



Vermilion purchases its power for operations in The Netherlands from renewable energy sources.

VALUES MATTER | 2016 SUSTAINABILITY HIGHLIGHTS
Excellence. Trust. Respect. Responsibility.

For Vermilion's complete sustainability report, with 2015 Performance Metrics, please visit us:
vermilionenergy.com/sustainability

VERMILION
ENERGY



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COVER PHOTO

This photo represents the transition to lower carbon energy sources. Vermilion's drilling operation at Lambertschaag is shown in the background. In The Netherlands, 99% of our production is natural gas, which is cleaner burning than other fossil fuels such as coal. The wind turbines in the foreground represent our decision to purchase the power required to run our operation in The Netherlands from renewable – or green – sources, including wind, solar and biomass options.

HANDY ABBREVIATIONS AND TERMS

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

bb1(s)	barrel(s)
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	barrels of oil equivalent per day
BU	business unit
CO₂ e	carbon dioxide equivalents
GHG	greenhouse gas
GRI	Global Reporting Initiative
HSE	Health, Safety, Environment
NGLs	natural gas liquids
\$M	thousand dollars
\$MM	million dollars

VERMILION
ENERGY



Vermilion is a publicly traded, international oil and gas producer.

We are headquartered in Calgary, Alberta, Canada, with operations positioned around the world in regions noted for their stable fiscal and regulatory policies pertaining to 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.

IN 2015, VERMILION:

- produced over **20 MILLION BOE OF OIL AND GAS**
- generated **NET REVENUE OF MORE THAN \$873 MILLION**
- reinvested **\$487 MILLION IN ORGANICALLY GROWING** our business
- distributed more than **\$283 MILLION IN DIVIDENDS** to our shareholders
- paid more than **\$117 MILLION IN TAXES AND ROYALTIES** in our operating jurisdictions
- invested more than **\$1.3 MILLION IN COMMUNITY SUPPORT**
- devoted almost **\$26 MILLION TO PROTECTING OUR ENVIRONMENT**



CANADA

Production	25,598 boe/d
Staff	289
Net revenue	\$292.5 MM
Reserves	121,717 Mboe

FRANCE

Production	12,429 boe/d
Staff	199
Net revenue	\$254.5 MM
Reserves	63,612 Mboe

THE NETHERLANDS

Production	7,559 boe/d
Staff	130
Net revenue	\$126.0 MM
Reserves	16,320 Mboe

GERMANY

Production	2,630 boe/d
Staff	13
Net revenue	\$34.9 MM
Reserves	8,250 Mboe

IRELAND

Production	5 boe/d
Staff	-
Net revenue	0.1 MM
Reserves	25,538 Mboe

AUSTRALIA

Production	6,454 boe/d
Staff	80
Net revenue	\$162.8 MM
Reserves	17,465 Mboe

UNITED STATES

Production	247 boe/d
Staff	10
Net revenue	\$3.0 MM
Reserves	7,988 Mboe

Notes:
Net revenues = sales less royalties
Staff = employees + contractors
Reserves = proved + probable

OUR THIRD ANNUAL SUSTAINABILITY REPORT

When the United Nations released its Sustainable Development Goals in the fall of 2015, it generated an unprecedented focus on collaboration between nations, civil society and business to create a sustainable future for people and the planet. The Conference of the Parties in Paris last November made the need for working together even clearer.

At Vermilion, we have always been committed to the priorities of health and safety, the environment, and economic prosperity – in that order. Nothing is more important to us than the safety of our communities and those who work with us, and the protection of our natural surroundings. And while our communities rely on us to conduct business responsibly, we believe in reaching beyond, ensuring that our investors, our people, our partners and our communities share in our success.

The past year has continued to present significant economic challenges for the energy sector, but we did not retrench from our determination to effect positive change for all stakeholders during this industry downturn. Instead, we remain committed to our vision of disciplined, long-term growth and of delivering shareholder value by operating in an economically, environmentally and socially sustainable manner.

As we release our third annual sustainability report, I am honored to share how we are moving forward with this vision. In 2015, we recognized Integrated Sustainability as one of our six key business drivers, and we established internal champions with mandates to advance our objectives. Our employment of the phrase “Integrated Sustainability” reflects our belief that every facet of Vermilion’s business, beginning with our physical operations and encompassing our financing, human resources and community relations, must advance our overarching goal of advancing global sustainability. We understand that as a careful and socially conscious energy producer, we contribute to the economic and environmental strength of the communities and countries where we operate, particularly as the planet moves toward a low-carbon economic model.

