulatory environments.
Health, Safety, and Environment	General experience with, or executive responsibility for knowledge of, industry regulations and best practises related to workplace health, safety and environment issues.
Governance / Board	Experience as a senior executive or board member of a Canadian operation (public, private or non-profit sectors), that provides a good understanding of the requirements of a good corporate governance.
Financial Literacy	Ability to critically read and analyze financial statements.
Risk Management	General experience with or executive responsibility in, evaluating and managing the variety of risks faced by an organization.
Human Resources & Compensation	Management or executive experience with responsibility for human resources, creating a highly effective organization with a strong corporate culture, and compensation, benefits and long term incentive programs with specific experience in executive compensation.
Social Responsibility and Stakeholder Relations	General experience with all aspects of social responsibility, and managing of stakeholder relations.
Government Relations / Regulatory	Broad regulatory, political and public policy experience in Canadian and international jurisdictions and local, national and international governmental levels.

[Download our Skills Matrix Table](#)



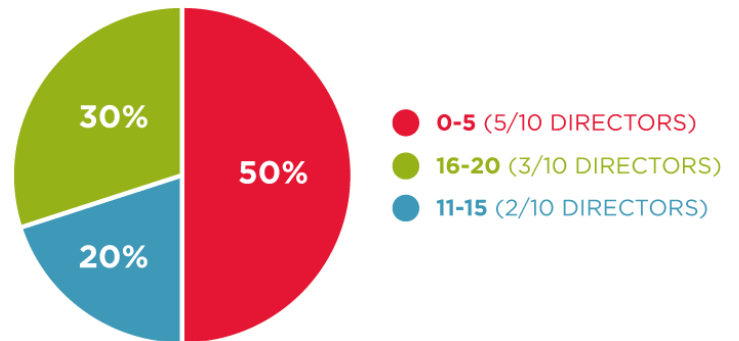
BOARD DIVERSITY POLICY

While the skills matrix helps us to identify gaps in needed skill sets, and is used to guide our search for new directors, we are also committed to increasing an even broader notion of diversity on the Board over time. In support of this, the Board has adopted a Board Diversity Policy that embraces a broad concept of diversity encompassing factors including age, race, gender, personal attributes, skill, training, educational background and life experience.

BOARD ELECTION & TENURE

Board members are elected and re-elected on an annual basis individually, as opposed to elected by slate. We do not have a term limit for directors. We believe that a directors' depth of knowledge specific to our company is a valuable asset to shareholders and we believe it is important to have directors who understand our industry and our company's specific characteristics. While term limits can help ensure the Board gains new perspectives, imposing this restriction means it would lose the contributions of longer serving directors who have developed a deeper knowledge and understanding of Vermilion and our industry over time. We also value new perspectives. In the last two years, we have appointed three new directors to the Board who bring valuable new skills and experience to our company.

LENGTH OF TENURE OF BOARD OF DIRECTORS



Our People

We view our strong culture as being the single most important factor in our long-term success.

We work very hard to build a team of highly motivated, empowered people who work together to deliver superior results and make Vermilion a great place to work. We believe our strong corporate culture is of paramount importance to our success.

Our culture influences everything we do and how we do it, which is why we focus on:

- Preserving the key components of our culture and finding ways to keep our people highly engaged and satisfied
- Offering unique career development opportunities that lead to superior attraction and retention of talented people
- Offering flexibility to address the diversity of our people
- Being proactive in resourcing our business to meet both current and future demands

When we recruit, we look for employees with strong technical skills and creative vision who want to work in a highly collaborative and dynamic work environment. Our onboarding process is designed to make our new team members feel immediately welcome and to integrate them quickly into our culture. In 2014, we had a total of 53 staff moves globally, including lateral moves, promotions and progressions, and we had 166 new hires to help us achieve our business plans. G4-LA1a



Mona Jasinski
Executive Vice President,
People and Culture

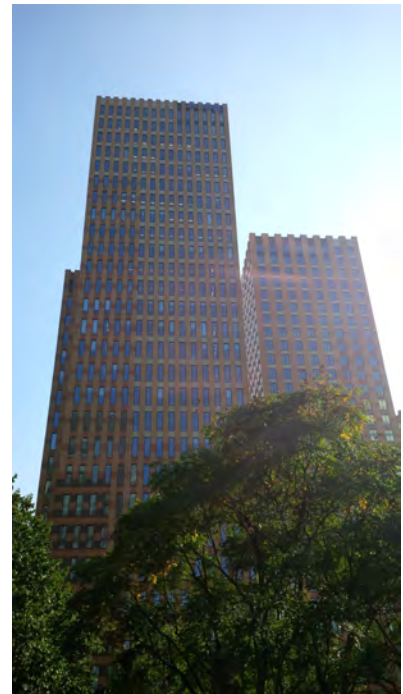
In February 2015, Mona Jasinski's title was changed from Executive Vice President People to Executive Vice President, People and Culture in recognition of the paramount importance that we place on nurturing and protecting Vermilion's strong corporate culture.

In 2014, we opened a new office in Amsterdam. By being conveniently located close to public transportation, it has reduced the commute times of a number of our staff, which in turn has led to improvements in work-life balance. The co-location of our European management team has led to efficiencies, while also enhancing our ability to recruit top talent. In addition to the new office in Amsterdam, we also established an office in Schönefeld, Germany and an office in Denver, Colorado. We chose these locations because of their proximity to transportation links, which helps us reduce our carbon footprint, and we also chose these locations for their attractiveness, because we recognize the importance of location on our ability to attract and recruit top talent.

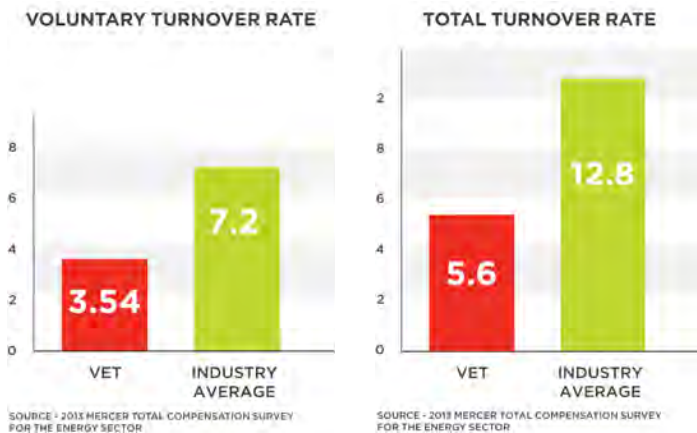
By nurturing and protecting our culture, we believe we attract and retain the best of the best. Our successful efforts are best reflected by our consistently low voluntary turnover rate which has remained well below the industry average year after year. In 2014, our voluntary turnover rate was 3.54% compared to an industry average of 7.2%. (Source: 2013 Mercer Total Compensation Survey for the Energy Sector)^{G4-LA1b}

Our *total turnover* rate was 5.6% compared to the industry total turnover rate of 12.8% for E&P and Fully Integrated companies producing 10,000 to less than 100,000 BOE/day. (Source: 2013 Mercer Total Compensation Survey for the Energy Sector)

Our low turnover rates have the additional business benefits of minimizing disruptions, the loss of knowledge, and costs associated with replacing experienced personnel. Additionally, low turnover helps strengthen employee morale and our already strong workplace culture.



Vermilion's new office in Amsterdam is located in the Symphony Offices near the city's financial centre.



Schönefeld Office

Spotlight: Wandoo Extended Living Quarters

The nature and location of Vermilion's operations are such that staff living quarters or "camps" are not required for our business – the vast majority of our people get to return to the comfort of their own homes and communities after a day's work.

The exception to this is our offshore operations in Australia, where staff on the platform work 2 weeks on and 2 weeks off.

With staff comfort and safety in mind, we extended the living quarters on our Wandoo platform in 2014, doubling the capacity and allowing single room occupancy during normal operations. The accommodation upgrade also allowed for improvements of our Wandoo gym facilities and expansion of the dining room.

Using nine prefabricated modules, the additional living space was designed, manufactured, installed and integrated into the existing Permanent Living Quarters following the removal of the temporary Alternate Living Quarters. This was no small undertaking, given that our Wandoo platform is located approximately 80 km off the northwest shelf of Australia.

The whole project from placement of order for the modules to occupancy took 12 months, and was successfully managed in-house thanks to great team effort by various groups. The extended living quarters are fire proof, blast proof and to a large degree, noise proof – offering our Wandoo staff a safe and more comfortable living arrangement while working at sea.

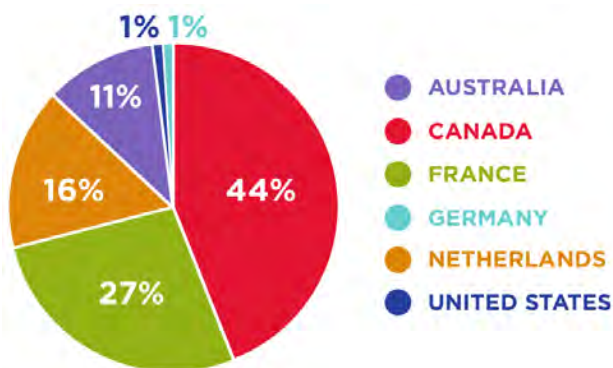
2014 At-A-Glance

Total Count

At December 31, 2014 our team comprised 690 people globally. Permanent employees accounted for nearly 80% of our workforce. While the sharp drop in the price of oil, which began in mid-2014, has created significant challenges for many sector participants, we are very proud that, thanks to the fundamental strength of our company, we have experienced no downturn-related layoffs as at the time of this report.

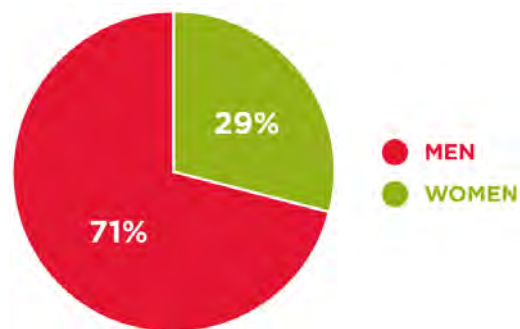
Workforce by Business Unit

45% of our workforce was located in North America, 44% was located in Western Europe and 11% was located in Western Australia.



Workforce Diversity

Seventy one percent of our workforce was comprised of male staff members and 29% of female staff members, which is representative of the gender split seen across the energy sector overall (72% of energy workforce is male and 28% is female according to 2013 Mercer Total Compensation Survey for the Energy Sector).



Women in Leadership

Although we do not currently have a formal policy in place addressing the representation of women in senior management positions, two out of our current ten (20%) directors on our Board are female and one out of five (20%) of our named executive officers is female. In 2014, we had more than twice as many women in leadership positions as we did in 2013 (23 compared to 11).

NUMBER OF WOMEN IN LEADERSHIP POSITIONS



Total Staff count

	2012	2013	2014
Total Count	515	597	690
Permanent Employees	73%	77%	78%
Contractors	27%	23%	23%

A Great Place to Work

As a high performing organization, we are focused on building a team of highly motivated, empowered people who work together to deliver superior results for stakeholders and make Vermilion a great place to work.



For a sixth year in a row, we have made the Great Place to Work Institute's® Best Workplaces List in both Canada and France. We also made the Best Workplaces List in The Netherlands for a second year in a row.

- In Canada, we placed 10th out of more than 300 participating companies
- In France, we placed 9th out of the 101 participating companies, marking continued improvement against our 13th place ranking in 2014 and 27th place ranking in 2013; and
- In The Netherlands, we placed 8th out of the 79 participating companies, an improvement over our 10th place ranking in 2014, our inaugural year of participation

The rankings are based on the Institute's two-fold approach, which includes an independent assessment of our culture along with our employees' confidential responses to the Institute's survey.

Our rankings – and staff participation rates – have remained strong year over year since we began our involvement with the Great Place to Work Institute.

In part, we attribute our strong results to the importance we place on reviewing and addressing the staff feedback shared through each business unit's annual survey. We believe the feedback gleaned from these surveys is so important that we ask staff in all business units to participate in the survey, regardless of whether or not the business unit's staff count meets the minimum requirement to compete for Best Workplace recognition. This was the case in Australia, where we were one staff member short of meeting the 2015 requirement.

Through the survey results, we gain a strong understanding of why our people choose to come to Vermilion, what they value and why they choose to stay. Competitive total compensation, exciting opportunities for growth and development, and pride in how we give back to the communities where our people live and work continue to be reasons why our voluntary turnover rate is among the lowest in our industry.

Here are just a handful of unabridged comments from staff on the topic of what is unique about Vermilion that makes our company a great place to work:

- “A very cohesive and high performance team has been created here at Vermilion, providing challenges and opportunities at all levels within the work group. - You won't find micro managers here - team members are given the opportunity to learn, develop and make mistakes from which they are encouraged to learn from as part of their development. - There is a healthy amount of autonomy, as guidance is always provided so that success is achievable.”
- “Vermilion is a rapidly growing company with its goals and sights set high. I am proud to be a part of that.”
- “Excellent management starting from the CEO. He exemplifies the type of person you admire; from his professional behaviour, to his caring and personal attitude toward the company and all the staff. Everyone I have talked to here truly feels like 'family' in this company!”

Vermilion's Great Place to Work Results

2015	<ul style="list-style-type: none"> ➤ Canada: 10th of >300 companies ➤ France: 9th of 101 companies ➤ Netherlands: 8th of 79 companies
2014	<ul style="list-style-type: none"> ➤ Canada: 5th of >300 companies ➤ France: 13th of 166 companies
2013	<ul style="list-style-type: none"> ➤ Canada: 22nd of 318 companies ➤ France: 27th of 158 companies
2012	<ul style="list-style-type: none"> ➤ Canada: 25th of 230 companies ➤ France: 24th of 82 companies
2011	<ul style="list-style-type: none"> ➤ Canada: 15th of 250 companies ➤ France: 11th of 80 companies
2010	<ul style="list-style-type: none"> ➤ Canada: 22nd of 200 companies ➤ France: 15th of 87 companies

Compensation & Benefits

Our competitive compensation and benefits package is one way we acknowledge the value our people bring to Vermilion.

All permanent employees are offered a competitive base salary, short and long-term incentive plans, and an employee retirement scheme. ^{G4-EC3} Our compensation and benefits programs are designed with commonality across all geographies where possible, with alignment to the local market.

We strive to foster workforce wellness, health and well-being through competitive health and wellness benefits. In Canada, for example, available benefits include a taxable lifestyle account and tax-free health care spending account, health, vision and dental plans, short and long term disability benefits, basic and dependent life insurance plans and critical illness and "best doctors" insurance, plus company-paid access to an employee family assistance program. ^{G4-LA2}

In France, employees in companies with more than 50 employees benefit from participation in a Works Council, which helps to guide the employee-employer relationship. The Works Council, whose staff representatives are elected by employees, is mandated to bring forward grievances and represent employees in discussions with the company on changes that affect the employee work environment, job expectations or benefits. We have now reached staffing levels in The Netherlands that require us to establish a Works Council in this location, and are in the process of putting one in place. ^{G4-11}

Our international presence also provides selected staff unique opportunities to work on assignment for a period of time, helping to broaden their operational expertise and understanding of our global operations.

To learn more about Vermilion's compensation and benefits plans, please see our 2015 Proxy Statement and [Information Circular](#).

Strong Communication & Use of Technology to Enhance Information Sharing

At Vermilion, we employ a number of communication channels to ensure everyone understands Vermilion's corporate goals and the key role they play in helping to achieve them.

Being the best requires strong communication and sharing, which is why we have a culture of respectful, open, two-way communication at Vermilion. Leaders make themselves available to staff, and staff feel comfortable approaching leaders. Through the annual Great Place to Work® survey – an excellent feedback tool in and of itself - our people often tell us that they value the approachability of our leaders at Vermilion, and that they feel heard.

We understand that nothing beats face time, so members of our senior leadership team make visits to our field and international business unit locations.

We continue to organize at least two staff updates per year, where members of the executive present our progress and plans. These meetings are usually videotaped or webcasted for the benefit of staff who are not located at our corporate headquarters. A staff interactive component is often included so that staff can help generate ideas and provide feedback. These staff interactive sessions are an excellent way for questions, concerns and suggestions to be raised, with the knowledge that there will be post-meeting follow-up which often includes incorporation of the staff interactive feedback into ongoing company strategy discussion.

Our bilingual corporate intranet, launched in 2013, has proven to be a great success. Content generation and publishing is a shared responsibility amongst stakeholders from across the organization, and we take a very managed approach to ensuring the editorial content remains fresh and informative. We believe this is a large reason why traffic to the employee portal continues to remain high. For example, our unique visitors to the intranet in Q1 2015 increased by 14% compared to Q1 2014. We leverage functionality in SharePoint to help our staff connect and collaborate across the globe. Throughout 2014 and into 2015, there continues to be strong uptake of Team Site and Forms functionality by Operations, HSE, Engineering and Corporate teams in their day-to-day work activities.

Workday

As a high-performing, global organization, Vermilion utilizes an integrated, web-based system called Workday to manage all people-related data globally. Workday is a people information system that enables employees to easily manage their personal information while providing leaders access to required information on their staff and teams.

This system supports our focus on 'Extraordinary People', one of the six key matters of importance that comprise our 2020 Vision, by providing staff immediate access to information they need.

Consistent and growing use of the new system across the organization has enabled us to capture, verify and report significantly more data in 2014. ^{G4-23}

Encouraging Learning & Development

We encourage and support our staff to be the best they can be so that Vermilion can be the best oil and gas company it can be. G4-LA10

We place high importance on our performance management program in aiding two-way communication between management and staff, and aim for 100% participation amongst eligible employees. Staff who join the company after August 31st of a calendar year are not required to participate in a year-end review due to the relatively short evaluation period. Having moved the administration of our performance management process over to Workday in 2014, we are now able to collect, verify and report on significantly more data

In 2014, just over 93% of employees participated in our performance management cycle, which involves setting clear expectations for performance, identifying opportunities to learn and grow, providing ongoing feedback, evaluating goals, and recognizing accomplishments. G4-LA11

Our cycle begins at the start of the year with our people identifying their performance and development goals, career aspirations and mobility interests through our “Driving Excellence – Plan Forward” process. Evaluation of individual performance, in terms of the results achieved and how those results were accomplished, is done through the “Looking Back – Performance Review” process that occurs at the end of the year.

Performance conversations and ongoing feedback between supervisors and staff – not just at the beginning and the end of the year but throughout – are key ingredients to ensure performance is on track and recognized.

We know that when we develop our people, we benefit not only our staff but the whole company as it helps us to retain and attract the best talent in the industry.



93% OF EMPLOYEES
RECEIVED A REGULAR PERFORMANCE
AND CAREER DEVELOPMENT REVIEW



15,991.8
TOTAL HOURS OF TRAINING IN 2014

Our overall learning and development philosophy is to help our people to develop, through a variety of different activities, not only the skills they need for their current job but those that will benefit them throughout their career. We believe that powerful development involves a combination of:

- Work experiences – on-the-job training through varied projects and roles;
- Relationships – coaching and mentoring from others and connecting with external networks; and
- Formal training – specific training courses and conferences.

In 2014, our people took part in nearly 16,000 hours of formal training. We attribute the over 100% increase in reported training hours between 2013 and 2014 to the fact that we now have a more robust system in place to track these hours.
G4-LA11

Our HSE Commitment

Nothing is more important to Vermilion than conducting our business in a way that ensures the health and safety of our people and those involved directly or indirectly in our operations.

Our commitment to conducting our activities in a manner that will protect the health and safety of our employees, contractors and communities is a pillar to our success. This is directly reflected in our core values of Excellence, Trust, Respect and Responsibility. This commitment also aligns to Vermilion's HSE vision to fully integrate Health, Safety and Environment into our business, creating a culture recognized as a model by industry and stakeholders, resulting in a healthy workplace free of incidents.

We continue to operate by the mantra of "HSE: Everywhere. Everyday. Everyone." because we believe that striving for a healthy workplace free of incidents is key to efficient and successful operations that will continue to generate strong returns to our employees, shareholders and the communities that we operate in. We also believe that HSE is about more than the statistics published in this report, top quartile performance, or being 'Best in Class' – those are just measures. When it comes to HSE, protecting our people and the places they work, play and call home is what really matters most.

Our focus on HSE is reflected in the all encompassing motto that describes our program:

HSE
Everywhere.
Everyday.
Everyone.

HSE Policy

Our HSE Policy is also our promise.