The displacement of coal by natural gas is an important part of this energy transition, and is recognized as such by many of the governments where we conduct our operations. In 2015, for example, our natural gas would have offset nearly 1.9 million tonnes of greenhouse gas emissions compared to a coal-based energy source. We expect this offset to further increase in 2016, given that we have already moved from a 60/40 oil-gas production balance at the end of 2015 to a 50/50 split in mid-2016. We are also continuing to pilot the generation of renewable energy within our operations, including expanding geothermal applications in France to an entire eco-neighbourhood, and assessing our geothermal potential in The Netherlands.



We are focused on the transparent reporting of our sustainability performance. In keeping with this, we are taking 2016 as a foundational year to analyze the data we have compiled since 2012 and to compare it to feedback from key stakeholders, including investors and socially-responsible investment agencies, and to industry benchmarks. As a result, we will progress this fall to include climate change policy, science-based target setting approaches, and restructuring our reporting to make it even more useful to our stakeholders. This is critical work, and we are investing both the time and resources that are required to get it right. Please stay tuned for our future announcements in these key aspects of our sustainability program.

Vermilion contends that the oil and gas sector has an essential role to play in the achievement of the UN Sustainable Development Goals, especially on the issues involving energy and the environment. We intend to make an outsized contribution to this effort. We take on this mantle not out of inwardly-directed self-interest, but instead because it is the right thing for an internationally-focused, well-governed company to do. In fulfilling our commitment, we will have clear expectations for both our results and the manner in which we achieve them. We are proud of our broad emphasis on Integrated Sustainability, and we hope that this 2016 Sustainability Report clarifies our commitment to this key part of Vermilion’s mission.

Finally, I ask that you, as our stakeholders in this critical venture, provide us honest feedback in your assessment of this Report and our overall efforts. And I ask that you join us in our commitment to global sustainability.

Yours very truly,

Anthony Marino
Chief Executive Officer

OUR APPROACH TO SUSTAINABILITY

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.

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.

Our Board of Directors and our Executive and Leadership teams continue to recognize our stakeholders’ expectations as being critical to Vermilion’s success. 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.



To meet our commitments, we rely on the framework provided by **our sustainability policy**, which integrates sustainability into all facets of our business in the following five key areas:

- 1. GOVERNANCE AND ETHICS**
- 2. ECONOMIC PERFORMANCE**
- 3. PEOPLE**
- 4. HEALTH, SAFETY AND ENVIRONMENT**
- 5. COMMUNITIES**

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 by our stakeholders as a model in our industry.

ABOUT OUR REPORT

To identify Vermilion's material issues for sustainability reporting, we began by describing the major elements in our value chain.

We then identified our key stakeholders, and prioritized the issues based on the relevance and anticipated impact to Vermilion or its stakeholders. We then developed our materiality matrix using the GRI's G4 framework, and selected issues with potential for high-impact consequences to both stakeholders and the company for discussion in our sustainability report.

STEP 1 OUR VALUE CHAIN

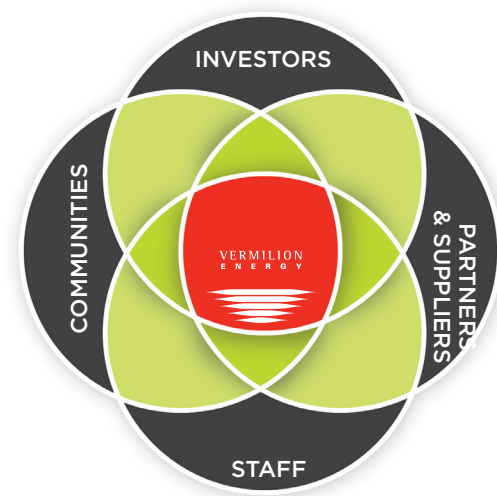
Vermilion's operations influence an extensive value chain that connects petrochemical resources with activities that are essential to our daily lives, including transportation, manufacturing and heating, thus contributing to the strength and resilience of the global economy.



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 business, from exploration to remediation	How we extract oil, gas and associated byproducts from our operating properties, covering the full lifecycle of development of our oil and gas resources	How Vermilion transports and markets our products and byproducts, along with any subsequent transportation of those products to the end consumer	The midstream and downstream refiners who constitute our customers, and the companies and individual consumers who use the products that result from their activities

STEP 2 OUR KEY STAKEHOLDERS

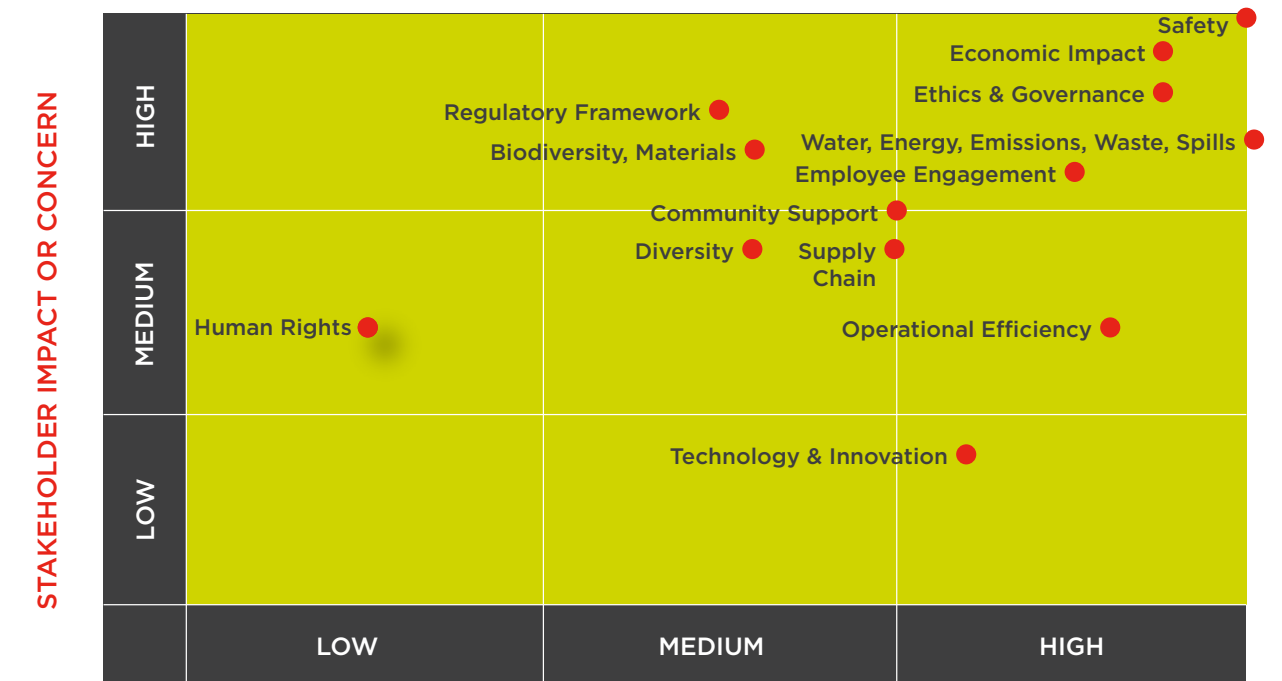
Our employees, partners, suppliers, investors and the people located in the communities in which we operate have the highest likelihood of being directly affected by our operations. For all of these groups, a failure in our economic, environmental and/or social performance could have negative and long-lasting effects. 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. Therefore, we must engage with these stakeholders on a regular and ongoing basis.



STEP 3 OUR MATERIALITY MATRIX

Once we had identified issues relevant to Vermilion or its stakeholders, we then identified 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.

It is important to note that materiality in this context is not a judgment on societal importance. For example, the issues surrounding human rights 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.



STEP 4 OUR REPORT CONTENT

We used our materiality matrix to identify the high-impact issues to discuss within our sustainability report. These are identified in the following table, along with their key components.

SAFETY	ECONOMIC IMPACT	ETHICS & INTEGRITY	ENVIRONMENT	EMPLOYEE ENGAGEMENT
Personal Health & Safety	Economic Performance	Ethics & Integrity	Energy Consumption	Employment
Process Safety	Reserves	Governance	Greenhouse Gas Emissions	Training & Education
	Community Investment	Anti-corruption	Water Use	
			Effluents & Waste, Including Spills	

OUR LEADERSHIP

ETHICAL CULTURE

The men and women who comprise our Board of Directors 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.