Vermilion's HSE policy and its associated procedures applies to all Vermilion activities. It provides an overall commitment, in terms of key principles, for managing health, safety and the environment. The policy, which is the basis for Vermilion's HSE objectives and targets, outlines the overall direction of our organization with respect to HSE and contains a commitment to continuous improvement.

Vermilion's HSE Policy

Vermilion is committed to ensuring we conduct our activities in a manner that will protect the health and safety of our employees and contractors, and the public. Our HSE vision is to fully integrate Health, Safety and Environment into our business, where our culture is recognized as a model by industry and stakeholders, resulting in a workplace free of incidents.

Vermilion will maintain health, safety and environmental practices and procedures that comply with or exceed regulatory requirements and industry standards. Vermilion's HSE actions will reinforce our corporate Core Values of Excellence, Trust, Respect, and Responsibility.

Vermilion Energy will:

- Maintain a strong integrated Health, Safety and Environmental Management System to identify and manage risks;
- Accept responsibility and accountability for providing leadership, visible commitment, and direction to meet our HSE performance targets;
- Continuously evaluate and improve policies and operating practices;
- Integrate HSE into business objectives;
- Provide every employee and contractor with a safe and healthy workplace;
- Make a positive contribution to the protection of the environment and seek improvements in the efficient use of natural resources;
- Respond promptly, responsibly and effectively to emergencies;
- Focus on continual improvement of HSE performance;
- Ensure open and timely HSE communication with all stakeholders;
- Ensure the resources necessary to support this policy are provided.

Hazard awareness, incident prevention and environmental awareness comprise an integral part of any job. It is a joint effort that requires continuous support of everyone who works at Vermilion. The protection of health, safety and the environment must be a key part of the planning and execution of every task. All those engaged in work for Vermilion shall be aware of this policy and its contents, and shall commit themselves to its implementation.

5 Key HSE Pillars

We know there are clear linkages between strong HSE performance and strong business performance.

We consolidate our efforts and focus on what we consider to be the five key pillars of HSE performance because we believe this enhances our ability to advance our HSE priorities, and reduce our risk, which in turn helps us ensure worker and public safety, environmental protection, and the delivery of superior business results. Our five key pillars of HSE are:

1. HSE Culture
2. Communications & Knowledge Management
3. Technical Safety Management
4. Incident Prevention
5. Operational Stewardship & Sustainability

We have developed longer-term outcomes for each of these five pillars in order to articulate what we want to achieve now and in the future:

Key HSE Pillar	2020 Vision Outcomes
<p>HSE Culture</p>	<ul style="list-style-type: none"> ➤ Management and the workforce are actively involved in delivering HSE performance & improvement ➤ The Organization looks at what might go wrong and takes steps to prevent it ➤ The Organization creates an environment of empowerment, trust and accountability
<p>Communications & Knowledge Management</p>	<ul style="list-style-type: none"> ➤ Continuously learns and shares information to improve performance ➤ Values training and validates competencies ➤ Demonstrates reliable data systems, analysis, trending and generation of improvement actions
<p>Technical Safety Management</p>	<ul style="list-style-type: none"> ➤ Has a broad array of systems and practices to identify hazards and manage/reduce risks ➤ Demonstrates regulatory compliance
<p>Incident Prevention</p>	<ul style="list-style-type: none"> ➤ Focuses on proactive measures for incident prevention. Responds promptly to hazards and takes immediate action ➤ Intervention is seen as a positive action
<p>Operational Stewardship & Sustainability</p>	<ul style="list-style-type: none"> ➤ Integrates sustainability policy and practices into business strategies and performance measures ➤ Considers that HSE and sustainable development has a direct correlation to business success

Our 2014 accomplishments in the area of HSE are a good indicator of our progress towards realizing our HSE vision. Examples of these accomplishments include:

KEY HSE PILLAR	2014 Accomplishments
HSE Culture	<ul style="list-style-type: none"> ➤ Established clear priorities and measurable actions around 5 key focus areas of HSE Culture, Communication and Knowledge Management, Technical Safety Management, Incident Prevention and Operational Stewardship & Sustainability ➤ Introduced a Fair Culture Policy to ensure transparency in our processes ➤ Formation of senior management HSE steering committee and working group
Communications & Knowledge Management	<ul style="list-style-type: none"> ➤ Published our first Corporate Sustainability Report ➤ Submitted our first report to the Carbon Disclosure Project (CDP) ➤ Development, communication and measurement against leading and lagging HSE key performance indicators ➤ Continued development and enhancement of our competency and training programs
Technical Safety Management	<ul style="list-style-type: none"> ➤ Reviewed and updated our HSE Policy to reflect our HSE goals ➤ Began the implementation of our Process Safety and Asset Integrity Management Systems ➤ Updated various key Corporate HSE Standards such as the Event Management Practice
Incident Prevention	<ul style="list-style-type: none"> ➤ Developed a robust hazard identification and risk mitigation program around our top fatal risk exposures ➤ Developed a robust hazard identification and risk mitigation program around our top environmental sensitive sites ➤ Continuing risk management efforts in addition to detailed emergency-response planning
Operational Stewardship & Sustainability	<ul style="list-style-type: none"> ➤ Reducing long-term environmental liabilities through planned and managed decommissioning, abandoning and reclaiming well leases and facilities ➤ Managing our waste products by reducing, recycling and recovering ➤ Conducting pilot programs and trials on the implementation of new technology to improve environmental performance and decrease the impact of operations

At Vermilion, we mean it when we say, "we don't want anyone to get hurt – we want to make sure everyone returns home safe every day."

That is why in 2014, we took over nine months to compile a comprehensive data set from across business units and worked with our international operations to identify the 'Top 5 Fatal Risks' on the job and how they could be eliminated and/or mitigated.

There were definitely more than five risks identified, so we selected those risks that were common across our operations for a more detailed review. We then assessed those hazards and developed comprehensive plans specific to each business unit to prevent those hazards from occurring. Finally, the groups focused on what could be done to eliminate the hazard or what barriers and controls were required to help prevent an event from happening.

At each fatal risk session, we built on our people's experience, demonstrating the effective collaboration of our operations and management groups. A solid plan supporting risk prevention is being put in place that aligns with all the efforts we've directed towards competence and training programs in our operations. New leading KPIs, which our staff can access on our corporate intranet, have been created to follow Vermilion's progress on hazard awareness and risk prevention as part of our corporate scorecard.

The 'Top 5 Fatal Risks' identified at Vermilion are:

1. Driving
2. Energy Isolation (electrical/mechanical, etc.)
3. Crushed / caught between /struck by
4. Process hydrocarbon release
5. Fall from heights

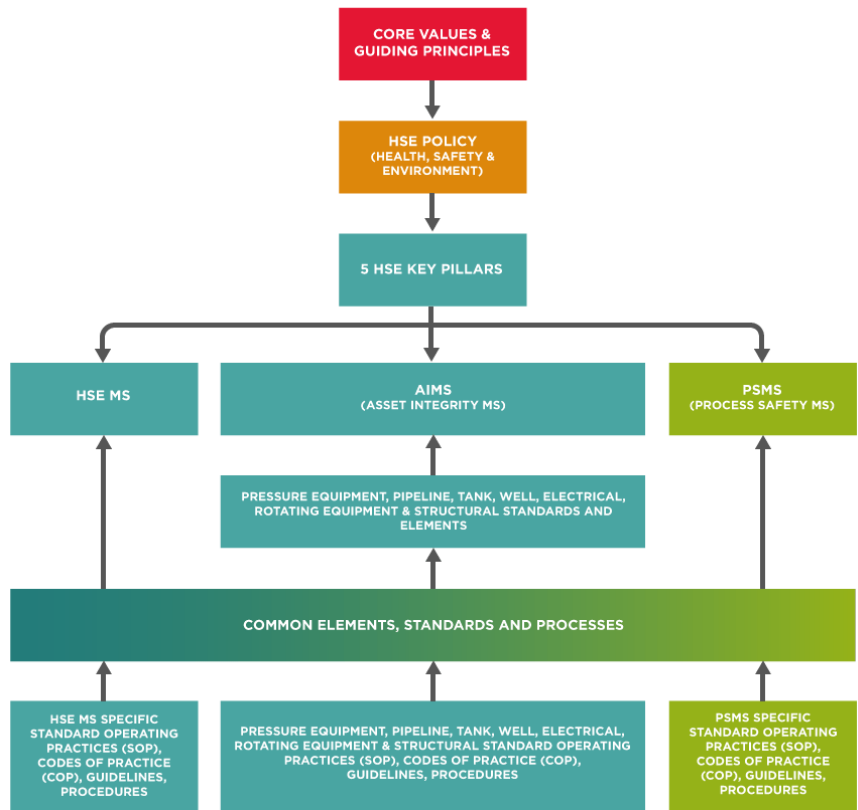
Our HSE Framework

Three management systems form the integrated framework of our HSE culture at Vermilion.

Our HSE Management System (HSE MS), Asset Integrity Management System (AIMS) and Process Safety Management System (PSMS) provide the formal structure that helps us foster a workplace culture at Vermilion where HSE is always a priority:

HSE Management System

HSE MS provides the structure for the delivery of our HSE policy and commitments. By following the action steps of Plan, Implement, Check & Correct – which provide a process for continual improvement – we are able to eliminate, manage or reduce health, safety and environment hazards and risk aspects associated with our Company’s global operations. It also describes areas of corporate ownership and responsibility for the HSE Policy and the 12 elements that form the basis of the HSE MS. The objective of the HSE MS, together with the efforts of the leadership team and regional HSE resources, is to maximize consistency across the organization in the development and implementation of the HSE MS element.



Asset Integrity Management System

AIMS serves as the framework of processes and procedures in place to help us execute safe and reliable operation of our assets. AIMS helps us to understand when work on an asset needs to be performed, how much it will cost to perform that work, and where to start. However, perhaps even more importantly, it helps us understand the impact and cost if no action is taken. Adherence to quality standards and practices, effective testing and inspection of equipment, quality of spare parts and repairs, and correct control of operating parameters are all activities within the scope of AIMS. We believe a successful AIMS helps us improve operational safety, reduce spill volumes and frequency, increase overall reliability and life expectancy of assets through cost effective measures, assure proper management of high risk assets, implement best practices in managing our assets, and ensure compliance with regulatory requirements.

Process Safety Management System

PSMS serves as the “backbone” of how we manage process safety. Process safety is a blend of engineering and management skills focused on preventing catastrophic events and near misses, particularly fires, explosions, well blowouts and damaging releases associated with the loss of containment of energy or dangerous substances, including chemicals and petroleum products. Our PSMS is comprised of 14 interactive elements that identify key responsibilities and requirements, and is based on a Plan-Do-Check-Act cycle. Our PSMS helps us identify hazards, manage risk, eliminate or mitigate potential environmental impacts, operate safely and reliably, develop and share best practices, drive operational discipline, and support continuous improvement.

We use an Event Management Information System (EMIS) called iTrack to collect information from each of our operations about potential health, safety and environmental hazards and the actions taken to resolve them. ^{G4-LA6c} Our information tracking includes all health, safety, environmental, regulatory and public complaint incidents or near misses, their root causes, actions taken, and preventive measures to avoid such incidents in the future. Because of the potential risk to our people, the public and the environment, our CEO, President and COO, and EVPs, as well as other key leadership team members, are immediately informed of all high potential near misses, recordable injury events and serious incidents entered into our EMIS. This reflects the critical importance of HSE at Vermilion. All lost time incidents and serious events are also reported to staff throughout the company, with a focus on prevention.

Thanks to an ingenious solution developed by staff in Australia, anodes on our Wandoo Platform's CALM Buoy were replaced in 2014 using a new approach that eliminated many safety risks and reduced costs.

During the April 2014 diving campaign in our Australia Business Unit, the anodes on the underside of the CALM Buoy were noted as near depletion and in need of change-out. In the past, replacing these anodes required divers with program costs in excess of \$1 million.

With a diameter of 16 metres, the floating steel CALM (Catenary Anchored Leg Mooring) buoy is an essential part of how oil is transferred from the Wandoo platform to the tanker that will carry it to market. The buoy is held in position by six large chains connected to anchors in 53 metres of water. Two subsea pipelines carry the oil from the platform to the buoy, where the tanker is moored. The buoy's 16-inch diameter floating hose is then used to transfer oil to the tanker.

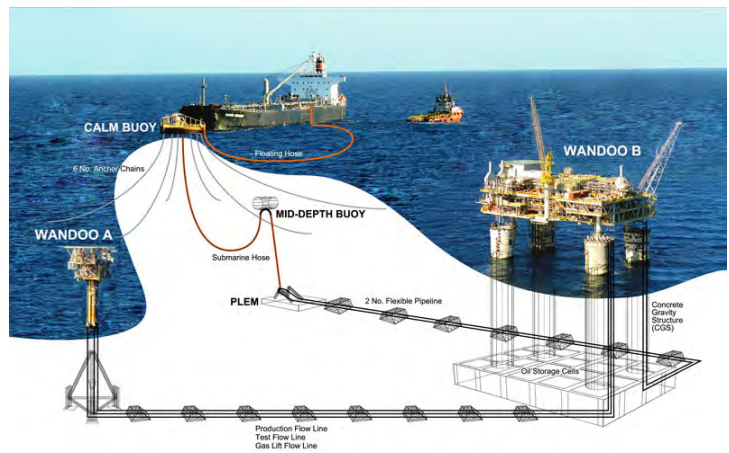


Cathodic protection is essential to Wandoo's operation. Without cathodic protection, the salt water of the ocean would quickly begin to corrode the buoy's steel structure, weakening it and greatly shortening its life. When aluminum blocks (anodes) are placed against the buoy's steel (the cathode), the salts attack the softer aluminum instead of the steel, thus preserving the buoy, ensuring its integrity and lengthening its life.



With the help of field personnel, we came up with an anode design and installation that eliminated the need for a diving campaign. It cost just \$3,500 to procure the project materials, and we eliminated the need for external support and expenditures by utilizing existing operations personnel and equipment for the installation.

The first principle in risk reduction is to eliminate the hazard – so we asked, how can we do this without divers? The solution was to install the anodes above water using a bolted connection. This approach avoids the need for welding or grinding; it thereby reduces the highest of the work-related risks and mitigates the potential for damage or entanglement as the CALM Buoy freely rotates 360 degrees (similar to a weather vane).



WANDOO FIELD LAYOUT (SCHEMATIC ONLY)

The selected design involves installing six 8-metre-long, 25-mm-diameter anode strings. These are bolted to the fender brackets of the CALM Buoy above the water and hang into the water like the tentacles of a jellyfish. To install the strings, operational personnel accessed the CALM Buoy from Wandoo B on a calm sea day using a small work response craft.

We met our objectives and the result is a simple, low-risk, low-cost repeatable solution.

HSE Perception Survey

We know that the best management systems and processes in the world will fail without strong leadership from the top and widespread buy-in throughout the organization.

Vermilion's Management Team is expected to demonstrate leadership and commitment, and promote HSE performance through active and visible participation. Our Management sets the tone and provides the vision and resources required to achieve our HSE objectives.

We know that all of our employees and contractors play a critical role in the success of our HSE performance, and in helping to establish and maintain a safety-oriented workplace overall. That is why in 2013, we asked all staff globally to share with us their perceptions regarding 10 overarching safety climate factors, via our first ever HSE Perception Survey.

The 10 safety climate factors include:

- Management Commitment
- Safety Procedures
- Team Functioning
- Competency
- Morale
- Organizational Commitment
- Supervisor Commitment
- Incident Outcomes
- Personal Responsibility for Safety
- Fair Culture

Thanks to the over 90% staff response rate, we have a solid baseline measure of staff perceptions of how well they feel that safety is being managed at Vermilion. Two years out, we continue to mine the data and work to better understand the inaugural survey results and use those learnings to identify focus areas.

For example, our Fair Culture policy, which was implemented in Canada in 2014, and will be implemented throughout our other business units in 2015, was developed in response to staff feedback via the survey indicating that Vermilion's incident investigation and resolution process was not sufficiently clear. Other examples of actions taken in 2014 as a result of the HSE Perceptions Survey feedback include advancement of our Competency Programs, updates to our Event Management Practice (EMP) and enhancement of our Event Management Information System (EMIS).

Our second HSE perceptions survey is planned for 2016 with subsequent surveys planned to occur every three to four years thereafter. We believe this schedule will provide the timeframe required to clearly understand the outcomes and effectively plan and implement the actions required to respond to or address the survey findings

Our Focus on Safety

Our focus on fostering a safety-oriented culture is reflected in our HSE mantra of “HSE: Everywhere. Everyday. Everyone.” This focus starts from the top and is entrenched throughout our organization.

At Vermilion, we strive to engrain safety awareness throughout all facets of the organization, not just in our field operations. We believe our HSE mantra emphasizes that keeping people safe isn't just up to the HSE or operations departments, but involves every individual, whether they work as a technician in the field, an accountant in the office, or volunteering in the community during a Day of Caring.

Quarterly HSE Leadership meetings held at the corporate level and whose participants include Senior Management and HSE advisors from all divisions and subsidiaries represent 100% of our employees.

In addition, we hold mandatory HSE meetings in every field district where participation of all staff (field and admin) is required. There is routine participation by senior management from Calgary. On a quarterly basis, the monthly HSE district meetings are replaced by District town hall meetings that have an HSE focus and include participation by our vendors (third party contractors). This practice, which has been in place since 2011, has resulted in a better understanding of Vermilion's HSE requirements among our vendors, and an improved understanding of where and how we can provide better support to our vendors.



We might not necessarily think of a “Day of Caring” as a “Day of Safety,” but at Vermilion that is exactly what it is. These hands-on opportunities aren't just a way of giving back to the community, they are a way for our organization to demonstrate how HSE truly matters everywhere, every day, to everyone.

In 2014, we had 111 people volunteering at one location and in 2015 this number grew to 122 volunteers. We don't typically have this many people working on a single project anywhere else in our organization, even on the operations side of our business. Having a large group of people in one place, doing work that is outside of their daily routine, increases the possible risks to a level higher than normal. That is why a significant amount of pre-work goes into identifying hazards, mitigating and/or eliminating these risks before the project starts.

Prior to the project being initiated, our community investment staff collaborate with our HSE staff to conduct a site visit to identify and mitigate hazards relating to the type of work associated with the project. We then share this information with volunteers, communicate the hazards, explain the mitigations put in place, including the proper use of specified personal protective equipment (PPE) that is provided by Vermilion, so that our volunteers can arrive ready to work and with gear that is appropriate for the project.

On event day, we start with a health and safety orientation meeting for all staff, and following the event, we conduct a post-event survey that includes an opportunity for volunteers to identify hazards or risks that had not been originally identified so that we can be mindful of these risks for future projects.

2014 Safety Performance

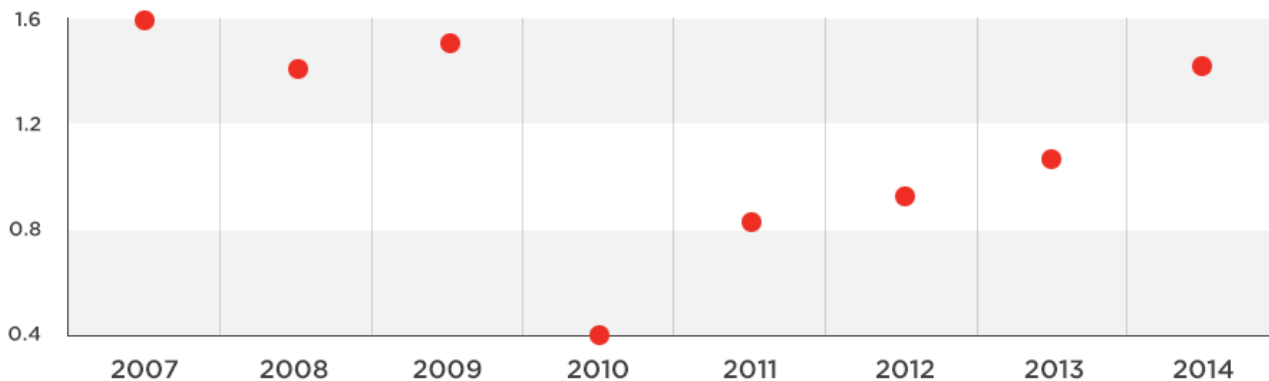
As Vermilion’s HSE vision states, we are committed to having a healthy workplace free of incidents. We monitor our health, safety and environment management performance through a series of leading indicators designed to monitor hazard identification and risk mitigation measures applied in the workplace.

These include contractor observations, hazard identifications, site inspections, management and staff participation in safety meetings and site visits. Lagging indicators such as number of recordable injuries, number of spills and associated volumes are used to evaluate the effectiveness of our HSE program and are tracked as part of the feedback loop in our proactive approach to create a safe and healthy workplace.

In 2014, we met or exceeded over 92% of our leading indicators.

Total Recordable Injury Frequency (TRIF)

Total Recordable Frequency Rate per 200,000 work hours



Our total recordable injury frequency rate for 2014 was 1.4635 per 200,000 work hours, which is an increase over our 2013 TRIF rate of 1.093 and 2012 TRIF of 0.9718. In 2014, we had a total of 29 recordable injuries, and all workers involved were able to return to their duties in short order. We remain focused on reducing the number of recordable injuries down to zero; therefore, each incident was fully investigated and the appropriate corrective actions were applied in an effort to prevent similar incidents from occurring in the future.

HSE Training

We have developed a comprehensive HSE training matrix that looks at all of the technical positions at Vermilion globally – from field operators to senior professional staff – and identifies the associated mandatory and recommended HSE training requirements.

We tracked nearly 16,000 hours of training globally in 2014, and over a quarter of these hours represented HSE training delivered to our Operations staff.

Because HSE also applies to our office staff, we have delivered training to this group on such topics as driving, office evacuation procedures, AED (automated external defibrillator) training, first aid and CPR, cyber-safety, and personal safety.

Operator Competency

A significant focus of our 2014 HSE training program was the advancement of Operator Competency Programs (OCP) in Canada, The Netherlands and France – our Australia operation already has a well-established OCP for its offshore activities.

In Canada, the focus of this work in 2014 and 2015 has been on the development of task procedures and levels of assessment, and we are targeting to formally roll out the OCP to field staff by end of 2015. In The Netherlands, OCP assessment modules were implemented in 2013, so the focus in 2014 was to develop additional modules specifically for its Leadership team, as well as for the Operator function, the Maintenance function and the Safety Officer on site. The program is now well embedded in the NBU and new hires are enrolled during their onboarding session on their first day with the company. The focus moving forward will be to keep the system current and fine-tune assessment modules as needed.

In 2015 Vermilion has planned to develop the OCP project scope and framing in France, with the aim to roll out OCP to field staff in the FBU in 2016-2017.

Operator competency helps in hazard identification and mitigates our exposure to a potential HSE event by ensuring that staff are properly trained to safely execute their daily tasks. A clear view of employees' competencies and training increases Vermilion's confidence that job functions are being performed safely and consistently within the guidelines of regulatory and Vermilion-specific policies, practices and guidelines.

Ultimately, this work is intended to help us fulfill our HSE vision of a healthy workplace free of incidents, but will also support more effective workforce planning, and increase employee satisfaction and productivity.

HSE Competency for Leaders

Vermilion is committed to ensuring all our staff and leaders understand the importance of HSE and demonstrate this in our actions. We believe that all Vermilion's leaders whether operational or non-operational – contribute to Vermilion's success by helping to generate HSE awareness, identifying HSE hazards, and understanding and mitigating the HSE impact of requests made of staff and operations. That's why our Performance Management system now includes a new HSE Competency for Leaders as follows:

Demonstrates HSE Leadership:

- Visibly acts in accordance with all HSE policies, standards, procedures, legislation and core values;
- Engages staff to identify and mitigate hazards and risks in order to fully integrate HSE into Vermilion's day to day culture; and
- Facilitates the sharing of HSE lessons learned.

We provide resources to help our leaders understand what success looks like and how they can meet Vermilion's HSE expectations. For example, we believe that a leader who visibly acts in accordance with all HSE policies, standards, procedures, legislation and core values is one who:

- Understands HSE requirements, makes them a priority and integrates them into daily activities;
- Walks the talk, not hesitating to intervene for the safety of all staff, who reports unsafe situations, is willing to be challenged and follows up on commitments; and
- Believes in continuously learning and takes an active role in safety meetings, investigations and reviews.

Public Safety & Emergency Response

Our Commitment to Public Safety

We understand and accept the high expectations placed on us by our stakeholders to ensure Vermilion recognizes, considers and mitigates potential safety impacts on the residents in the communities in which we operate. Ensuring public safety has and will continue to be our number one priority. This is our license to operate.

In the NBU, for example, our primary areas of focus regarding public safety include:

Earthquake Risk Assessments

We have never experienced seismicity related to our gas production over the last forty years of operation of our gas fields in The Netherlands. Nevertheless, we are incorporating the latest independent scientific research and modeling with respect to the probability of seismicity occurring in relation to our operations, and the potential magnitude, into our development and production plans. We are cooperating with all levels of government, research institutes, and local communities to improve the industry's understanding and communication on this complex topic.

Subsidence Risk Assessments

As part of the production plan approval process, we conduct extensive baseline subsidence measurement surveys and construct detailed subsidence models to estimate the total lifetime subsidence as a result of gas production activities. Once production has commenced, we then conduct regular subsidence measurements to ensure gas extraction related subsidence stays within our modeled expectations. In the event that actual measured subsidence exceeds our production plans, we will cease production to conduct more detailed studies and measurement work to determine when (if ever) production can be recommenced.

Early models and concepts weren't as well developed as they are today. While we endeavour to minimize any impact to the communities we operate in, if we have caused damages we will ensure they are compensated and corrected. In 2014 Vermilion contributed 3.6 Million Euros to a compensation fund related to the Harlingen Upper Cretaceous field in the Province of Friesland. We voluntarily shut in this field in 2008, after we took over operatorship in 2004, due to higher than expected levels of subsidence. This field has remained shut in since that time, with no plans for reactivation.

Spatial Planning Considerations

Wherever possible, we try to reduce our footprint on the land by re-using existing well sites, flow lines and surface facilities to support development. During 2014 and 2015 we have drilled a total of nine wells in the Netherlands of which six have been drilled from pre-existing well sites, thereby reducing the aerial impact of our operations and removing the need for the construction of new well sites or pipelines. Traffic, noise, light, and flora/fauna impacts are carefully considered in our development and operations activities. We work with local residents and independent environmental groups to help reduce the impact we have on all of our neighbours. We seek early engagement with local communities through town hall sessions to discuss our full development plans and listen to any concerns, questions, or feedback that is provided to help shape our plans.

We regularly carry out emergency response exercises to test office and field staff response to emergency scenarios.

Vermilion’s organization and response to emergencies follows the globally accepted Incident Command System (ICS). The ICS design structure is applicable to all kinds of emergencies and is suitable for both small and day-to-day situations as well as very large and complex incidents. It is applied consistently with local emergency responders and across each operating area, and provides a common organization structure to aid the management of resources at emergency incidents. Exercises are organized throughout the year to train our people and test the effectiveness of our emergency response plan under various scenarios. A total of 105 exercises were held in 2014, ranging from table top sessions to extensive simulations with activation of the Corporate Command center and external parties.

What is a LEVEL 4 ERP Exercise?

Emergency Response Plan (ERP) exercises can include table top exercises, simulations, and combined exercises with Corporate Headquarters:

Level 1 ERP	Level 2 ERP	Level 3 ERP	Level 4 ERP
Table top exercise – Includes discussion of various emergency scenarios, cross training of ICS roles and responsibilities.	In-Country Operations-only Simulation – Includes the mobilization of business unit staff, first level of scenario role playing.	Simulation includes Vermilion’s Corporate Command Activation. Corporate Command owns corrective action logs and improvement schedule. Role playing of all Vermilion personnel involved.	Simulation includes Vermilion’s Corporate Command Activation and external (other industry, emergency responders, government authorities, other external stakeholder) parties.

Public Safety



We are an active member of the Dutch oil and gas explorer and producer association (NOGEPA).

In November 2014, Vermilion hosted the first ever large scale onshore emergency response exercise, for the oil and gas industry in The Netherlands. This emergency response exercise involved over 150 participants and observers and was designed to test not only Vermilion’s emergency response plans but also those of the first responders from the local safety region. The exercise also tested the communication and interaction between a number of authorities, including the Municipality of Leeuwarden, The Province of Friesland, and the State Supervision of Mines. The exercise received strong positive feedback from all participants and observers as a great learning and best practice sharing event.

The exercise confirmed Vermilion’s capability to effectively respond to major incidents and provided great learnings to all participants on how to further improve in the event of an emergency. As one of Vermilion’s participants shared during debriefing: “The exercise was the best test of our ERP that I have experienced in my working life in the industry. Very high value for training and team building work”. Comments such as “this will make us HSE-wise “ and “will check what to adopt in own organization” received from guest observers are also testimonies of the value of this ERP simulation.

Safety Case Revision

Safety Case Revision

Like all facilities operating in Australian federal waters, Vermilion's Wandoo platform, which is comprised of one manned and one unmanned platform, is required to resubmit its safety case every five years.

We kicked off our safety consultation process in early May 2014 with a series of "Concept Map" workshops with staff from Projects, Well Construction, Onshore/Offshore Operations, Engineering/Asset Integrity and Support Functions. We asked these individuals to help us identify what could be done better and how we can embed the safety case into our day-to-day activities.

In addition to these workshops, we also conducted HAZID (hazard identification) workshops, which helped us to review and update risk assessments previously conducted for all field activities. We conducted comprehensive assessments for accommodation fires amongst other major accident event scenarios identified for the Wandoo Field. We submitted the updated case to the regulator on October 9th, 2014 and received full acceptance from NOPSEMA in November 2014. Four HSE Management Systems documents were updated as a result of the review. Key learnings and takeaways from this process included being cognizant of the time and effort it takes to conduct such a collaborative and holistic review. All personnel in the ABU have become better educated regarding the risks associated with the Wandoo field and the ways we can collectively reduce these risks.

Life Extension

The Wandoo B platform, CALM Buoy and flowlines were installed in 1996 based upon a 20-year design life. Vermilion has identified that there are recoverable oil reserves beyond the existing 20-year design that could support extending the design life by an additional 20 years. The existing 20-year design life will be reached in March 2017. In 2015, Vermilion commenced the Life Extension Project to extend the operation design life beyond 2017.

Life Extension Process

- Vermilion undertakes extensive site surveys of the existing facilities to determine their current condition, identify areas for maintenance and repair, and verify their condition for ongoing use.
- Vermilion develops a Basis of Analysis that presents the criteria to be used to re-assess the platform, flowlines and CALM Buoy.
- The latest meteorologic ocean data (wave, wind and current), seismic loads are developed by subject matter experts.
- The platform, CALM Buoy and flowlines are then re-assessed and the results compared to the latest codes and standards.
- If the re-assessment is supported by the Independent Verifying Body (IVB), Vermilion is issued with a Verification Certificate allowing us to operate the facility for the agreed future period.

Independent Verifying Body

- Vermilion appoints an IVB that is a recognized expert to review the analysis and systems.
- IVB issues a Verification / Validation statement verifying the platform is acceptable for ongoing use for a future period.
- Vermilion has selected Lloyds Register as the IVB that meets the requirements of the Australian regulator NOPSEMA

Our Focus on Environment

We seek to operate our business in the most environmentally responsible manner possible.

The diversity and beauty of the environments in which we operate and live are daily reminders of the value of protecting the environment.

To do so, we not only operate in compliance with all environmental regulations, but strive to lead the development of industry best practice standards in all of our operations in order to fulfill our commitment of pursuing Best-in-Class HSE.



Our Board of Directors maintains oversight in this area through its HSE Committee, which has regular and direct communications with our Executive and leadership teams.

We also assess and actively participate in policy development in several regulatory theaters across our operations. In France, for example, we are a member of the Regional Water Basin Committee in the Ambès region – one of only six water basin committees in the entire country. In 2014, our Ambès superintendent was elected to the committee for a six-year term. The committee brings together both private and public stakeholders to discuss and define the main priorities of the region’s water policy and the protection of its natural aquatic environments. The committee was responsible for the creation of a master plan for water development and management (SDAGE), and is often referred to as the “Water Parliament” of the basin.^{G4-16}

Protecting What's Important

Our commitment to pursuing Best-in-Class HSE is also a commitment to pursuing continuous improvement in all that we do. In addition to continuing to build processes to meaningfully track and understand our sustainability impacts, we are committed – wherever possible – to use processes that will reduce our environmental impact.

Our focus on environmental stewardship places emphasis on four main areas for continuous improvement:

- Improving energy efficiency
- Reducing greenhouse gas emissions
- Maximizing our water efficiency
- Caring for the land

We have quantified the risk associated with our key environmental impacts for each business unit utilizing the Corporate Risk Management process. We use this process to assess implications and identify measures that are required to limit or reduce risk and potential liabilities to an acceptable and manageable level. This is in addition to our use of Vermilion's Corporate Risk Matrix to assess other types of risk, including operational, environmental, regulatory compliance, and reputational risk. G4-EC2

We assess risk based on the anticipated impact severity and subsequent probability of an event occurring in consideration of human, environment, financial and social license to operate factors. We take a multi-stakeholder approach to risk assessment, including both internal (Board of Directors, Executive, Staff), and external (Landowners, NGOs, investors, the general public, industry groups such as CAPP) parties.

We proactively conduct operational and engineering reviews aimed at increasing efficiency, and reducing the emissions and monetary expenditure requirements at major facilities.

We have undertaken a GHG Quantification Methodologies study and Carbon Liability Analysis for our business units in Canada, France, The Netherlands and Australia. The Carbon Liability Analysis factors in a number of potential regulatory, price point and taxation changes that are possible over the next three years. These documents detail the current emission generating activities (Scope 1, 2, 3) and the liability and risk associated with the carbon footprint of operations in each BU. We complete fugitive emission surveying annually, and we comply with all regulatory reporting requirements relating to emission reporting and reduction.

Our Regulatory & Reporting Framework

The following table illustrates the significant reporting and regulatory bodies under which we operate:

Business Unit	Regulatory or Voluntary Reporting Body	Reporting, Monitoring and Action Activities
All Business Units	CDP	We initiated reporting under CDP in 2013, beginning with a base year of 2012. Note: As Vermilion continues to grow, our base year emissions will be adjusted in accordance with the GHG Protocol.
All Business Units	Montreal Protocol	We have phased out Freon-22 in our C3 cooling plants in Netherlands to reduce the risk that this substance could be released.
Canada	Specific Gas Emitter Regulation	Reduction requirements do not apply, as Vermilion is below the threshold of 100,000 tonnes of CO ₂ e annually; our current and projected CO ₂ e reductions indicate that even with a 20% reduction in this threshold, we would still be below it. Although Vermilion meets our regulatory requirements, we maintain a detailed initiative database to identify and implement CO ₂ e reduction projects where practical.
Canada	Greenhouse Gas Reporting and National Pollutant Release Inventory reporting under the Canadian Environmental Protection Act	Reduction requirements for Greenhouse Gas Reporting do not apply, as Vermilion is below the threshold of 50,000 tonnes of CO ₂ e annually; our current and projected CO ₂ e reductions indicate that even with a 20% reduction in this threshold, we would still be below it. We report under the National Pollutant Release Inventory (NPRI) requirements.
Canada	CAPP Responsible Canadian Energy Program	We have reported energy and emissions annually while a Canadian Association of Petroleum Producers (CAPP) member through the Responsible Canadian Energy (RCE) program.
Canada	Alberta's Directive 039 (2013)	A regulatory change in Directive 039 led us to plan and begin the implementation of additional elements in our facility maintenance program to reduce benzene emissions associated with glycol dehydrators.
France	European Union Emissions Trading Scheme (EU ETS)	We report operations energy efficiency and greenhouse gas (GHG) intensity despite being below the EU ETS reporting threshold of 20 MW thermal generating capacity.
Netherlands	European Union Emissions Trading Scheme (EU ETS)	We report operations energy efficiency and GHG intensity despite not being subject to the EU ETS due to a significant reduction in GHG emissions in 1998, and being below the EU ETS reporting threshold of 20 MW thermal generating capacity.
Australia	National Greenhouse and Energy Reporting Act (2007)	We report under the robust emissions accounting required by this Act, and have examined three potential carbon taxation pricing scenarios and budgeted the costs associated with compliance.

[Download our regulatory and reporting framework as a PDF](#)



Climate Change

There are a number of ways that we integrate the issue of climate change into Vermilion's business strategy:

- Our focus on achieving Best-in-Class HSE drives management support of programs that enhance our environmental performance, which in turn empowers our people to effect operational change. We track our progress on this best-in-class goal on a monthly, quarterly and annual basis, and communicate our progress across the business.
- We are committed to being compliant in all regulatory regimes across all business units. Compliance with changing regulations, planning for forecasted changes and energy efficiency are primary drivers for identification and implementation of emission reduction and fuel efficiency related initiatives.
- We have altered our project management framework to include aspects of sustainability and climate change – including regulatory change, water utilization, emissions reduction and footprint reduction – resulting in a reduction of ecosystem fragmentation. Our technical teams across the organization communicate with each other, collaborate on current and upcoming sustainability initiatives, and bring in technical expertise to augment project execution.
- We annually examine and re-assess the risks associated with climate change and the potential effects on our operations globally. Some of the risks we examine include rising sea levels, carbon taxation schemes and carbon sequestration requirements. Based on our assessments, we adjust our long term operating strategies to ensure efficient, effective and safe development of the resources in our operating areas. Examples of this include the research and development completed to implement technology that allows for the treatment and re-use of advanced gel chemical fracture flowback fluids. This approach reduces the requirement for fresh water to complete wells and the volume of water being disposed of via deep well injection. For facility construction, we employ new and efficient technology that is adaptable to changing requirements and decreases the impact on the environment. An example of this is the installation of solar power as a primary power source at a number of the new wells drilled in Canada in 2014. This solar power is augmented with thermoelectric generation (TEG) power units when the region lacks the necessary light to produce the amount of energy required. ^{G4-EC2}

Several substantial business decisions were made in 2014 to reduce emissions. For instance, we scoped required modifications to acquired assets in The Netherlands, the United States and Canada that will allow for a significant (~50%) reduction in Vermilion's 2014 emission levels in the medium term. This includes a significant capital commitment in our Saskatchewan operation to fund the completion of a gas plant project (that is now online), with partners that will support natural gas conservation in the region. This is an example of a sustainability project that will have an impact outside of Vermilion's operations and result in a reduction in 3rd party emissions, as well as Vermilion's Scope 1 emissions.

Energy Efficiency

We believe that energy efficiency and operational efficiency go hand-in-hand, which in turn helps us to minimize our carbon footprint. ^{G4-EC2}

Emissions Reduction Drivers

There are a number of things that drive our emissions reduction activities, including compliance with regulatory requirements and standards, employee engagement, and financial optimization calculations. ^{G4-EN19}

Compliance with regulatory requirements & standards	Emissions reductions are driven by year-over-year reduction expectations defined by the regulators in the countries in which we operate.
Employee Engagement	Emissions reductions are driven by suggestions and input gleaned from staff via our staff update meetings, as well as via our regular HSE district meetings and town halls. Staff feedback is taken into account by the groups responsible for management of emissions quantification and sustainability initiatives.
Financial optimization calculations	Emissions reductions are driven by the optimization activities we undertake in our business units. These impacts are identified at the project assessment stage and add value to projects. Value add and responsible, sustainable development of the resources in our operating regions are primary drivers for investment. The activities are typically identified by the in-country technical teams.
Other	Projects that have multiple benefits, including a reduction in emission intensity of our operations, factor into Vermilion's investment selection process. Many initiatives that support Vermilion's operational excellence and stewardship also have the effect of reducing emissions associated with our activities through the reduction of fuel or energy. These benefits are identified during the investigation phase of a project assessment.

Here are just some of the recent ways we have reduced our environmental impact by being more energy efficient: ^{G4-EN6}

Canada

- Tie-ins performed at a number of our Canadian assets throughout 2014 have reduced the amount of fluid trucking required. For example, we completed tie-ins at our Cardium single-well batteries, which resulted in a reduction of approximately 20,000 kilometers of trucking.
- Electrification of some of our oil sites in Southeast Saskatchewan and our Southern Foothills district has reduced generator fuel use.
- We reconfigured our operations at various liquids-rich gas sites to use solar power as the primary power supply, with thermal electric power generators as the supplemental supply. This reduced the amount of propane fuel required for power generation at these locations on an annual basis.

France

- At the request of our staff, we are creating a tool to link our business travelers together so that staff travelling to the same city can travel together, thereby reducing cost and the number of vehicles on the road. Also at the request of our FBU staff, we are also creating a tool to help promote carpooling for the daily commute.
- We are also trialing the use of two electric vehicles by our operators in the Aquitaine and Paris basins. So far, the results have been very positive in terms of CO2 with the vehicles generating zero emissions. The challenges we are facing with these vehicles include battery duration (the battery only lasts 100 kms) and the time required to recharge the battery (approximately 8 hours), but we are looking at ways to address these challenges given that each car can help us reduce our carbon footprint by approximately 3.64 tonnes of CO2 based on an average mileage of approximately 17,255 km.
- GPS devices are installed in all company-owned vehicles (approximately 75) in France. These devices, which help to monitor speed, have resulted in reductions in fuel consumption.
- Our operators make daily operations visits to the 28 platforms installed on the lake in Parentis. We purchased a new boat that will help us to reduce our fuel consumption by approximately 10,000 litres per year.