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 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.

EXCELLENCE
TRUST
RESPECT
RESPONSIBILITY

OUR CORE VALUES
GUIDE WHAT WE DO
AND HOW WE DO IT



GOVERNANCE RECOGNITION

Organizations including The Globe and Mail (Board Games), Canadian Coalition for Good Governance and Brendan Wood International have recognized Vermilion for its high standards in governance.



As of March 1, 2016, we announced changes that resulted from a long-term succession plan that was undertaken by the Board and senior executives. Mr. Lorenzo Donadeo, Vermilion's co-founder and formerly Chief Executive Officer, was appointed Chair of the Board, and Mr. Anthony Marino (formerly President and Chief Operating Officer) was promoted to President and Chief Executive Officer. Mr. Larry Macdonald, an independent director and Chairman of our Board since 2003, was appointed Lead Director. The Board Operating Guidelines were also updated to reflect that we are committed to the appointment of an independent Chair of the Board, or if the Chair is not independent, an independent Lead Director.

As of May 6, 2016, Vermilion's Board of Directors is comprised of nine directors and one corporate secretary. Seven of the nine Directors (78%) are considered independent, and two (22%) are female. Mr. Anthony Marino and Mr. Lorenzo Donadeo are non-independent directors.

Our board structure is a one-tier system; Vermilion has never had an executive committee that can make decisions without the rest of the board.

INTERNATIONAL DIRECTORSHIPS

Vermilion practices good governance standards with its international subsidiary companies and has appointed independent directors to the Boards of our various subsidiaries. For the international directorships, in aggregate, we have 12 independent Directors with 11 men and one woman. Boards of our international subsidiary companies are two-tier systems and include representation by non-executive directors and employee representatives.

RISK OVERSIGHT

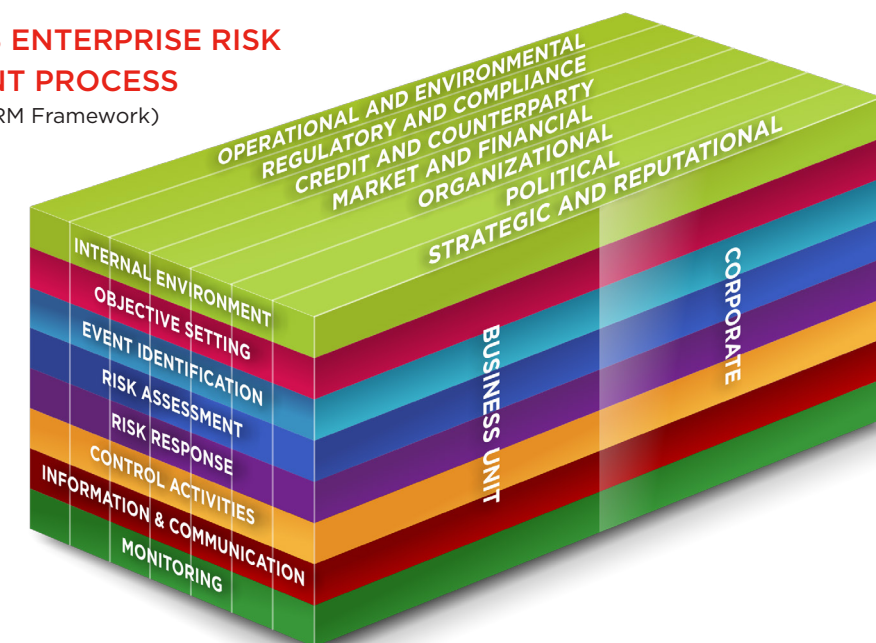
As a responsible company, effective risk and crisis management is vital for Vermilion. Our focus on awareness and the effective management of our business related risks – including economic, environmental and social risks – begins with our Board of Directors.

Through its four committees, the Board independently reviews the effectiveness of Vermilion's identification and management of risk quarterly. 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. Feedback is communicated to the management team, which in turn reports back to staff with responses to concerns, ideas and suggestions raised. Material feedback from staff is also communicated to the Board.