Netherlands

- In 2014, we reorganized our workgroups in The Netherlands to minimize the driving distances required to operate our wells and facilities. We estimate that this has reduced the number of annual kilometers driven by 20% or 96,000 km on an annual basis. Not only is this making our workplace safer, it also has eliminated 19 tonnes of greenhouse gases on an annual basis.
- We minimize our surface land use footprint through re-use of existing well sites for new drills.

Australia

- Improvements to helicopter flight booking and scheduling in 2014 were implemented to reduce the number of helicopter flights to and from Wandoo facilities and improve seat utilisation rates.
- We commenced work on gas lift compressor realignment in 2014 to improve throughput by 7%, with an expected increase in fuel consumption of 4%, therefore improving the overall production rate per unit of energy consumed. This project was completed in May 2015.
- At our Perth Office, we opened access to the stairwell to enable staff to use the stairs instead of the lift to transfer between floors. We also improved shower and locker room facilities within the office to encourage more staff to ride to work. Our current office location is close to a major train and bus station, as well as bike paths. As part of our scoping of new office locations, we have made a conscious decision to look for properties within the same area to enable staff to continue to use public transport.

Three quarters of our staff in Perth walk, cycle or take public transport to work!

Walk or Cycle	21%
Public Transport	56%
Personal Vehicle	23%

Greenhouse Gas Emissions

Our Emissions Performance

While overall, our gross emissions profile has increased (see [Performance Metrics](#)), our energy intensity has decreased.

Vermilion's gross emissions profile increased by 21% from 2012 to 2014; however, this increase is disproportionately smaller than would be expected given our growth, largely thanks to our emissions focused programs and operational efficiency.

The increase is primarily a result of the acquisitions we completed in 2014, including the acquisition of our Southeast Saskatchewan assets, as well as our new Netherlands and United States assets. These assets represent approximately 23% of Vermilion's combined Scope 1 & 2 emissions in 2014.

As per the GHG protocol, these calculations reflect an adjustment to base year emissions to allow for a comparison in terms of operational size.

Vermilion's production also increased by 30% between our 2012 base year and 2014. Due to our energy efficiency programs, emission reduction initiatives and our operational design, which seeks to maximize production while reducing our aerial footprint and energy consumption intensity, Vermilion was able to reduce our energy intensity by 8% on a per BOE produced basis. This is based on Vermilion's reported production of 34,676 BOE/d in 2012 and 49,573 BOE/d in 2014.

We updated our emissions quantification methodology in 2014 to replace the less accurate CAPP GHG estimation method with the API Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Natural Gas Industry.

Fugitive Emissions

Our active fugitive emissions (FE) monitoring program is aimed at reducing preventable losses to the atmosphere. We conduct annual fugitive emissions reviews at select major facilities, as well as at smaller select locations in Canada, France and The Netherlands. We also undertake reviews of the low pressure venting that occurs at our operations in Australia, and use the data to determine appropriate risk mitigation measures. In 2012, we initiated a review of emissions associated with our Australia operations, and in 2014 we completed an emissions accounting review to increase the accuracy of our emissions calculations.

Vermilion complies with all regulatory requirements relating to emission reporting and reduction.

Reducing Flared and Vented Volumes of Gas

In April 2014, we closed the purchase of a small private company with light-oil assets in Southeast Saskatchewan. In the short period of time that we have owned these assets, we have made important improvements that reflect Vermilion's focus on safety, operational excellence and continuous improvement.

A significant focus has been on the near-elimination of flared and vented solution gas at these sites, as these assets accounted for 24% of our Scope 1 emissions in 2014. The Saskatchewan assets as a whole accounted for 26% of Vermilion's total Scope 1 emissions and 22% of our global Scope 1 & 2 emissions. In 2015, through the construction of new infrastructure, tying our production into gathering systems, installing vapour tanks with flares, upgrading battery flares, and converting to instrumental air systems, we have almost completely eliminated flaring and venting of solution gas at our Southeast Saskatchewan assets. This is expected to translate into a savings of approximately 120,000 metric tonnes of CO₂e.

In addition to reducing our Canadian volumes of flared and vented gas, we also took actions to reduce our emissions in our other business units:

France

In 2014, we launched the design of a gas export system at Vic Bilh (Aquitaine Basin) that will be finalized in the second quarter of 2015.

The oil producing field of Vic Bilh generates an average of 25,000 m³/day of associated gas, which we have been forced to flare since October 2013 due to the shutting-in of the Lacq gas treatment facility operated by another operator. With this facility under new operatorship, we will soon be able to resume the sale of the associated gas from our Vic Bilh operations, which will provide energy to local industrial consumers and will represent a CO₂ savings of 23,000 tonnes.

In 2014, we engaged experts to help us determine the feasibility of upgrading the associated gas produced at our Chaunoy and Vaudoy oil batteries in the Paris Basin. By producing electricity with a gas engine, we have determined that it is possible to eliminate the flaring of the associated gas, and sell the electricity to the local utility company. We anticipate initiating the project in 2015 for completion and start-up in late 2016.

We estimate that we will be able to generate a total of 3.6 megawatts, which will be able to meet the electricity needs of approximately 450 homes per year.

Netherlands

In 2013 we implemented a compressor reconfiguration project at our treatment center in Garijp with the intent of reducing energy consumption and associated emissions. These compressors are electrically driven and the project resulted in an absolute reduction in power consumption of 35% or 3MWh (consumption reduced from 8MWh to 5MWh). This is an initiative that, on an annual basis, will reduce power consumption by 26,280 MWh and reduce Scope 2 emissions by an estimated 9,700 tonnes.

Vermilion is also planning to examine the potential replacement of gas driven compressors acquired in 2014 with the goal of reducing the energy intensity (through an absolute target) of compression in our Netherlands operations.

Australia

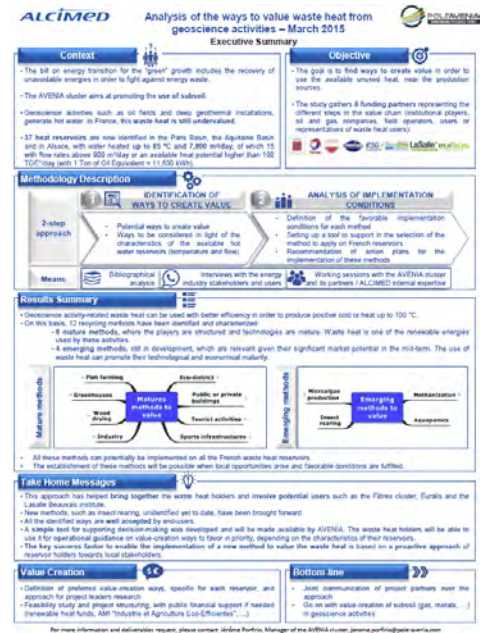
Water that is naturally present in the Wandoo reservoir from which the hydrocarbons are extracted is treated, processed and discharged as produced formation water. To manage the water discharge, we have developed a produced formation water and ballast water management framework. The objective of the framework is to monitor and manage potential impacts on the marine environment via routine daily, monthly and annual monitoring, as well as actions undertaken if the results exceed the defined threshold values. We are also continually working to optimize our operations, through technology, to further remove hydrocarbons and contaminants from this water stream.

Reducing Greenhouse Emissions with Geothermal Energy

Greenhouse Expansion & Study (Parentis-en-Born, France)

In 2008, Vermilion teamed up with four agricultural engineers who wanted to create an economically and ecologically viable greenhouse operation in which to grow tomatoes. The result was the construction of a 10-hectare greenhouse that will be heated without carbon emissions for at least 25 years, thanks to the caloric content from Vermilion's produced water stream at our major facility adjacent to the greenhouse in Parentis-en-Born. By demonstrating proof-of-concept, our partnership with Tom d'Aqui has been credited as being the catalyst for three new projects launched independently of Vermilion in 2014-15, which have generated additional economic benefits for the community in Parentis.

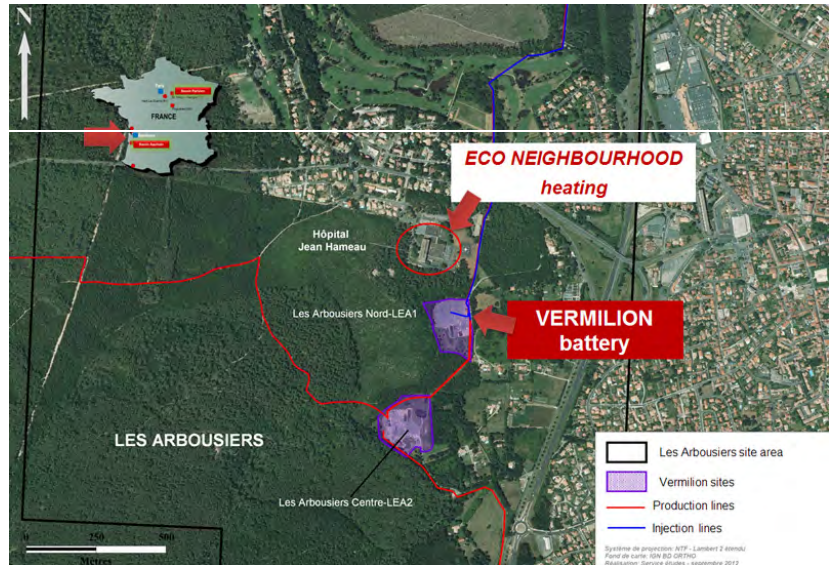
We believe there are opportunities for other organizations to apply similar technology and principles in their own operations. This belief, coupled with our desire to demonstrate leadership and excellence in all that we do, is why we encouraged AVENIA to launch an industry and country-wide study to identify the potential of recycled energy use from oil and gas operations. In addition to contributing financial support towards the study, we have provided the expertise of our people, and have actively encouraged other companies to participate in the study. The results of the study, which also focuses on geothermal potential, will be available to all oil and gas players in France, and will be released following a detailed review by AVENIA.



Eco-Neighbourhood (La Teste, France)

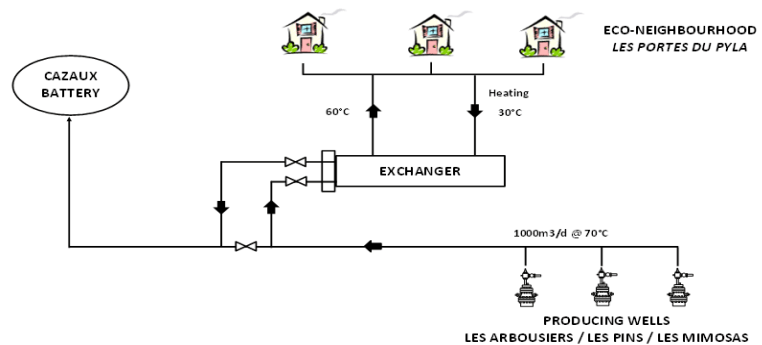
We signed a 30-year partnership in 2015 with a French land developer to provide heat for up to 450 homes in a newly planned eco-neighbourhood complex.

Construction of the eco-neighbourhood, which is located in the community of La Teste, in the south west of France, started in Q2 of 2015 and is expected to be completed in 2018.



How it will work:

> Vermilion produces oil from three fields in the Arcachon Basin (part of the Aquitaine Basin): Les Mimosas, Les Pins and Les Arbousiers. The production is gathered in a central battery where approximately 1,000 m³/day of water at a temperature of 70 degrees is produced daily along with the oil.



> The installation of a heat exchanger on our battery will allow the transfer of the energy from the produced water to the eco-neighborhood.

Once construction is complete, we anticipate the recycled heat from Vermilion’s produced water source in the Arcachon Basin will be able to provide approximately 80% of the heating requirements of these 450 homes.

Geothermal Pilot Project (The Netherlands)

In February 2014 we sent a notification letter to the Ministry of Economic Affairs in The Netherlands indicating that we wished to utilize Vermilion's subsurface, HSE, and drilling expertise to aid in the development of localized geothermal projects for the benefit of local communities that host our operating activities, as well as to create synergies with our commercial and industrial neighbours.

To date, we have focused our activities on converting three depleted gas wells in the province of North Holland to a geothermal pilot project to support a regional business park development. We have committed nearly 100,000 Euros to this project to date and hope to progress this pilot project to the construction phase in 2016.

We are also developing geothermal assessment plans on new gas drilling prospects so that a single drilling operation can address the potential of both natural gas and geothermal energy opportunities. It is our belief that combining the planning and development of natural gas and geothermal opportunities through a single operation provides a net benefit to all stakeholders since it will ultimately result in more natural gas and geothermal energy opportunities being pursued to the benefit of both local and national stakeholders.

Water Use

We produce key performance indicators on water use in the Performance Metrics section of this report. This includes water withdrawal by source, and percentage and volume of water recycled and reused.

We endeavor to reduce our potable water consumption wherever possible. In February 2015, for example, we carried out a workover at our Vic Bilh asset in order to convert a suspended oil well into a saline water producing well for injection support. We expect this non potable water reduction initiative will conserve approximately 146,000 m3 of potable water per year.

Hydraulic Fracturing

Hydraulic fracturing is a government regulated technology that has been successfully used in Canada for more than 60 years. Some formations will not produce hydrocarbons without hydraulic fracturing, and others are simply not economic without it, so we elect to use this rock stimulation method on some wells to enhance their productive capability. Government regulations, in combination with industry operating practices and Vermilion’s own focus on Best-in-Class HSE and Operational Excellence, help ensure safeguards are in place to protect the environment, fresh water aquifers and ensure safe and responsible operations.

Improving Water Management

As the single largest component used in hydraulic fracturing operations, water is essential to developing unconventional oil and gas wells in Alberta. Operationally and environmentally, we continue to work hard to establish the most efficient and sustainable ways of sourcing and reusing this resource. G4-EN10, G4-EN23

Approximately one quarter of the water we pump during a Cardium frac returns immediately during flowback operations. The fracture fluid technology we employ further facilitates the re-use of the flowback water on subsequent wells. This helps us reduce our water usage by approximately 60,000 cubic metres per year (based on 40 wells).

WATER QUALITY

Saline water, also commonly known as “brackish” water, contains more than 10,000 parts per million of total dissolved solids – it is not suitable for drinking water or agriculture.

Freshwater is non-potable water with a dissolved salt concentration of less than 10,000 parts per million of total dissolved solids.

Potable water is drinking water. Vermilion does not use potable water for any of its hydraulic fracturing operations.

We are also working on ways to further reduce the amount of water utilized, including adjustments in the completion schedules. In addition, flowback water can be recycled to reduce overall make-up water requirements. Finally, we are also looking at the potential of using produced water (non-potable water produced with oil and gas), from our operations.

Base of Groundwater Protection

We operate in accordance with strict regulations and Industry Recommended Practices (IRPs) that protect groundwater sources through exploration and production phases. For example, Petroleum Services Association of Canada's IRP #14 ensures that non-toxic, water-based drilling fluid is used when penetrating fresh-water aquifers down to the government established base of groundwater protection, then steel casing is put in place and cemented in permanently to isolate the upper portion of the well while drilling to the final reservoir target.

In Canada, the Cardium formation is Vermilion's shallowest development play where we currently use hydraulic fracturing practices to stimulate the formation. Here, as in our other areas of operation, we employ micro-seismic and computer modeling to ensure we are not contacting or impacting potable water aquifers through our activities. The micro seismic events measured during hydraulic fracturing operations indicate the height and extent of the fracture system. We know from this seismic data that a typical hydraulic fracture height in the Cardium interval is up to 100 metres. We also know that the Cardium interval is typically found at 1750 metres below surface and the base of the deepest groundwater is at approximately 600 metres, so we therefore maintain an approximate distance of 1100 metres from the base of groundwater protection to the top of the hydraulic fracture.

Ensuring Containment

Flowback fluids are contained onsite in a closed system where they are later re-used or alternatively disposed of at authorized facilities at the conclusion of a program. In addition to accessing current technology in our operations, Vermilion has been involved in trialing many new and emerging technologies and invested time and money in an effort to make them viable.

"Greener" Additives

We publicly disclose all of the additives we use to FracFocus, as well as via our regulatory submissions. We continue to work to decrease the required concentration of our additives and work with our fracturing suppliers to source even "greener" alternatives for future considerations.

Reducing GHG Emissions

In early 2014 we met with our primary provider of fracturing services to discuss the application of "bi-fuel" frac pumpers, which can burn both diesel and natural gas, through CNG (compressed natural gas), or using on-site produced natural gas in order to decrease our feedstock supply, emissions and ultimately our hydrocarbon footprint during our fracturing programs.

Caring for the Land

We understand our responsibility to be careful stewards of the land.

What do dinosaur bones, Roman ruins and Aboriginal traditional sites have in common with a company like Vermilion?

The nature of our business means that we work in areas with the potential to come across some amazing archeological discoveries: dinosaur bones in the U.S., Roman ruins in France, and Aboriginal traditional sites in Canada. It also means that we understand our responsibility to be conscientious stewards of the land. It's why when these special discoveries occur, we partner with our communities, regulators and researchers, to play a part in advancing our collective understanding of the world in which we live.

Our most recent archeological excavation was a Triceratops skull, and other dinosaur bones, during the construction of a well pad in our USBU. The excavation was made on federal surface, so we called in several paleontologists to make sure all the "digs" were executed properly. The fossils are destined for the Denver Museum of Nature and Science.



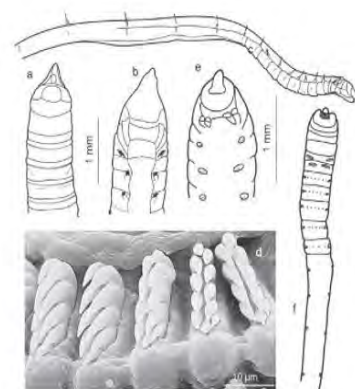
Recent fossil discovery in the USBU.

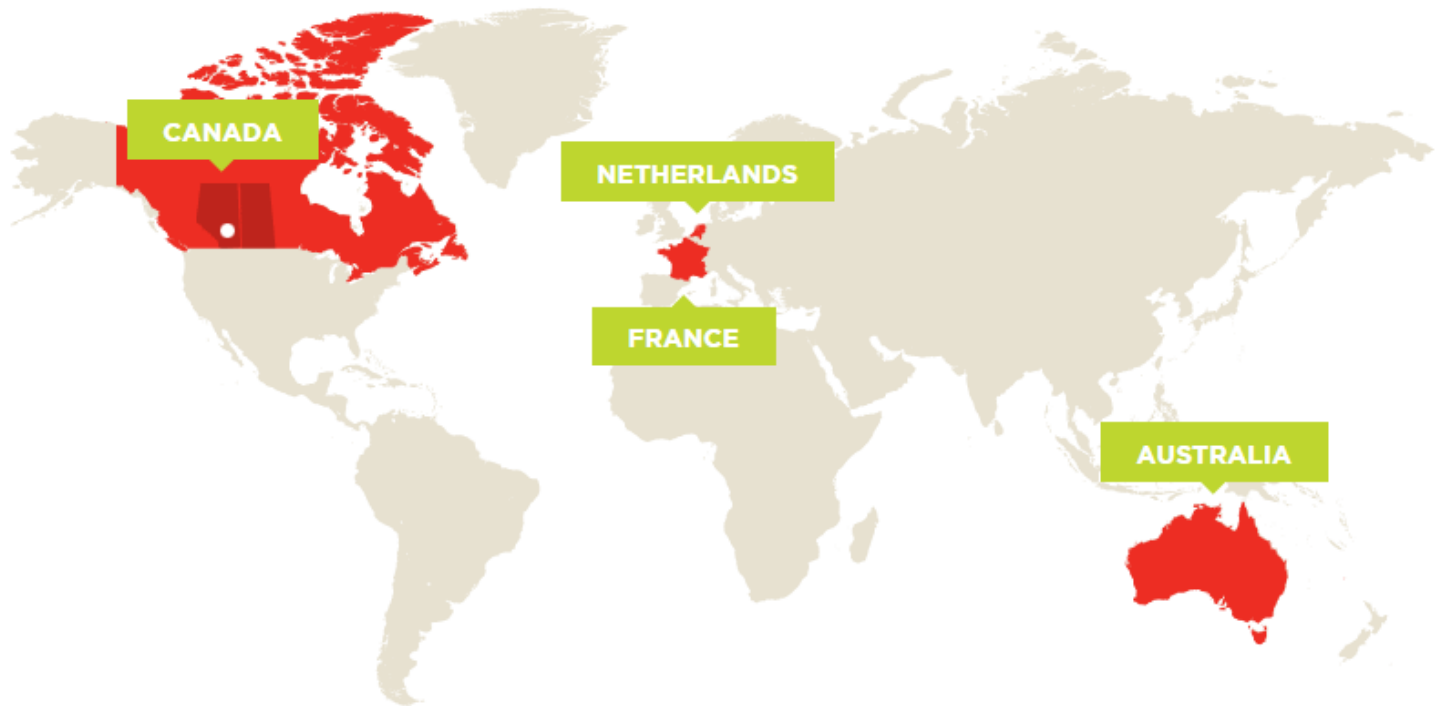
Our surface geology in the US is the Cretaceous Lance Formation, and the area of northeast Wyoming where we operate is known for numerous significant dinosaur fossil finds. In fact, some of the most complete triceratops skeletons in the world have been found in Wyoming. This is just another reason why all our construction and well pad operations are performed carefully, meeting all regulations, with experts on hand to ensure that archeological items can be identified and preserved.

In addition to our fossil discoveries, an entirely new species of marine worm has been identified in the waters off the coast of France, thanks to Vermilion.

When we drilled our well on the Aquitaine Maritime permit in 2007, we conducted a sea bed environmental survey. The resulting samples, along with location and depth data, were analyzed by our environmental consultants and experts at Moscow Lomonosov State University. They revealed a new type of "bristle" worm (these worms have protrusions on each of their body segments that are covered in bristles) that has been named *Auchenoplax worsfoldi*. The worms are less than 1 mm in width and up to 30 mm long, and live in tubes. In general, the family that bristle worms belong to are found from intertidal regions to a depth of 9 km, and feed on surface deposits.

Vermilion's role in providing both data and material were noted in a scientific paper published in 2014 that identified the worm, which has now been added to the World Register of Marine Species.



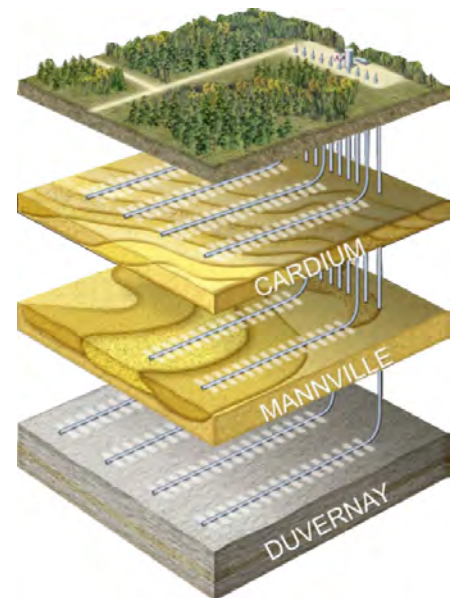


Canada

Minimizing Surface Footprint

In Canada, we often employ the use of horizontal wells. We usually program these wells from a single surface location or pad, with up to eight wells being drilled from a single location. Pad drilling reduces the aerial extent of the well site, surface facilities, pipelines and roads. To put this in perspective, vertical well surface impact is approximately 1.7 hectares per well, while an eight-well pad surface impact is only about 0.5 hectares per well.

As the horizontal length of a well gets longer, the amount of sub-surface area developed increases. Originally, horizontal well lengths were 1,400 metres. We are currently drilling wells with horizontal lengths of up to 3,400 metres – that’s over 2 miles long! In the past, one pad site was used to develop about 20 hectares (1,400 metres in horizontal length), but we are now developing 1,000 hectares from a pad site – up to 3,000 metres of horizontal length. Our Pembina stacked play has the added environmental benefit of being able to share surface infrastructure, such as roads, pipelines and processing facilities. This higher well density reduces driving distances, and therefore emissions associated with development, monitoring and maintenance of wells. It also optimizes equipment and energy used during development and maintenance of productive reservoirs.



Vermilion’s Pembina stacked play helps us minimize our surface footprint.

France

Vermilion Supports an Environmental “First”

With Vermilion’s help, large artificial reefs submerged in Lake Parentis-Biscarrosse will contribute to local biodiversity, local recreation and the economy.

Four tree-shaped concrete reefs are now in place in Lake Parentis-Biscarrosse, thanks to Vermilion’s support for transporting and installing them. Through this national first in France – the positioning of large-scale artificial reefs in a freshwater lake – Vermilion is helping to secure the lake’s biodiversity for the future, contributing to both environmental protection and economic development.

Created specifically for this project, the reefs were submerged in May 2015 to create new fish habitat areas. Vermilion’s high-capacity barge provided easy transportation of the reefs to sites pre-selected by experts based on factors such as slope, depth and type of lake bed. We also provided divers to help with installation.

The reef project was launched in 2009 by the Landes Departmental Angling Federation and local fishing associations, based on more limited experiments in lakes at Mimizan and Cazaux-Sanguinet.

Vermilion’s involvement enabled the partners to expand the scale of the project compared with previous arrangements. In all, more than 200 metric tons of inert concrete shapes (which will not release material into the environment) will be placed into Lake Parentis as reefs. As the project continues, Vermilion will support diving operations to observe the reefs as they are colonized by both flora and fauna, developing new food chains and fish life. If successful, new reefs could be implemented within five years, allowing us to continue to support fishing, aquatic environment associations, and all the other activities that take place on and around the lake.

Approximately 50 people celebrated the first reef submersion with us on May 26, 2015. Among the attendees were departmental and local elected officials, departmental fishing federation representatives, people involved in the project (divers, harbour coordinators, technical services from Parentis-en-Born, Durand Beton company representatives), journalists from various presses, and the representative of SAGE (the association for safeguarding and managing local lakes). We are proud to contribute to this high-value project for local sustainable development. Our commitment to projects such as this, along with our investment in how we manage our operations, are key factors in being responsible operators in the areas where we work.



Vermilion is proud to have supported an environmental "first" in France.



Netherlands

Sharing the land

In The Netherlands we recognize that we share the land, water and sea with many neighbours, including those with feathers. In many of our locations, these feathered neighbours will pay us a visit and in some cases stay for a while, so it is very important that we keep our sites clean and safe for them. We work closely with environmental experts to guide us in our activities to ensure that we do not disrupt or disturb their migration, feeding or breeding patterns. In some cases, this means that we delay or reroute our development activities. In 2015, we delayed pipeline construction activities around our Diever-02 well site to ensure we do not interfere with birds nesting in the area.



Whenever possible, we also try to reuse existing well sites, pipelines and surface facilities to limit our land use footprint. In 2014/2015, we drilled nine wells, six of which were drilled from pre-existing well sites, thus minimizing the need for the construction of new well sites or pipelines. All of our lease sites are sealed with asphalt to isolate them from the groundwater table. We collect rainwater that falls on our lease sites in a series of berms, gutters and storage systems so we can confirm first that it is safe to release back to the environment.

We recognize that we share the land, water and sea with many neighbours, including those with feathers.

Australia

Approval of Wandoo Facility and Well Construction Environment Plans

2014 saw the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) acceptance of the Wandoo Facility Environment Plan in September and the Well Construction Environment Plan in November under the new Offshore Petroleum Greenhouse Gas Storage (Environment) Regulations 2009.

The objective of the Regulations is to ensure that any offshore petroleum or greenhouse gas activity is carried out in a manner consistent with the principles of ecologically sustainable development and in a manner by which the environmental impacts and risks of the activity will be reduced to as low as reasonably practicable and acceptable levels.

In Australia, the offshore environmental compliance requirements have improved over the last five years following the major global spill events. The accepted Environment Plans outline how Vermilion will undertake operations, marine projects and drilling activities at Wandoo to meet these improved standards. This was achieved through significant input from the operations, engineering, drilling and project teams within Vermilion.

We will be undertaking offshore marine monitoring in 2015 within the Wandoo Field. Monitoring will include the characterization of the epifauna using a remotely operated vehicle (ROV), water sampling and sediment sampling to:

- › Obtain data to support Wandoo discharge modelling and impact analysis
- › Obtain additional baseline data for future impact assessments
- › Establish environmental data to support asset retirement planning

The program was developed to identify Vermilion’s potential impacts on the marine environment in order to achieve further improvements in environmental management if required. As a major stakeholder in the region, it is Vermilion’s responsibility to the wider community to assist in maintaining the health of the regional environment.



Vermilion will be undertaking offshore marine monitoring in 2015 within the Wandoo field.



Ways of Caring

Strategic investment in our communities is part of Vermilion's corporate DNA and helps us fulfill our mission of delivering superior rewards to investors, employees, partners and the communities in which we operate.

Our people care about their communities and they expect Vermilion to care too. According to our 2015 Great Place to Work® results, pride in the ways that we give back to the community is the top scoring item by staff within our annual Great Place to Work survey participation.

Through our Vermilion Ways of Caring program, we give back, we give time and we give together. This approach to community investment exemplifies "The Vermilion Way" of getting things done – through leadership, embracing responsibility and achieving excellence.

Our approach to community investment has been recognized by a number of our community partners, including the Town of Drayton Valley.

"We are thrilled to see the investment Vermilion Energy has generated not only through financial contribution, but also the ambassadors the employees locally have become for our program in the community. I don't believe that there has been a sponsorship model like Vermilion's in this community prior to Vermilion coming on board [...] it can certainly be asserted that [Vermilion] has been influential. Within the last two years, the Town has been approached by several companies interested in building a sponsorship built around meaningful engagement. I believe that this has occurred because of how Vermilion Energy has established its sponsorship program within the ECDC (Early Childhood Development Centre)."

- Town of Drayton Valley



VERMILION WAYS OF CARING
give back. give time. give together.

Give Back

In 2014, our cash investments totalled over \$1 million globally and focused on our four key investment areas:

- **Homelessness & Poverty.** We work with social investment agencies that support the most vulnerable in our community through measurable, impactful programs to break the cycle of poverty and homelessness, because we believe healthy, vibrant communities include all community members in their success.
- **Health and Safety Promotion.** We invest in results-oriented programs that enhance the wellbeing and safety of individuals and communities, sharing our best-in-class approach to a health and safety culture that is fully integrated into every facet of Vermilion's operations.
- **Environmental Stewardship.** We partner with organizations that use science-based best practices to enhance environmental conservation and education, contributing to healthy, resilient, sustainable communities today and in the future.
- **Celebrating Vermilion's Cultures.** We support the local cultures of our diverse locations to ensure that their traditions and contributions are recognized and preserved.



give back.

Give Time

We provide funding for the wide variety of non-profit and charitable organizations that our staff support through their personal volunteer time. In 2014, 65 grants were issued in recognition of the over 8,800 hours our people invested of their own time towards the causes and community organizations that meant the most to them. We attribute the significant increase in number of grants in 2014 to the structural changes we have made to the program, which has made the grants more accessible to staff, as well as our increased focus on promoting this program to staff globally.



give time.

Give Together

We encourage our people to spend up to two days per year volunteering on company time as part of a team or corporate day of caring project. These hands-on opportunities help us to not only put caring into action, but also help to build genuine and authentic relationships between our people and between our company and the communities where we operate.



give together.

In 2014, nearly 200 staff in Canada, Europe and Australia took part in corporate and team days of caring. This represented over 2000 volunteer hours during company time, which we value conservatively to be worth \$150,000 in time alone. While staff in Canada, France and Australia have had the opportunity to participate in days of caring for several years, 2014 marks the first year that day of caring activities were planned in The Netherlands. It was such a successful project that we are making plans to broaden our 2015 day of caring in The Netherlands to all geographic regions in which we operate, with a focus on supporting food banks and environmental conservation projects.

We are focused on building and maintaining strong linkages between our business activities and the benefits to the local communities where we operate, and our involvement in days of caring are just one way we do this.

Is there anything unique or unusual about this organization that makes it a great place to work?

What Vermilion employees had to say:

“Community Investment is important to the organization and it comes across that executives really do want to give back.”

“To have so many people including the CEO come out and work hard at our “Day of Caring” at Woods Home is great and really shows that we give back to the community – not just money which people here are very generous with at the United Way campaign but time too.”

“The company involvement in our communities is a source of pride for many employees. The CEO reflects the values that he has instilled in the company, and walks the talk. The Executive team know most individuals by name, and make an effort to remember and ask about family.”

“This company believes in giving back to the community and demonstrates that in its actions all the time.”

“Everyone is very friendly and easy to deal with and appear eager to help. Also, they do more charity/volunteer work than any company I have worked for.”

“The way our company gives back to the community; it’s not just dollar investments, but the way staff are given opportunities to get involved.”

“I respect Vermilion Energy give so much to charitable organizations and also cares about them.”

Calgary, Alberta



Photo Courtesy: Sergei Belski/Calgary Zoo

Our sponsorship of the Calgary Zoo's Empty Backpack program during the 2014-15 academic year impacted 1095 students and 260 Kindergarten to Grade 3 teachers from underserved schools. We think that helping kids connect with the natural world is an important way of promoting conservation and environmental stewardship. Through the Empty Backpack program, we were able to help ensure that learning opportunities that are so vital to well-rounded education and critical to our future are available to all Calgary's school children, regardless of financial circumstance.

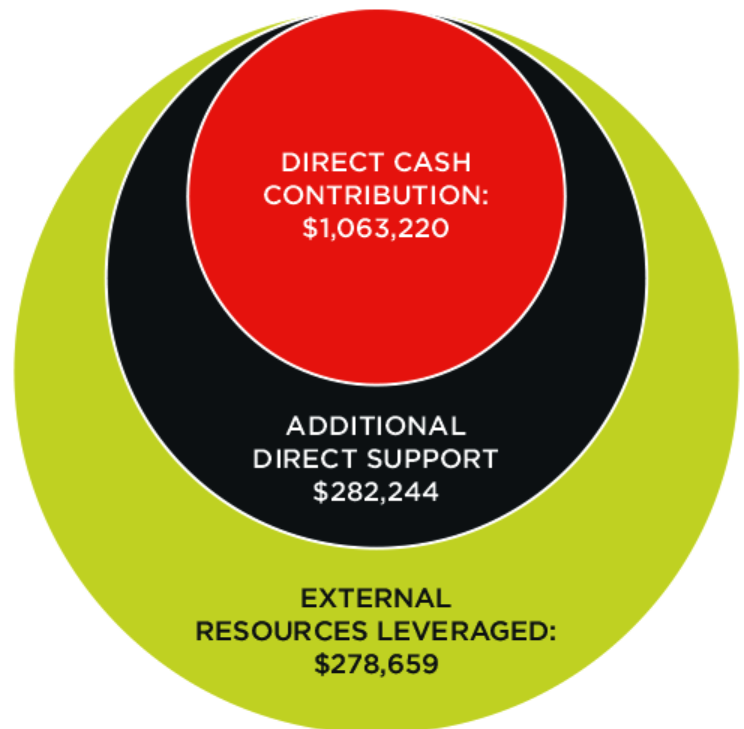
London Benchmarking Group (LBG) Canada



We have been a LBG Canada member since 2012.

We report the value of our community investments using LBG's standard "circles" of investment, in an effort to more fully reflect our total contribution to the communities where our people live and work:

- > **Direct cash contribution:** our donations to non-profit and charitable organizations
- > **Additional direct support:** adds in-kind support, such as donations of materials for Days of Caring and staff volunteering during working hours
- > **External resources leveraged:** adds value of staff donations



TOTAL VALUE OF COMMUNITY INVESTMENT IN 2014
\$1,624,123

Wood's Homes

Vermilion Energy Family Centre

Construction on the Vermilion Energy Family Centre at the Bowness Campus of Wood's Homes is complete!

We recognize the link between mental health and risk factors for living in poverty or becoming homeless. In 2013, we chose to commit \$1 million to help create the Vermilion Energy Family Centre at the Bowness campus of Wood's Homes because we believe that investing in the well-being of children and their families is a key factor in preventing the issues of homelessness & poverty from becoming an even greater societal problem.



March 9, 2015: Vermilion honours commitment to Wood's Homes with third installment towards original \$1 million pledge.

Our investment helps ensure Wood's Homes can provide a family-centered approach to helping children, youth and families make positive changes and rebuild relationships.

The Vermilion Energy Family Centre will be about so much more than just a place for families to stay. Families will come to see it as a place to heal, and a place to start on a new journey as a family. It will be a place for families to see themselves as part of the change they will see with their youngster.

What does it truly mean to be a valued corporate partner? We think it's about taking the time to listen to and understand our partner's needs, offering our time, energy and talent in addition to our dollars, and showing up when it matters most.

"The role that the Vermilion Energy Family Centre will play in delivering family centred treatment is going to be groundbreaking. There are few, if any programs like it in Canada or the United States where families can join their youngster in residential treatment. We believe we can provide opportunities for families to work together to develop strategies that will increase the chance of success when the child returns to their family and community."

– Dr. Jane Matheson, CEO, Wood's Homes

"I am proud to attach the Vermilion Energy name to this centre. Wood's Homes has done a beautiful job of creating a welcoming space for families. I am very proud of this partnership with Wood's Homes, as this facility will be world class in working with leading edge treatment practices for children and families dealing with mental health issues."

– Lorenzo Donadeo, CEO, Vermilion Energy

YWCA of Calgary

The Vermilion Energy / YWCA Employment Resource Centre (ERC) continues to be a vibrant and busy employment centre serving a diversity



of women from different cultural backgrounds, a variety of career streams, and a full assortment of education and training needs.

The ERC provides an important service to the community. Poverty affects 1 in 10 Calgarians directly, and all of us indirectly. Across demographic groups – such as aboriginals, visible minorities, people with disabilities, single parents and recent immigrants – women experience higher rates of poverty than men. In 2014, 48% of the women served across all program areas at the YWCA of Calgary were unemployed and 75% had a net income of less than \$25,000 per year (about \$2,000 per month, before taxes).

The ERC served over 500 unique clients in 2014, accounting for nearly 3,800 sign-ins to the centre throughout the year. Of the women who took part in employability workshop surveys from September to December, over three quarters responded that the workshops helped increase their awareness of their employability skills and 72% of respondents reported feeling more confident in their ability to find employment.

Client M's Story – She arrived in Calgary needing housing, employment, training to improve her English and some mental health support. She was able to obtain housing through Mary Dover House and immediately accessed services in the ERC. She accessed career coaching, employability workshops, Skills for Life workshops, career consults, computers, referrals for work, interview and outdoor clothes, and referral to the YWCA's ESL (English-as-a-second-Language) department for support with English. She is now living on her own in the community and working fulltime.

Vermilion began its partnership with the YWCA of Calgary in 2007 when we provided a \$2.5 million donation, along with \$1.5 million raised by Vermilion's founders, board of directors and staff, to create the Vermilion Energy/YWCA of Calgary Skills Training Centre. In 2013, recognizing the changing economic and employment climate in Calgary and a critical need to serve greater numbers of women, the Skills Training Centre transitioned to become the Employment Resource Centre.

In 2014, Vermilion and YWCA staff partnered to create and pilot a mock interview program for clients of the employment resource centre. The goal is to provide ERC clients with an opportunity to participate in mock interview sessions at Vermilion's Calgary offices to help these individuals gain the practice and confidence they need to put their best foot forward in real-world interview settings. Ultimately, we hope this preparation will help lead to better employment outcomes for these individuals. For Vermilion, this presents an opportunity for staff to volunteer and develop or further hone their skills as interviewers, as well as an opportunity to continue to influence Vermilion's standardized interview approach and client experience.

Our focus in 2015 has been on determining how we can best support the YWCA in the tracking and reporting of outcomes, as well as maximizing volunteer involvement opportunities with Vermilion staff.

United Way



United Way
Calgary and Area

United. Building a great city for everyone.

We believe that for a city to be great, it has to be great for everyone, which is why we have been organizing an annual United Way workplace campaign since 1998.

Our 2014 campaign was our most successful campaign to date, with over \$380,000 raised!

We have been long-time United Way supporters because we believe no single organization can tackle systemic issues alone. United Way brings together all areas of community – business, government, academia, school boards and others – to address social issues at the root cause and develop long-term strategies to solve them. When United Way established a presence in France in 2010, we were the first corporate entity to provide investment, and we continue to look for ways to support the organization.

World class leadership and philanthropy



Our Chairman Larry Macdonald and his wife Gloria.