VERMILION'S ENTERPRISE RISK MANAGEMENT PROCESS

(Based on Coso ERM Framework)



OUR PEOPLE

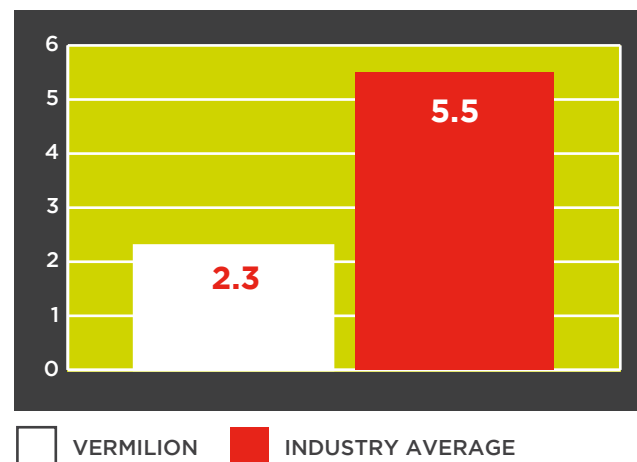
WE VIEW OUR STRONG CULTURE AS BEING THE SINGLE MOST IMPORTANT FACTOR IN OUR LONG-TERM SUCCESS.

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

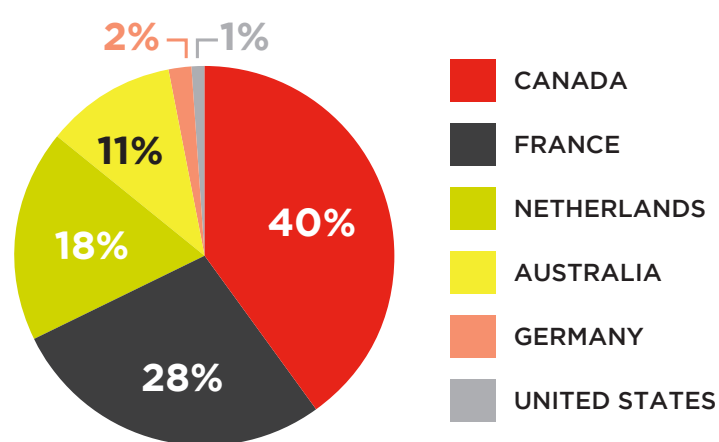
By nurturing and protecting our culture, we believe we attract and retain the best of the best. Our successful efforts are best reflected by our consistently low voluntary turnover rate which has remained well below the industry average year after year.

TURNOVER RATES - 2015



In 2015, our voluntary turnover rate was 2.3% (vs. 3.5% in 2014) compared to an industry average of 5.5%. (Source: 2014 Mercer TCS Results)