We would like to congratulate our Chairman Larry Macdonald and his wife Gloria on receiving the very prestigious Alexis de Tocqueville Award for extraordinary and long-standing volunteer and philanthropic leadership at the local and international level. This is United Way Worldwide’s highest level of recognition and we can’t think of two more deserving recipients. Larry and Gloria are the first ever winners from outside the U.S. in the award’s 42 year history; previous winners have included American Presidents Jimmy Carter and Ronald Reagan!

Larry and Gloria’s support of the community through United Way spans nearly three decades and several continents.

From donating over a million dollars to their local United Way to partnering with United Way International to establish a clean water project in Uganda, these are but a few examples of Larry and Gloria’s philanthropic leadership. Their passion for reducing poverty, seeing kids thrive and building strong communities is both admirable and inspiring.

As a company with an already strong commitment to investing in the communities where our people live and work, we view Larry’s personal commitment to philanthropy as a real strength for Vermilion. Around the world, our people tell us that they are proud of the ways in which we give back to the community. We believe our chairman’s leadership in the area of philanthropy is another reason for us all to be proud, and from which we can all draw inspiration.

60th Anniversary of Parentis Field Discovery

2014 marked the 60th anniversary of the discovery of the Parentis Field in France

As France's top oil producer and most active oil and gas company, we were proud to partner with the local community on an exhibition celebrating this important milestone and piece of our culture.

The exhibition's main objective was to highlight the pioneers who made the first oil discovery in Parentis that revolutionized daily life in this small rural and picturesque town. It is through their investment and audacity that Vermilion was able to make its foray into France in 1997.

The exhibition also provided an opportunity for us to showcase our people, who work hard every day to responsibly extract the high quality oil from this field. Their integrity, technical expertise, and environmental stewardship mindset demonstrate that they too are pioneers, leading the way for new ways of responsible and sustainable resource development in the country.

In addition to our financial support of this event, several of our employees volunteered their time and energy through our "Days of Caring" program, and we helped create a commemorative video that shares the stories of past and present industry pioneers.

A commemorative stamp was created for the exhibition, which ran for six days and was attended by 900 visitors (70% from Parentis), suggesting this was indeed an important cultural celebration for the entire community.



Days of Caring Around the World

Drayton Valley, Alberta

16 staff in Drayton Valley spent two days in June 2014 planting a living fence at the Early Childhood Development Centre (ECDC) to help keep kids safe.

A living fence provides many of the same safety features as a manufactured fence, but because it is a tightly planted, permanent hedge, it provides almost instant greenery that beautifies the landscape. It also has the potential of outlasting many manufactured fences.

This is just one of the many volunteer projects that we have undertaken as part of our V-Powered Kids partnership, established in 2012, at the ECDC. We are very proud of the fact that through our involvement, we have been able to help spirit new programs, enable workshops and special events for families within our community, as well as aid in establishing a Family Coach position within the centre.

In addition to other team days of caring carried out at the ECDC in 2014, we also organized projects in support of Evergreen Elementary School in Drayton Valley, and the Northern Haven Women's Shelter in Slave Lake.



Calgary, Alberta

111 staff took part in a corporate day of caring at the Bowness campus of Wood's Homes on September 11, 2014. Other team days of caring took place at Women In Need Society, Providence Child Development Centre and Calgary Inter-Faith Foodbank.

Our 2015 corporate day of caring took place on May 20th, and was also in support of Wood's Homes.



France

10 staff planted 300 trees at a day of caring at Chateaux Vaux le Vicomte. Other team days of caring took place in support of Restos du Coeur, an organization that provides food hampers and meals to those living in poverty, and La Rue des Etoiles, which is an event in support of a local youth theatrical group in Biscarosse.



The Netherlands

33 staff participated in the NBU's first ever day of caring on October 3, 2014! The projects benefitted three local organizations: de-Doarpstun (a community garden in Leeuwarden that offers work experience placements for the unemployed and for individuals living with mental disabilities) Stitching Present (a not-for-profit that links volunteers with projects in need of volunteers), and Voedselbanken (a food bank in Harlingen).

While it was our first day of caring, we've been investing in the local community for years. In 2014, for example, we continued our long standing relationship with the Harlingen Visserijdagen (Fishery Days) as head sponsor of this cultural event. The total value of all our community investment and involvement in The Netherlands in 2014 was \$114,330.



Perth, Australia

In September 2014, 20 staff volunteered at Cannington Heights, a transitional accommodation unit of St. Bart's in Perth.



Denver, Colorado

Our first day of caring in our US Business Unit took place on May 15, 2015. The group of 8 staff spent the afternoon volunteering at the Food Bank of the Rockies, and is looking forward to their next scheduled event with the Denver Boys and Girls Club in July.



GRI Content Index

Indicator	Indicator Description	Location or Description
GENERAL STANDARD DISCLOSURES		
STRATEGY AND ANALYSIS		
G4-1	CEO sustainability statement	Message From Our Chief Executive Officer
G4-2	Description of key impacts, risks and opportunities	Our Approach to Sustainability
ORGANIZATIONAL PROFILE		
G4-3	Name of organization	Vermilion Energy Inc.
G4-4	Primary brands, products, services	About Vermilion
G4-5	Location of headquarters	Calgary, Alberta, Canada
G4-6	Countries of operation	About Vermilion
G4-7	Nature of ownership and legal form	About Vermilion
G4-8	Markets served	About Vermilion
G4-9	Scale of organization	About Vermilion Economic & Operational Highlights Performance Metrics
OG-1	Total proved reserves Assurance Vermilion retained GLJ, an independent qualified reserve estimator, to assess its reserves; the LGJ Resources Assessment was prepared in accordance with the Canadian Oil and Gas Evaluation Handbook and NI 51-101	Performance Metrics Economic & Operational Highlights
G4-10	Workforce metrics	Performance Metrics
G4-11	Employees under collective bargaining	Performance Metrics
G4-12	Organization's supply chain	About Vermilion Our Value Chain
G4-13	Significant changes during reporting period	About Vermilion
G4-14	Precautionary approach	Our Approach to Sustainability
G4-15	External initiatives to which the company subscribes	Our Approach to Sustainability Associations
G4-16	Memberships in associations	Associations Our Focus on Environment
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	List all organizational entities	About Our Report
G4-18	Define report content and Aspect Boundaries	About Our Report Identifying Issues Material Issues
G4-19	List all material Aspects	Identifying Issues Material Issues Materiality Analysis
G4-20	Explain Aspect Boundaries within organization	Identifying Issues Material Issues Materiality Analysis
G4-21	Explain Aspect Boundaries outside organization	Identifying Issues Material Issues Materiality Analysis
G4-22	Restatements of previous info, if applicable	Performance Metrics

G4-23	Significant changes from previous reporting periods	No significant changes.
STAKEHOLDER ENGAGEMENT		
G4-24	List stakeholder groups engaged by the organization (Sector supplement including indigenous peoples)	Stakeholder Engagement
G4-25	Basis for identifying and selecting stakeholders with whom to engage	Stakeholder Engagement
G4-26	Approach to stakeholder engagement	Stakeholder Engagement
G4-27	Key topics and concerns raised through stakeholder engagement (Sector supplement including indigenous peoples)	Stakeholder Engagement
REPORT PROFILE		
G4-28	Reporting period	2014
G4-29	Date of most recent previous report	2013
G4-30	Reporting cycle	Annual
G4-31	Contact point for questions about report	Dean Morrison, Director Investor Relations sustainability@vermilionenergy.com
G4-32	In accordance option & index	In accordance with GRI G4 Comprehensive
G4-33	External assurance	Listed in GRI Content Index
GOVERNANCE		
G4-34	Governance structure	Our Highest Governing Body 2015 Proxy Statement & Info Circular
G4-35	Process for delegating authority for economic, environmental & social topics to senior executives and other employees	Our Highest Governing Body
G4-36	Executive level position in EESG	Our Highest Governing Body
G4-37	Consultation process between stakeholders and highest governance body on EESG	Our Highest Governing Body
G4-38	Composition of highest governance body and committees	Our Highest Governing Body
G4-39	Is chair of highest governance body also an executive officer?	No
G4-40	Nomination and selection process for highest governance body	Board Diversity 2015 Proxy Statement & Info Circular
G4-41	Processes for avoiding conflict of interest for highest governance body	Ethical Culture 2015 Proxy Statement & Info Circular
G4-42	Highest governance body's roles in developing organization's purpose, value, mission, EESG policies	Our Highest Governing Body
G4-43	Measures to develop highest governance body's knowledge about EESG	Board Diversity
G4-44	Process of evaluating highest governance body's performance in EESG	Risk Oversight 2015 Proxy Statement & Info Circular
G4-45	Highest governance body's role in identifying EESG risks and impacts	Risk Oversight
G4-46	Highest governance body's role in reviewing effectiveness of EESG risk management processes	Risk Oversight
G4-47	Frequency of 4-46 review	Quarterly Risk Oversight
G4-48	Highest level of formal sustainability report review	CEO
G4-49	Process for communicating critical concerns to highest governance body	Our Highest Governing Body
G4-50	Nature and number of concerns communicated	No critical concerns communicated Performance Metrics
G4-51	Remuneration policies for highest governance body and senior executives	2015 Proxy Statement & Info Circular
G4-52	Process for determining remuneration	2015 Proxy Statement & Info Circular
G4-53	Process for stakeholder engagement in determining remuneration	Proven Performance
G4-54	Ratio of annual total compensation of highest-paid individual to median annual total compensation all employees	Transparency of Compensation Performance Metrics
G4-55	% annual increase of G4-54	Performance Metrics
ETHICS AND INTEGRITY		
G4-56	Organization's values, principles, standards such as codes of conduct and ethics	Ethical Culture

G4-57	Mechanisms for seeking advice on ethical issues	Ethical Culture 2015 Proxy Statement & Info Circular
G4-58	Mechanisms for reporting ethical concerns	Our Highest Governing Body Ethical Culture 2015 Proxy Statement & Info Circular
SPECIFIC STANDARD DISCLOSURES		
ECONOMIC		
Economic Performance		
G4-DMA		Discussion of Management Approach
G4-EC1	Direct economic value generated and distributed Assurance LBG Canada annual audit of 2012, 2013 and 2014 community investment data	Performance Metrics
G4-EC2	Financial implications of climate change	Protecting What's Important Climate Change
G4-EC2SS	Reduction in water use	Water Use Performance Metrics
G4-EC3	Coverage of defined benefit plan obligations	Performance Metrics
G4-EC4	Financial assistance received from government	Performance Metrics
G4-OG1	Volume and type of estimated proved reserves and production	Performance Metrics Economic & Operational Highlights
ENVIRONMENTAL		
Energy		
G4-DMA		Discussion on Management Approach
G4-EN3	Energy consumption within the organization	Performance Metrics
G4-EN4	Energy consumption outside of the organization (use of sold products)	Performance Metrics
G4-EN5	Energy intensity	Performance Metrics Greenhouse Gas Emissions
G4-EN6	Reduction of energy consumption	Performance Metrics Greenhouse Gas Emissions
G4-EN7	Reductions in energy requirements of products and services	Through the production of natural gas, Vermilion in many cases helps to fuel a power generation alternative with a feedstock that is estimated to be 50 to 60 percent cleaner burning than coal.
OG-2	Total amount invested in renewable energy	Performance Metrics
OG-3	Total amount of renewable energy generated by source	Performance Metrics
Water		
G4-DMA		Our People Our Focus on Safety Our Focus on Environment Protecting What's Important Our Regulatory & Reporting Framework Materiality Analysis
G4-EN8	Total water withdrawal by source	Performance Metrics
G4-EN9	Water sources significantly affected by withdrawal of water	Performance Metrics
G4-EN10	Percentage and total volume of water recycled and reused	Performance Metrics Water Use
Emissions		
G4-DMA		Our People Our Focus on Safety Our Focus on Environment Protecting What's Important What's Done & What's Next Materiality Analysis
G4-EN15,SS	Direct greenhouse gas (GHG) emissions (Scope 1)	Performance Metrics Greenhouse Gas Emissions
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Performance Metrics Greenhouse Gas Emissions

G4-EN17, SS	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Performance Metrics
G4-EN18, SS	Greenhouse gas (GHG) emissions intensity	Performance Metrics Greenhouse Gas Emissions
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Performance Metrics Greenhouse Gas Emissions
G4-EN20	Emissions of ozone-depleting substances (ODS)	Performance Metrics
G4-EN21	NOX, SOX, and other significant air emissions	Performance Metrics
Effluents & Waste		
G4-DMA		Our People Our Focus on Safety Our Focus on Environment Protecting What's Important What's Done & What's Next Our Regulatory & Reporting Framework Materiality Analysis
G4-EN22	Total water discharge by quality and destination	Performance Metrics
G4-EN23	Total weight of waste by type and disposal method	Performance Metrics
G4-EN24	Total number and volume of significant spills	Performance Metrics
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention ² Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Performance Metrics
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	Performance Metrics
OG-5	Produced water by disposal method	Performance Metrics
OG-6	Volume of flared and vented hydrocarbon	Performance Metrics Greenhouse Gas Emissions
OG-7	Drill mud & cuttings	Performance Metrics
Overall		
G4-DMA		Our People Our Focus on Safety Our Focus on Environment Protecting What's Important What's Done & What's Next Our Regulatory & Reporting Framework Materiality Analysis
EN-31	Total environmental expenditures	Performance Metrics
SOCIAL		
Employment		
G4-DMA		Proven Performance Materiality Analysis
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Performance Metrics Our People
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Performance Metrics Compensation & Benefits
G4-LA3	Return to work and retention rates after parental leave, by gender	Performance Metrics
Occupational Health and Safety		
G4-DMA		Our People Compensation & Benefits Encouraging Communication Learning & Development Our HSE Commitment
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Performance Metrics Our Focus on Safety
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Performance Metrics
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Performance Metrics

G4-LA8	Health and safety topics covered in formal agreements with trade unions	Performance Metrics
OG-13	Process safety events	Performance Metrics
Training and Education		
G4-DMA		Proven Performance Governing Sustainability Materiality Analysis
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Performance Metrics
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Encouraging Learning & Development
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Performance Metrics Encouraging Learning & Development
HUMAN RIGHTS		
Non-discrimination		
G4-DMA		Identifying Issues Materiality Analysis
G4-HR3	Total number of incidents of discrimination and corrective actions taken	Performance Metrics
Indigenous Rights		
G4-DMA		Our Value Chain Materiality Analysis
Human Rights Grievance Mechanisms		
G4-DMA		Identifying Issues Materiality Analysis
SOCIETY		
Anti-corruption		
DMA		Identifying Issues
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Performance Metrics
G4-SO4	Communication and training on anti-corruption policies and procedures	Performance Metrics
G4-SO5	Confirmed incidents of corruption and actions taken	Performance Metrics

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Performance Metrics

ASPECT / Indicator Name	2012	2013	2014	Notes	GRI
ORGANIZATIONAL SCALE					
Financial					
Gross petroleum and natural gas sales (\$ thousands)	1,083,103	1,273,835	1,419,628		G4-9, EC1a
Canada	304,202	382,005	537,788		
France	388,410	453,315	431,252		
Netherlands	123,528	139,570	123,815		
Germany	NA	NA	41,962		
Australia	266,963	298,945	283,481		
United States	NA	NA	1,330		
Direct Economic Value Distributed, by Business Unit					
Operating costs – total – excludes transportation, royalties and G&A (\$ thousands)	178,442	195,043	232,307		G4-9, EC1a,b
Canada	55,418	55,804	76,178		
France	54,907	66,997	61,729		
Netherlands	19,149	20,617	24,041		
Germany	NA	NA	8,686		
Australia	48,968	51,625	61,432		
United States	NA	NA	241		
Employee wages and benefits costs – total (\$ M)	116,134	134,729	168,552		
Canada	71,167	86,714	95,021		
France	17,672	19,945	24,948		
Netherlands	9,598	9,514	14,378		
Germany	NA	NA	681		
Australia	17,697	18,556	29,628		
United States	NA	NA	3,896		
Dividends declared (\$ thousands)	223,717	242,599	272,732		
Interest payments	27,586	38,183	49,655		
Taxes paid – total (\$ thousands)	181,913	218,359	157,336		G4-EC1a,b
Canada	1,582	1,403	1,420	Canada: This is corporate taxes related to holding companies that pay current taxes in foreign jurisdictions. Corporate income taxes for the Canadian business unit are \$0.	
France	63,006	94,524	66,901		
Netherlands	25,648	34,132	4,154		

Germany	NA	NA	44		
Australia – includes PRRT and corporate taxes	91,677	88,300	84,817		
United States	NA	NA	0		
Royalties paid – total (\$ thousands)	52,084	67,936	108,000		EC1SS
Canada	31,667	40,891	65,563		
France	20,417	27,045	28,444		
Netherlands	0	0	5,014		
Germany	NA	NA	8,613		
Australia	0	0	0		
United States	NA	NA	366		
Community investments – total (also see additional economic impact below) (\$ thousands)	718	1,076	1,345		G4-EC1a,b
Canada	531	801	919		
France	117	188	189		
Netherlands	41	29	114		
Australia	29	58	124		
Economic value retained – total corporate (Sales less Direct EV distributed) (\$ thousands)	302,509	375,910	429,701		
Economic value retained in Canada Business Unit	143,837	196,392	298,687	Economic value retained as reported at the Business Unit level excludes deductions for dividends and interest payments incurred at the Corporate level of \$322,387,000	
Economic value retained in France Business Unit	232,291	244,616	249,041		
Economic value retained in Netherlands Business Unit	69,092	75,278	76,114		
Economic value retained in Germany Business Unit	NA	NA	23,938		
Economic value retained in Australia Business Unit	108,592	140,406	107,480		
Economic value retained in US Business Unit	NA	NA	-3,173		
Assets, Debt and Equity					
Net land position (acres)	1,807,024	2,207,800	2,539,700	<p>2012: Canada, France, Australia, The Netherlands, excludes Ireland.</p> <p>2013: Canada, France, Australia, The Netherlands, excludes Ireland.</p> <p>2014: Canada, France, Australia, The Netherlands, Hungary and United States. Excludes Ireland and Germany.</p>	G4-9
Common shares outstanding (millions) (basic)	99.135	102.123	107.303		
Market capitalization (\$ billions)	5.125	6.367	6.116		
Fund flows from operations (\$ thousands)	557,728	667,526	804,865		
Fund flows from operations per basic share	5.69	6.61	7.63		
Fund flows from operations per diluted share	5.62	6.51	7.51		
Net earnings (\$ thousands)	190,622	327,641	269,326		
Net earnings per basic share	1.94	3.24	2.55		
Capital expenditures (\$ thousands)	452,538	542,726	687,724		
Acquisitions (\$ thousands)	315,438	36,689	601,865		
Cash dividends per share	2.28	2.40	2.58		
Dividends as % of fund flows from operations, gross	40%	36%	34%		
Dividends as % of fund flows from operations, net	27%	26%	24%		
Long term debt (\$ thousands)	642,022	990,024	1,238,080		
Total shareholders' equity (\$ thousands)	1,418,646	1,716,375	2,021,346		
Total assets (\$ thousands)	3,076,257	3,708,719	4,386,091		

Total shareholder return	19.6%	24.6%	-4.40%					
Operations								
Number of operations (business units)	4	4	5	2014: Five operated business units. Seven business units in total.	G4-9			
Production (bbls/d) – crude oil	23,971	25,741	28,879					
Production (bbls/d) - NGLs	1,299	1,730	2,533					
Production (mcf/d) – natural gas	75,200	81,210	108,850					
Production (boe/d) – total	37,803	41,005	49,573					
Total proved + probable reserves, gross (MBOE)	143,695	174,453	212,518	2012: Canada, France, The Netherlands, Australia. Excludes Ireland. 2013: Canada, France, The Netherlands, Australia. Excludes Ireland. 2014: Canada, United States, France, The Netherlands, Australia. Excludes Ireland and Germany.	OG1			
People								
Total staff (employees + contractors)	515	597	690		G4-9			
Staff by employment contract & gender (employees=on payroll; contractors=paid by invoice)	M	F	M	F	M	F	G4-10a, c, e	
Employees	241	136	304	157	365	170		
Total employees	377		461		535			
Contractors	112	26	108	28	124	31		
Total contractors	138		137		155			
Permanent employees by employment type & gender	M	F	M	F	M	F	G4-10b	
Full-time	240	134	303	152	362	163		
Part-time	1	2	1	5	3	7		
Total workforce by region and gender	M	F	M	F	M	F	G410d	
Staff – Canada	143	103	165	114	186	118		
Staff – France	109	41	125	46	137	50		
Staff – Netherlands	52	4	65	7	94	16		
Staff – Australia	54	9	62	13	62	13		
Staff - United States	NA	NA	NA	NA	5	3		
Staff - Germany	NA	NA	NA	NA	5	1		
Percentage of work performed by workers defined as self-employed	27		23		7		2014: In 2012 and 2013 this figure included all contract workers. Beginning in 2014, this figure omits contract workers who are employed by an agency.	G4-10e
Significant variations in employment numbers (e.g. seasonal changes)	None		None		None			G4-10f
Percentage of employees covered by collective bargaining agreements	29		29		27		2013: 13 agreements in place in France covering 100% of employees in the FBV. 2014: 14 agreements in place in France covering 100% of employees in the FBV.	G4-11
GOVERNANCE								

Ratio of annual total compensation of highest-paid individual to median annual total compensation all employees; compensation includes base salary, bonus, Vermilion Incentive Plan, and allowances (e.g., holiday pay)	17.51	24.88	26.92		G4-54
Ratio of % change in CEO compensation to % change in employee median compensation from G4-54	n/a	12.7:1	3.73:1		G4-55
ETHICS					
Requests for advice on ethical behaviour through corporate secretary	0	0	0		G4-56
Business conduct investigations	0	0	0		G4-57
Violations of rights	0	0	0		
Monetary value of fines for non-compliance with laws & regulations	0	0	0		
Total number of concerns expressed via hotlines or whistleblower lines	0	0	0		
Political donations	0	0	0		
ADDITIONAL ECONOMIC IMPACT					
Days of Caring (DWH) – hours by employees	1,000	1,179	2,128		G4-EC1
Employee volunteer grant program: Vermilion donations (\$)	14,500	22,358	46,188		
Employee volunteer grant program: Employee hours	1,392	4,831	8,875		
LBG corporate giving – total including external resources leveraged: (\$)	964,173	1,310,226	1,624,122		
Small circle (cash contribution) (\$)	553,733	860,708	1,063,220		
Medium circle (additional direct support) (\$)	163,862	214,738	282,244		
Big circle (external resources leveraged) (\$)	246,578	234,780	278,659		
Additional community investment not included elsewhere – road safety (\$)	70,000	140,000	44,100		
Defined Benefit Plan Obligations				<p>Defined Benefit Plan Obligations: Only our Netherlands business unit had a defined benefit plan in 2014. These plan liabilities were met using a fund held separately from our general accounts by Aegon, a pension insurance company.</p> <p>In 2014, we worked extensively on pension changes for 2015 due to our contract expiring at the end of 2014. We grandfathered the defined benefit plan and rolled out a defined contribution plan in 2015, however none of the changes impacted 2014.</p> <p>Note: In Germany, we have what is by definition a defined contribution plan. It is considered a hybrid contribution plan, as pure defined contribution plans are not possible due to German legislation. The hybrid plan is similar to a defined contribution plan, but there is a guaranteed minimum return. This liability is managed using a fund held separately from our general accounts</p>	G4-EC3b,d,e

				by Allianz, a pension insurance company.	
Level of coverage of the fund's assets compared to obligations	100%	100%	100%		
Percentage of salary contributed by employee	6%	6%	6%		
Contribution of employer:	Annual premium per employee	Annual premium per employee	Annual premium per employee	Contribution of Employer: When an employee starts, Aegon calculates the funds the employee will need at 65 to retire (to buy a pension). Vermilion then pays an annual premium based on gender, age, salary and number of future working years.	
Level of participation in retirement plans	100% in NL	100% in NL	100% in NL		
Financial Assistance Received from Government (e.g. tax relief/credits, subsidies, royalty holidays)	0	0	0		G4-EC4
ENVIRONMENTAL					
*For complete methodologies, refer to Vermilion CDP submission. Vermilion uses the following protocols to calculate Scope 1 and 2 emissions: Australia: National Greenhouse and Energy Reporting Act American Petroleum Institute Compendium, 2009 Canadian Association of Petroleum Producers, Calculating Greenhouse Gas Emissions, 2003 France : Arrêté du 31 janvier 2008 relatif au registre et à la déclaration annuelle des émissions polluantes et des déchets For global warming potentials : Environment Canada, Fourth Assessment Report, 2007					
Energy					
Energy consumption within the organization, in GJ, all non-renewable *Scope 1: includes natural gas, propane liquid, diesel fuel and raw flared gas	2,724,115	2,758,361	3,012,091		G4-EN3
Canada	1,897,339	1,977,236	2,130,186		
France	7,062	26,016	35,351		
Netherlands	31,897	31,248	33,842		
Australia	787,817	723,861	811,060		
United States	NA	NA	1,652		
Energy consumption outside the organization, in GJ, all non-renewable *Scope 2, all electricity, conversion: 1 MWh=0.2777 GJ	1,011,274	972,957	1,022,429		G4-EN4
Canada	169,481	169,481	181,438		
France	531,306	562,861	551,298		
Netherlands	309,853	239,749	287,681		
Australia	642	867	695		
United States	NA	NA	1,317		
Energy intensity ratio – oil & gas production (Gj/boe)	0.34	0.32	0.22		G4-EN5, SS
Total amount invested in renewable energy	\$140,000	\$140,000	\$147,000	2012 & 2013: Cost to establish the geothermal system for the tomato greenhouse heating in Parentis, from its inception, annual breakdown not available, assumed split between 2012 and 2013. 2014: Costs to date related to our geothermal pilot project in the NBU. We hope to progress this pilot project to the construction phase in 2016.	OG2
Total amount invested in renewable energy as % of capital expenditure *Capex 2012 = \$452,538,000 *Capex 2013 = \$542,726,000 *Capex 2014 = \$687,724,000	.03	.03	0.0002		

Total amount of renewable energy generated by source (in MWh): *Basis of metric: Tomato greenhouse in Parentis, France. Based on 10,000 tonnes of CO ₂ e not generated per annum assuming electricity would have been used to heat the greenhouse, and using a France Grid Intensity Factor of 0.08 kg CO ₂ /kWh	125,000	125,000	125,000		OG3
Water					
Total water withdrawal by source, (all, m ³)	996,415	819,523	1,091,587		G4-EN8
Surface water, including wetlands, rivers, lakes, oceans	348,961	313,262	302,053		
Groundwater	640,854	490,410	755,873		
Rainwater collected	0	0	0		
Wastewater from another organization	0	0	0		
Municipal water supplies or other water utilities	6,600	15,851	33,661		
Total number of water sources significantly affected by withdrawal of water	0	0	0		G4-EN9
Total volume of water recycled and reused	0	7,400	21,934	2014: We changed our completion program, which allowed for a significant increase in water reuse.	G4-EN10
Total percentage of water recycled and reused	0	0.9%	2%		
Reduction in water use (offset from recycling)	0	7,400	21,934	2014: We changed our completion program, which allowed for a significant increase in water reuse.	G4-EC2SS
Emissions					
Gross direct (Scope 1) GHG emissions, operational control & equity	288,781	310,285	511,213		G4-EN15a
CO ₂ Scope 1 emissions	250,063	259,849	442,839		SS
Methane, in CO ₂ e *Assumes all vented gas is methane	38,718	50,436	68,174		
Nitrous Oxide	Not tracked	Not tracked	201		
Hydrofluorocarbons	Not tracked	Not tracked	Not tracked		
Perfluorocarbons	Not tracked	Not tracked	Not tracked		
Sulfur hexafluoride	Not tracked	Not tracked	Not tracked		
Gross indirect (Scope 2) GHG emissions CO ₂ e	85,223	79,309	73,410		G4-EN16
Gross other indirect (Scope 3) GHG emissions	2,839	9,860	2,997,538		G4-EN17
Biogenic CO ₂ Scope 3 emissions	0	0	0		
Estimated scope 3 associated with end use of products	Not applicable	Not applicable	2,250,071	2014: We made significant improvements to our Scope 3 inventory and calculatory methodology.	SS
GHG emissions intensity, O&G production, Scope 1, CO ₂ e per barrel of oil equivalent	0.0209	0.0207	0.028		G4-EN18SS
GHG emissions intensity, O&G production, Scope 2 CO ₂ e per barrel of oil equivalent	0.0062	0.0053	0.004		
Emissions of ozone-depleting substances	0	0	0		G4-EN20
NO _x , SO _x and other significant air emissions, broken down by gas all for production	Not currently tracked	Not currently tracked	2,847		G4-EN21
SO ₂	Not tracked	Not tracked	2,847		G4-EN17
Effluents and Waste					
Total water discharge by quality and destination m ³	275,299	7,665,326	7,776,122		G4-EN22
Total weight of waste by type and disposal method, metric tonne	87,189	114,227	113,881		G4-EN23

Reuse	0	7,400	21,935	2014: We changed our completion program, which allowed for a significant increase in water reuse.	
Recycling	36	13	107		
Composting	0	0	0		
Recovery, including energy recovery	1,551	0	0		
Incineration	0	0	6,276		
Deep well injection	46,026	3,649	74,323	2014: Increase due to change in reporting methodology.	
Landfill	27,721	33,015	34,908		
On-site storage	0	0	0		
Other – Oilfield Waste Processing	11,855	70,150	4,679		
Total number and volume of significant spills *No significant spills requiring reporting in financial statements in 2012, 2013 or 2014 *No impacts due to other spills; immediate clean-up initiated	78 66 m ³	137 194 m ³	119 79 m ³		G4-EN24
Weight of hazardous materials transported across international borders	0	0	0		G4-EN25
Water bodies significantly affected by discharges of water & runoff	0	0	0		G4-EN26
Total volume of produced water (m ³)	1,559,854	1,599,692	23,156,436	2013: Reported figure is for Canada only. 2014: Reported figure is for all operated business units.	OG5
Volume and % of produced water by disposal method:	100%	100%	100%		
Reused	0	0	0		
Recycled	0	0	5,096		
Reinjected (m ³)	1,559,854	1,599,692	15,478,310	2013: Reported figure is for Canada only. 2014: Reported figure is for all operated business units.	
Total volume of hydrocarbon discharged within produced water (tonnes) *This discharge comes from the produced water released to the sea in Australia. We are within our operating approval discharging this volume.	242	244	113		
Volume of flared hydrocarbon	15,033	17,891	71,683		OG6
Volume of continuously flared hydrocarbon by business unit: (m ³)	15,033	17,891	71,683		
Canada	2,173	3,137	46,885	2014: Increase due to acquisition of SE Saskatchewan assets.	
Australia	734	293	513	2014: We had performance issues and outages with the recovered gas compressor. This means that gas (at medium and lower pressures) that would normally be recovered and compressed went to flare.	
France	11,347	14,108	22,284	2014: The increase in flared volumes is almost entirely related to solution gas flaring at Vic Bilh, due to the shutting-down of a third party operated gas treatment facility in October 2013. Since then, the solution gas produced from the Vic Bilh oil field has been flared, until	

							March 2015. Since April 2015, Vermilion has completed required work and concluded a new contract for sending gas to a new gas treatment facility. A marginal part of the increase in flared volumes is due to the increasing oil production and subsequent increase in flared solution gas.
Netherlands	779	354	1,771				2014: Increase due to an acquisition in the NBU.
United States	NA	NA	230				2014: Increase due to US asset acquisition in late 2014
Volume of vented hydrocarbon	2,862	3,818	3,583				
Volume of continuously vented hydrocarbon by business unit: (m ³)	2,862	3,818	3,583				
Canada	864	1,069	1,156				
Australia	1,166	1,088	796				
France	100	953	963				
Netherlands	732	709	381				
United States	NA	NA	286				
Volume vented and flared in relation to volume of O&G produced	0.001296882	0.001450508	0.0246				
Amount of drill mud & cuttings produced using non-aqueous drilling fluid, by disposal method: onshore disposal to controlled sites Note: Australia drilling managed by third party, not reported	Canada only: 14,085 m ³ onsite 2,252 t landfill	NBU: 0 Canada & France: 18,844 t landfill	Canada only: 23,822.57 t 14,768.64 m ³				
Amount of drill mud & cuttings produced using aqueous drilling fluid, by disposal method (re injection, recycling, onshore disposal to controlled sites, offshore disposal) Note: Australia drilling managed by third party, not reported	Canada only 14,085 m ³ onsite 2,252 t landfill	NL: 0 Canada & France: 5,273 m ³ onsite 6,701 t landfill	Canada only: 4,729.02 m ³ 7,562.58 t				
Overall							
Total environmental protection expenditures	\$39,954,133	\$37,441,842	\$36,956,969				G4-EN31
Waste disposal, emissions treatment and remediation	\$3,438,407	\$6,069,660	\$15,805,157				
Prevention and environmental management costs	\$36,515,726	\$31,372,182	\$21,151,812				
SOCIAL							
Employment (based on full-time, permanent staff)							
Number of new employee hires by age group, gender and region	M	F	M	F	M	F	G4-LA1a
Canada: under 30	3	2	6	5	13	5	
Canada: 30-50	13	8	23	15	22	11	
Canada: over 50	4	5	4	4	5	9	
Australia: under 30	1	0	2	0	8	0	
Australia: 30-50	3	0	3	0	3	0	
Australia: over 50	1	0	0	0	2	0	
France: under 30	2	0	9	3	4	4	
France: 30-50	1	0	17	5	13	4	
France: over 50	1	0	1	0	1	0	
Netherlands: under 30	0	0	2	2	3	1	
Netherlands: 30-50	2	0	15	0	8	3	
Netherlands: over 50	1	0	2	0	6	1	
Germany: under 30	NA	NA	NA	NA	0	0	
Germany: 30-50	NA	NA	NA	NA	1	1	

Germany: over 50	NA	NA	NA	NA	0	0	
United States: under 30	NA	NA	NA	NA	0	0	
United States: 30-50	NA	NA	NA	NA	2	1	
United States: over 50	NA	NA	NA	NA	3	2	
Rate of new hires by age group, gender and region (percent, based on total numbers in each category at the end of each year, in accordance with GRI)	M	F	M	F	M	F	
Canada: under 30	38	22	38	36	58	36	
Canada: 30-50	17	14	25	21	20	17	
Canada: over 50	13	16	11	12	13	29	
Australia: under 30	33	0	40	0	70	0	
Australia: 30-50	19	0	18	0	11	0	
Australia: over 50	90	0	0	0	10	0	
France: under 30	18	0	45	43	17	36	
France: 30-50	3	0	34	19	21	14	
France: over 50	3	0	3	19	2	0	
Netherlands: under 30	0	0	1	0	50	25	
Netherlands: 30-50	14	0	56	0	20	150	
Netherlands: over 50	3	0	25	0	32	40	
Germany: under 30	NA	NA	NA	NA	0	0	
Germany: 30-50	NA	NA	NA	NA	13	50	
Germany: over 50	NA	NA	NA	NA	0	0	
United States: under 30	NA	NA	NA	NA	0	0	
United States: 30-50	NA	NA	NA	NA	200	200	
United States: over 50	NA	NA	NA	NA	200	200	
Employee turnover numbers by age group, gender and region	M	F	M	F	M	F	G4-LA1b
Canada: under 30	0	2	3	1	2	1	
Canada: 30-50	10	5	6	8	3	4	
Canada: over 50	4	3	1	10	1	2	
Australia: under 30	0	0	0	0	2	0	
Australia: 30-50	1	0	5	0	1	0	
Australia: over 50	0	0	1	0	1	0	
France: under 30	0	0	1	0	1	1	
France: 30-50	2	0	5	1	1	0	
France: over 50	2	0	4	0	2	0	
Netherlands: under 30	1	0	0	0	0	0	
Netherlands: 30-50	0	0	0	0	3	1	
Netherlands: over 50	2	0	0	0	1	0	
Employee turnover rate by age group, gender and region (percent, based on an average of the total numbers in each category, in accordance with industry standard)	M	F	M	F	M	F	
Canada: under 30	0	21	25	9	12	10	
Canada: 30-50	13	9	7	13	3	7	
Canada: over 50	13	10	3	31	3	7	
Australia: under 30	0	0	0	0	40	0	
Australia: 30-50	7	0	30	0	6	0	
Australia: over 50	0	0	9	0	10	0	
France: under 30	0	0	6	0	5	14	
France: 30-50	5	0	12	4	2	0	
France: over 50	6	0	11	0	6	0	
Netherlands: under 30	0	0	0	0	0	0	

Netherlands: 30-50	0	0	0	0	13	50				
Netherlands: over 50	44	0	0	0	12	0				
Net employment creation	15		72		109			G4-LA1		
Parental Leave (includes Maternity, Paternity and Parental Leaves)	M	F	M	F	M	F	Parental Leave: All Vermilion employees who experience the required life event (birth of a child or adoption of a child) are eligible for maternity, paternity and parental leave in accordance with the local legislation. We believe the number of males who take leave is likely underreported, as many males elect to use paid vacation over unpaid parental leave upon the birth or adoption of a child.	G4-LA3		
Number of employees entitled to parental leave	241	136	305	156	365	170				
Number of employees who took parental leave	1	4	1	9	6	16				
Number of employees who returned to work after end parental leave	1	3	1	9	6	9	2014: Note that 3 female employees were still on leave at the time this report was published.			
Rate of employees who returned to work after end parental leave (percent)	100	75	100	100	100	56				
Employees still employed 12 months after end parental leave	Data not available due to early 2013 introduction of Workday personnel information system; earlier numbers in this category were not tracked in previous system				1	4				
Rate of employees still employed 12 months after end parental leave					100	100				
Occupational Health and Safety										
Total number of workers represented by HSE committees	236		275		258		Quarterly HSE Leadership meetings held at the corporate level and whose participants include Senior Management and HSE advisors from all divisions and subsidiaries represent 100% of our employees.	G4-LA5		
Percentage of workers represented by HSE committees	46		46		37					
Total recordable injury frequency (worldwide) *defined using industry safety standard metric, recordable injuries per 200,000 hours *note that for all OH&S metrics, we are reporting male and female statistics together; in 2012, there were 0 injuries to female staff; in 2013, there was 1 injury to female staff. All other injuries were to male staff.	0.97		1.09		1.46			G4-LA6c		
Types of injury – all staff (permanent or fixed term)	LT	RW	MA	LT	RW	MA	LT	RW	MTI	G4-LA6a
Drillings & Completions (worldwide)	0	0	0	0	0	0	0	0	0	
Canada (not including D&C)	0	0	1	0	0	0	0	0	1	
France (not including D&C)	0	0	0	2	0	0	0	0	0	
Netherlands (not including D&C)	0	0	0	0	0	0	0	0	0	
Australia (not including D&C)	0	0	0	0	0	1	2	0	0	
Injury rate – all staff (permanent or fixed term) *defined as injuries relative to the total time worked by the total workforce in the reporting period										
Canada	.0000012		.0000032		0.000001853					
France	0		.0000085		0					
Netherlands	0		0		0					

Australia	0			.0000072			0.000014012			
D&C	Not Reported			Not Reported			0			
Occupational diseases rate – all staff (permanent or fixed term), all locations	0			0			0			
Lost day rate – all staff (permanent or fixed term) *defined as total lost days compared to the total number of hours scheduled to be worked by the total workforce in the reporting period										
Canada	0			0.0001432			0			
France	0			0.0005633			0			
Netherlands	0			0			0			
Australia	0			0			0.00000631			
Absentee rate – all staff (permanent or fixed term) *defined as staff on long-term disability divided by total staff; other measures of absenteeism have not been tracked consistently across business units	N/A			.005			0.003			
Work-related fatalities – all staff (permanent or fixed term)	0			0			0			
Types of injury – contractors *defined using CAPP definitions for Lost Time, Restricted/Modified Work or Medical Aid	LT	RW	MA	LT	RW	MA	LT	RW	MTI	G4-LA6b
Drillings & Completions (worldwide)	3	1	5	2	2	5	7	6	4	
Canada (not including D&C)	0	1	2	2	0	1	1	0	1	
France (not including D&C)	0	1	1	0	0	0	2	0	1	
Netherlands (not including D&C)	0	0	1	0	3	0	0	1	1	
Australia (not including D&C)	0	0	0	0	0	1	0	0	2	
Injury rate – independent contractors *defined as injuries relative to the total time worked by the total workforce in the reporting period										
Canada	.0000065			.0000044			.0000028			
France	.0000040			.0000038			.0000073			
Netherlands	.0000151			.0000228			.0000078			
Australia	0			.0000364			.0000486			
D&C	Not Reported			Not Reported			.0000122			
Occupational diseases rate – independent contractors worldwide	0			0			0			
Lost day rate – independent contractors *defined as total lost days compared to the total number of hours scheduled to be worked by the total workforce in the reporting period										
Canada	0.0001535			0.000058			0.00000429			
France	0			0.0001966			0.00001186			
Netherlands	0			0			0.00000353			
Australia	0			0.0003397			0			
Absentee rate – independent contractors *current system does not track absentee days for independent contractors, so this figure cannot be calculated	Not tracking			Not tracking			Not tracking			
Work-related fatalities – independent contractors worldwide	0			0			0			
Workers involved in occupational activities who have a high incidence or high risk of specific diseases, worldwide	0			0			0			G4-LA7
Asset integrity and process safety										
Number of Tier 1 process safety events	0			0			0			OG13
Number of Tier 2 process safety events	13			27			36			
Training and Education	M	F		M	F		M	F		G4-LA9