WORKFORCE BY BUSINESS UNIT

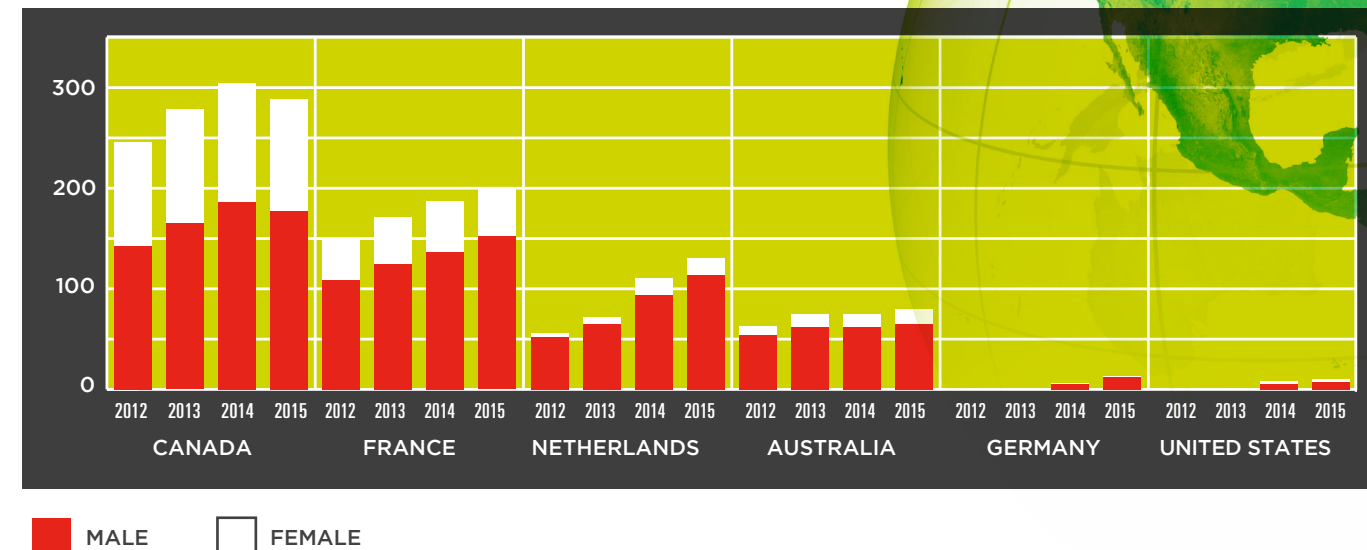


41% of our workforce was located in North America, 48% was located in Western Europe and 11% was located in Western Australia.

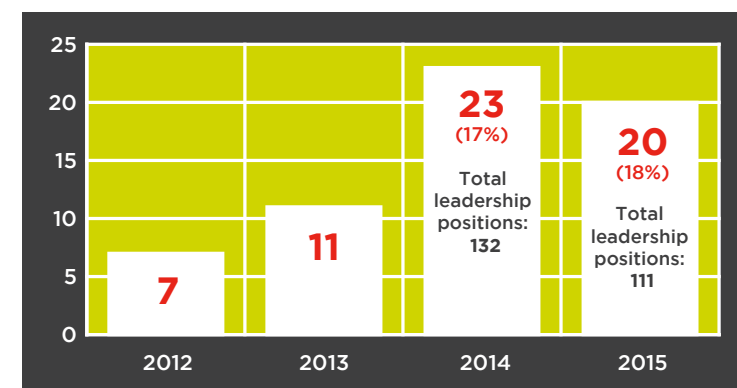
2015 AT-A-GLANCE

At December 31, 2015 our team comprised 721 people globally, compared to 690 at December 31, 2014. Permanent employees accounted for 72% of our workforce.

BREAKDOWN OF WORKFORCE BY REGION AND GENDER



NUMBER OF WOMEN IN LEADERSHIP POSITIONS



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 nine (22%) Directors on our Board are female and one out of five (20%) of our named executive officers is female. In 2015, 18% of leadership roles at Vermilion were held by women.



For a seventh 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 third year in a row. We made our inaugural appearance on the Best Workplaces List in Germany, in what was also our first year of qualifying for the Best Workplaces regional competition.

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.

GREAT PLACE TO WORK®

OUR COMMITMENT TO HSE

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.

HSE: EVERYWHERE. EVERYDAY. EVERYONE.

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 HSE pillars are:

- HSE Culture
- Communications & Knowledge Management
- Technical Safety Management
- Incident Prevention
- Operational Stewardship & Sustainability

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.

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.

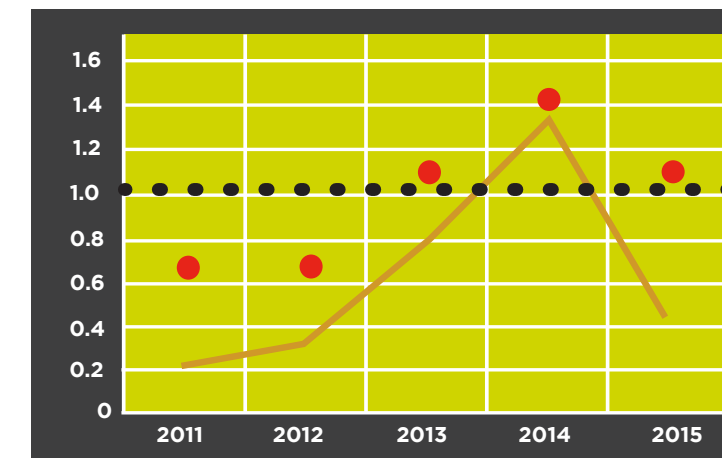
Lagging indicators such as number of recordable injuries, number of spills and associated volumes are used to evaluate the effectiveness of our HSE program and are tracked as part of the feedback loop in our proactive approach to create a safe and healthy workplace.

In 2015, we met or exceeded 95% of our leading indicators at the business unit level, and many business units far exceeded their individual targets. Corporately, we met 100% of our leading KPIs.