Total hours of training	3,419.49	2,471.32	4,296.77	3,447.15	12,074.00	3,917.80	2012 & 2013: Data captures Canada and France. 2014: Data captures Canada, France, The Netherlands, Australia and Germany.	
Total hours of training: Administration	939.88	1,632.01	1,050.66	2,205.84	1,155.5	2,872.8		
Total hours of training: Production & Operations	2,479.61	839.31	3,246.11	1,241.31	10,918.5	1,045.0		
Average hours of training	13.57	9.81	14.82	21.55	29.2	22.8	2012 & 2013: Data captures Canada and France. 2014: Data captures Canada, France, The Netherlands, Australia and Germany.	
Average hours of training: Administration	17.41	19.9	5.15	36.76	16.8	21.8		
Average hours of training: Production & Operations	33.51	10.11	13.47	23.43	31.7	26.1		
Percentage of total employees who received a regular performance and career development review	N/A		44%		92.60%	93.53%	2013: Data tracked based on number of staff with identified development goals. Data not tracked based on gender. 2014: Percentage of total male and female employees who received a regular performance and career development review.	G4-LA11
Anti-corruption								
Percentage of operations assessed for risks related to corruption	100		100		100			G4-SO3
Percentage of governance body communicated to on anti-corruption	100		100		100			G4-SO4
Number and percentage of employees communicated to on anti-corruption	356	100	437	100	535	100	2012: Figure originally stated in 2013 Sustainability Report included employees and contractors. This figure has been revised to include employees only. 2013: Figure originally stated in 2013 Sustainability Report included employees and contractors. This figure has been revised to include employees only.	
Number and percentage of business partners communicated to on anti-corruption * data not available; not formally tracked	N/A	N/A	N/A	N/A	N/A	N/A		
Number and percentage of governance body members trained on anti-corruption	8	100	8	100	9	100		
Number and percentage of employees trained on anti-corruption	0	0	18	4	0	0	2013: Figures originally stated in 2013 Sustainability Report have been updated. Included senior Vermilion personnel and individuals involved in international new growth opportunities.	
Confirmed incidents of corruption	0	0	0	0	0	0		G4-SO5

Materiality Analysis

ASPECT	BOUNDARY ASSESSMENT		IMPACT ON VERMILION	IMPORTANCE/CONCERN TO KEY STAKEHOLDERS					AVERAGE OF STAKEHOLDER CONCERN
	BU=business unit	Relevance or impact inside Vermilion		Primary impact or relevance outside Vermilion, through our value chain	Shareholders & potential investors, including rating agencies	Staff	Partners & Suppliers	Communities	
ECONOMIC IMPACT									
Economic Performance	All BUs	All stages	High	High	High	High	High	Medium	High
Market Presence	All BUs	Production	Medium	Low	Medium	Medium	High	High	Medium
Indirect Economic Impacts	All BUs	Production	Medium	Low	Low	Medium	High	High	Medium
Procurement Practices	All BUs	Supply	Medium	High	Low	High	High	Medium	High
Reserves	All BUs	Exploration	High	High	High	High	High	High	High
ENVIRONMENT									
Materials	All BUs	Supply	Medium	High	Low	High	High	High	High
Energy	All BUs	Production	High	High	Medium	High	High	High	High
Water	All BUs	Production	High	High	High	High	High	High	High
Biodiversity	All BUs	Exploration	Medium	High	High	High	High	High	High
Emissions	All BUs	All stages	High	High	High	High	High	High	High
Effluents & Waste	All BUs	Production Transportation	High	High	High	High	High	High	High
Products & Services	All BUs	Distribution Product Use	Low	Low	Low	Low	High	High	Medium
Compliance	All BUs	All stages	High	High	High	High	High	High	High
Transport	All BUs	Transportation	Medium	High	Low	High	High	High	High
Overall	All BUs	All stages	High	High	Low	High	High	High	High
Supplier Environmental Assessment	All BUs	Supply	High	High	High	High	High	High	High
Environmental Grievance Mechanisms	All BUs	Production	High	High	Low	High	High	High	High
EMPLOYEE ENGAGEMENT									
Employment	All BUs	Exploration Production	High	High	High	High	High	High	High
Labor/Mgmt Relations	All BUs	Exploration Production	Medium	Low	High	Low	Low	High	Medium
Occupational Health and Safety	All BUs	All stages	High	High	High	High	High	High	High
Training and Education	All BUs	All stages	High	High	High	High	Low	High	High
Diversity and Equal Opportunity	All BUs	Exploration Production	Medium	High	High	High	Low	High	Medium
Equal Remuneration for Women and Men	All BUs	Exploration Production	Medium	High	High	High	Low	High	Medium
Supplier Assessment for Labour Practices	All BUs	Supply	High	High	High	High	High	High	High
Grievances	All BUs	All stages	High	High	High	High	High	High	High
HUMAN RIGHTS									
Investment	n/a in our operating areas	Exploration	Low	Low	Low	Low	Low	High	Medium
Non-discrimination	All BUs	All stages	High	High	High	High	High	High	High
Freedom of Association and Collective Bargaining	No operations or suppliers at risk of violations	All stages	Low	Low	High	High	Low	Low	Medium
Child Labour	No operations or suppliers at risk of violations	Exploration	Low	High	Low	High	Low	High	Medium
Forced or Compulsory Labour	No operations or suppliers at risk of violations	Exploration	Low	High	Low	Low	Low	High	Medium
Security Practices	All BUs	Exploration	Low	Low	Low	High	High	High	Medium
Indigenous Rights	CBU and USBU	All stages	Medium	High	High	High	High	High	High
Operations HR Assessments	All BUs	Exploration	High	High	High	High	High	High	High
Supplier HR Assessments	All BUs	Supply	Medium	High	Low	High	High	High	Medium
Human Rights Grievance Mechanisms	All BUs	All stages	Medium	High	Low	High	High	High	Medium
SAFETY									
Occupational Health and Safety	All BUs	All stages	High	High	High	High	High	High	High
Asset Integrity & Process Safety	All BUs	All stages	High	High	High	High	High	High	High
GOVERNANCE & ETHICS									
Local communities (social impact assessments)	All BUs	All stages	Medium	High	High	High	High	High	High
Anti-corruption	All BUs	All stages	High	High	High	High	High	High	High
Public Policy	All BUs	All stages	Medium	Low	Low	Low	Low	High	Medium
Anti-competitive behaviour	All BUs	All stages	Low	High	Low	High	High	High	Medium
Compliance	All BUs	All stages	Medium	High	Low	High	High	High	Medium
Supplier Assessment for Impacts on Society	All BUs	Supply	High	High	Low	High	High	High	Medium
Grievance Mechanisms for Impacts on Society	All BUs	All stages	High	High	Low	Low	High	High	Medium
Emergency Preparedness	All BUs	All stages	High	High	High	High	High	High	High
Involuntary Resettlement	n/a	n/a	Low	Low	Low	Low	Low	Low	Low
Asset Integrity & Process Safety	All BUs	All stages	High	High	High	High	High	High	High
Governance	All BUs	All stages	High	High	High	High	High	High	High
Ethics	All BUs	All stages	High	High	High	High	High	High	High
PRODUCT RESPONSIBILITY									
Customer Health & Safety	All BUs	Product Use	Medium	High	High	High	High	High	High
Product & Service Labelling	All BUs	Product Use	Medium	High	High	High	High	High	High
Marketing Communications	All BUs	Distribution	Low	High	Low	Low	High	High	Medium
Customer Privacy	All BUs	Distribution	Low	Low	Low	High	Low	High	Medium
Compliance	All BUs	All stages	Medium	Low	Low	High	Low	High	Medium
Fossil Fuel Substitutes	All BUs	All stages	Low	Low	Low	High	High	High	Medium

Discussion of Management Approach

Under GRI's G4 framework, each of Vermilion's nine identified Material Aspects under the Specific Standard Disclosures section requires a Discussion of Management Approach, or DMA, which in turn requires three main elements:

1. What makes the Aspect material?
2. How do we manage the Aspect?
3. How do we evaluate our management approach, and does this lead to adjustments?

Much of this information is contained in our Materiality Analysis and within the report text. However, to make this easier to locate in the report, we have summarized the DMAs for each Aspect below. These include why we selected the Aspect as material, how we manage, evaluate and adjust as needed, where operational responsibility lies within Vermilion, and where to find additional details about our management approach within the Sustainability Report. They also include not only the general DMAs expected for every Aspect, but also Aspect-specific DMAs where they apply.

ASPECT: ECONOMIC PERFORMANCE, INCLUDING INDICATORS FOR RESERVES AND COMMUNITY INVESTMENT	
Materiality	<ul style="list-style-type: none"> ➤ Critical to Vermilion’s continued operation, and to stakeholders who depend on the company’s success, including investors, staff, partners/suppliers, and communities
Manage	<ul style="list-style-type: none"> ➤ Commitments: consistently strong return on capital, reliable growth and access to strong markets ➤ Approach: short, mid- and long term milestones outlined in internal business strategy mapped out to 2020 ➤ Target: production growth of 30% between 2014 and 2016 ➤ Focus: operational excellence leading to greater efficiencies and effectiveness ➤ DMA
Evaluate	<ul style="list-style-type: none"> ➤ Departmental quarterly reviews of commitments and progress within the strategy and reporting to the executive and Board of Directors ➤ Quarterly executive and Board reviews of strategy and milestones reached ➤ Monitoring of investor relations trends and issues
Adjust	<ul style="list-style-type: none"> ➤ Changes to strategy as needed to adapt to macroeconomic changes ➤ Changes to internal processes or technologies as needed to fulfill production targets and shareholder returns ➤ Acquisitions as needed to fulfill production targets
Responsibility	<ul style="list-style-type: none"> ➤ President and Chief Operating Officer, EVP and Chief Financial Officer, EVP Business Development
More detail	<ul style="list-style-type: none"> ➤ About Vermilion Energy Inc.

ASPECTS: ENVIRONMENT, INCLUDING ENERGY, WATER, EMISSIONS, EFFLUENTS AND WASTE, (DMA SIMILAR FOR ALL, ENCOMPASSES SAME POLICIES)	
Materiality	<ul style="list-style-type: none"> ➤ Presents as critical operational risk from an adverse environmental incident, but also as important opportunities to improve technology and processes to both protect the environment and contribute to operational excellence and return to shareholders
Manage	<ul style="list-style-type: none"> ➤ Commitments: to fully integrate Health, Safety and Environment into our business, creating a culture recognized as a model by industry and stakeholders. ➤ Approach: integrated management system that includes HSE and Asset Integrity, focused on five pillars: HSE Culture, Communications and Knowledge Management, Technical Safety Management, Incident Prevention and Operational Stewardship and Sustainability. Supported by HSE Policy with 10 focus areas. ➤ Target: zero adverse environmental incidents; improvement of process effectiveness and efficiencies to minimize environmental impacts of our operations; continuous improvement in four areas: improving energy efficiency, reducing greenhouse gas emissions, minimizing water use, caring for the land (especially protecting against spills and releases) ➤ Focus: establishment of comprehensive climate and environmental risk matrix analysis; continual examination of technology and processes, annual assessment of legislative and regulatory changes and their potential impacts; GHG Quantification Methodologies study and Carbon Liability Analysis completed ➤ Measurement: use of Event Management Information System to track health, safety, environmental, regulatory and public complaint incidents or near misses, their root causes, actions taken and preventive measures ➤ Aspect specific DMA for Energy and Emissions: country, regional and industry regulations/policies for energy can be found in Our Commitment to HSE – Our Regulatory and Reporting Framework ➤ Aspect specific DMA for Emissions: numerical targets for GHG reductions are described in CDP Report
Evaluate	<ul style="list-style-type: none"> ➤ Established baselines for key performance indicators through Carbon Disclosure Project and sustainability reporting in 2012 and 2013. Submitted 2014 CDP Report. ➤ As reporting progresses from baseline into trend analysis, identify additional areas for improvement ➤ Internal review of sustainability policy
Adjust	<ul style="list-style-type: none"> ➤ Changes to sustainability policy as needed
Responsibility	<ul style="list-style-type: none"> ➤ Chief Operating Officer, via Director, HSE
Details	<ul style="list-style-type: none"> ➤ Our Commitment to HSE – Our Focus on Environment

Aspect: Employment	
Materiality	<ul style="list-style-type: none"> ➤ Vermilion and its stakeholders recognize that staff are key to achieving operational goals, including in the areas of economic, environmental, safety and social issues
Manage	<ul style="list-style-type: none"> ➤ Commitments: to maintain Vermilion’s position as a workplace of choice, to enable the company to attract and retain high quality staff ➤ Approach: competitive compensation and benefits packages; provision of a safe and respectful work environment ➤ Target: low turnover rate, ease of finding qualified candidates ➤ Focus: strong two-way communication between management and staff; launch of new intranet in 2013; launch of Workday system in 2013 to streamline employee information for both staff and management ➤ Aspect specific DMA for Employment: Vermilion is not aware of any work that is done within our supply chain that is not subject to appropriate institutional and legal frameworks, including but not limited to social and labour protection, fair working conditions and compensation, or disguised employment relationships. We rely on our legally constituted contracts and supplier agreements to ensure that work and products comply with all labour laws and regulations. However, we recognize that we may not be aware of all suppliers in our extended supply chain. This is an area that we need to review and research in order to determine action needed to ensure the integrity of our supply chain once it is removed from those working with us directly.
Evaluate	<ul style="list-style-type: none"> ➤ Analysis of results from Great Place to Work® staff survey, including department workplans to respond to staff concerns and suggestions ➤ Monitoring of/action in response to staff suggestions via the intranet ➤ Analysis of Workday statistics in key areas such as turnover to ensure competitive position ➤ Gap analysis for performance metrics
Adjust	<ul style="list-style-type: none"> ➤ Adjustments to work/employee policies as needed ➤ Increased communication via intranet and other internal communication channels ➤ Increased data gathering to close gaps in performance metrics
Responsibility	<ul style="list-style-type: none"> ➤ EVP People & Culture
Details	<ul style="list-style-type: none"> ➤ Our People

Aspect: Occupational Health and Safety, including Process Safety	
Materiality	<ul style="list-style-type: none"> ➤ First priority for company and its stakeholders: nothing is more important than the safety of staff, partners, suppliers, communities and all those who work with us
Manage	<ul style="list-style-type: none"> ➤ Commitments: to fully integrate Health, Safety and Environment into our business, creating a culture recognized as a model by industry and stakeholders ➤ Approach: integrated management system that includes HSE and Asset Integrity, focused on five pillars: HSE Culture, Communications and Knowledge Management, Technical Safety Management, Incident Prevention and Operational Stewardship and Sustainability. Supported by HSE Policy with 10 focus areas. ➤ Target: zero safety incidents ➤ Focus: integration of existing HSE Management System and Asset Integrity Management System with newly developed Process Safety Management System ➤ Measurement: use of Event Management Information System to track health, safety, environmental, regulatory and public complaint incidents or near misses, their root causes, actions taken and preventive measures
Evaluate	<ul style="list-style-type: none"> ➤ Analysis of results from staff HSE Perception Survey ➤ Analysis of safety metrics ➤ Analysis of audit and compliance reviews
Adjust	<ul style="list-style-type: none"> ➤ Continued implementation of Fair Culture policy across business units ➤ Complete Implementation of Process Safety Management System ➤ Continued implementation of competency and training program ➤ Continued focus on increasing internal communication of safety programs ➤ Further development of OH&S within supply chain
Responsibility	<ul style="list-style-type: none"> ➤ President and Chief Operating Officer, via Director, HSE
Details	<ul style="list-style-type: none"> ➤ Our Commitment to HSE – Our Focus on Safety

Aspect: Training and Education	
Materiality	<ul style="list-style-type: none"> ➤ Considered a critical element of employee engagement, building productivity, and contributing to staff attraction and retention
Manage	<ul style="list-style-type: none"> ➤ Commitments: engage Vermilion in assisting staff to identify and achieve career and development goals ➤ Approach: lifelong learning approach, combined with annual identification of specific development goals for all permanent employees ➤ Target: 100% of permanent employees participating in an annual performance review and development plan ➤ Focus: provision of informal and formal training and development opportunities that fulfill both company and employee needs
Evaluate	<ul style="list-style-type: none"> ➤ Gap analysis of company and staff training needs
Adjust	<ul style="list-style-type: none"> ➤ Strengthen training offerings in personal development training and key health and safety courses
Responsibility	<ul style="list-style-type: none"> ➤ EVP People & Culture
Details	<ul style="list-style-type: none"> ➤ Our People - Encouraging Learning and Development

Aspect: Anti-Corruption	
Materiality	<ul style="list-style-type: none"> ➤ Critical ethical, reputational and legal risk for the company, which could jeopardize economic performance and negatively impact not just Vermilion but also key stakeholders
Manage	<ul style="list-style-type: none"> ➤ Commitments: zero tolerance for corruption on the part of our Board, staff, suppliers and any other entity related to Vermilion ➤ Approach: clear anti-corruption policy is part of Vermilion’s Code of Conduct; advice can be sought or infractions noted anonymously to our Corporate Secretary ➤ Target: 100% compliance on the part of the Board, staff, suppliers and any other entity related to Vermilion ➤ Focus: annual sign-off by members of the Board and staff ➤ Aspect specific DMA for Anti-Corruption: We assess the risk for corruption based on geography during our business development due diligence. We specifically operate in geographical regions noted for their stable, well developed political regimes and fiscal and regulatory policies regarding oil and gas exploration and development. We have developed a clear and comprehensive Code of Conduct that includes policies specific to anti-corruption and anti-bribery, with which all staff must comply. Community investments such as charitable donations and sponsorships are approved through either Business Unit community investment committees and managers, or through several levels of review (such as the Senior Community Investment Advisor to the Manager, Community Investment to the EVP People & Culture and CEO, depending on location. They are granted using specific and detailed parameters that minimize the risk that they could be used as bribery. We have identified none of our governance body members, employees or business partners as having a high risk of incidents of corruption. We do not currently offer specific anti-corruption training, nor do we participate in collective action initiatives related to anti-corruption.
Evaluate	<ul style="list-style-type: none"> ➤ Evaluate based on percent of Board and staff who certify their compliance annually (currently 100%). Compare Vermilion current practices with industry best practices to determine gaps
Adjust	<ul style="list-style-type: none"> ➤ Ensure continued communication of expectations and monitoring of compliance ➤ Best practices indicate the need for contractor and supplier certification in addition to Board and staff. Review process needed to put this into practice. ➤ Best practices indicate the potential need for staff training in anti-corruption
Responsibility	<ul style="list-style-type: none"> ➤ CEO, EVP People
Details	<ul style="list-style-type: none"> ➤ Our Leadership

Abbreviations & Terms

In this report, we refer to Vermilion Energy Inc. as "Vermilion", the "company", "we" or "our".

Term/Abbreviation	Definition
ABU	Australia Business Unit
bbl(s)	barrel(s)
bbls/d	barrels per day
boe	barrel of oil equivalent, including: crude oil, natural gas liquids and natural gas (converted on the basis of one boe for six mcf of natural gas)
boe/d	barrel of oil equivalent per day
CBU	Canada Business Unit
CDP	Carbon Disclosure Project
CO ₂ e	carbon dioxide equivalents
EESG	Economic, Environmental, Social and Governance Impacts
FBU	France Business Unit
GBU	German Business Unit
GHG	Greenhouse gas
GJ	gigajoules
GRI	Global Reporting Initiative
HSE	Health, Safety, Environment
\$M	thousand dollars
\$MM	million dollars
mbls	thousand barrels
mboe	thousand barrel of oil equivalent
mmboe	million barrel of oil equivalent
MWh	megawatt hour
NBU	Netherlands Business Unit
NGLs	natural gas liquids
PPE	Personal Protective Equipment
USBU	United States Business Unit

VERMILION
ENERGY



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Vermilion's 2014 Corporate Day of Caring took place on September 5 at the Bowness Campus of Wood's Homes.