We believe in measuring what matters – which is why we track key safety performance indicators, to provide insights into our progress toward our vision of zero incidents. We pay particular attention to our Lost Time Incident (LTI) data; we believe our 2014 LTI result was an outlier, with our 2015 results getting us back on track. In addition, the severity of our LTI events was low, because all of our affected workers were all able to return to their duties in short order. As part of our safety management processes, we fully investigate all incidents and near misses, and implement corrective actions. We also share lessons learned across our business units to continuously improve our performance.

TOTAL RECORDABLE INJURY FREQUENCY AND LOST TIME INCIDENTS

(PER 200,000 WORK HOURS)



	2011	2012	2013	2014	2015
● TRIF	0.68	0.69	1.13	1.46	1.13
●● 5 YEAR TRIF AVERAGE	1.02	1.02	1.02	1.02	1.02
— LOST TIME INCIDENTS	2	3	7	12	4

SAFETY FOR ALL

We require third-party vendors to 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 our requirements. We also observe vendors on an ongoing basis to ensure that they are adhering to Vermilion's HSE practices, procedures and rules.

Our HSE vision is to fully integrate HSE into our day-to-day business and culture, resulting in a workplace free of incidents.

Our 2015 accomplishments in the area of HSE are a good indicator of our progress towards realizing our HSE vision. Examples of these accomplishments include:

HSE CULTURE

- Focus on the priorities and measurable actions around five key focus areas of HSE Culture, Communication and Knowledge Management, Technical Safety Management, Incident Prevention and Operational Stewardship & Sustainability
- Development of in-house HSE Leadership Training program
- Implementation of a performance-based HSE leader competency

COMMUNICATIONS & KNOWLEDGE MANAGEMENT

- Recognized as a Climate Disclosure Leader (2015) by CDP
- Continued 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

- Development of a fit-for-purpose Process Hazard Analysis Standard
- Continued development and implementation of our Process Safety and Asset Integrity Management Systems

INCIDENT PREVENTION

- Continued focus on our robust hazard identification and risk mitigation program around our top fatal risk exposures
- Continuing risk management efforts in addition to detailed emergency-response planning

OPERATIONAL STEWARDSHIP & SUSTAINABILITY

- 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

OUR FOCUS ON ENVIRONMENT

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

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 EMPHASIZES FOUR MAIN AREAS FOR CONTINUOUS IMPROVEMENT:

1. Energy efficiency

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

2. Reducing greenhouse gas emissions

In 2015, we decreased our gross greenhouse gas emissions while increasing production. This also reflects a decrease in our emissions intensity on a per unit of production basis. We have achieved this success thanks to our energy efficiency programs, emission reduction initiatives and an operational structure that maximizes production while reducing our footprint and energy consumption intensity.

While our production increased by 11% from 2014 to 2015, Vermilion's gross emissions profile decreased by 11.5% during the same period. This absolute reduction reflects a 24% decrease in emissions intensity.

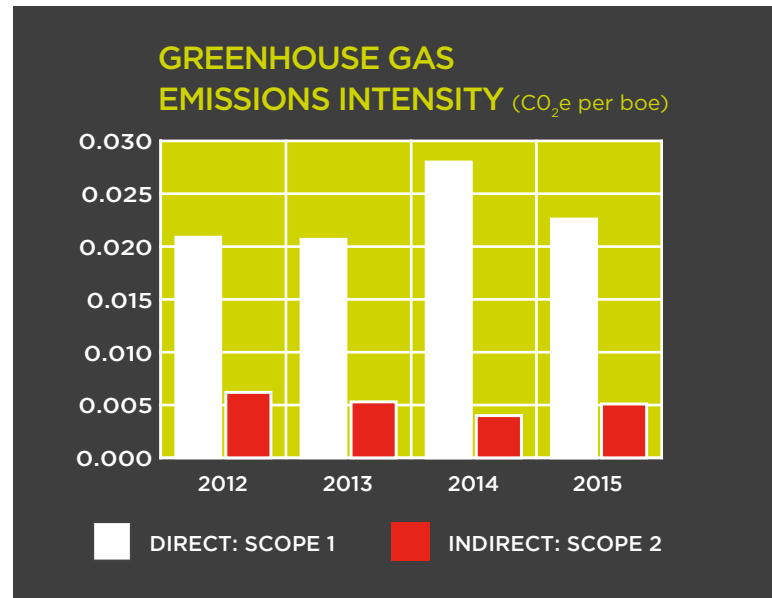
In 2015, our gross Scope 1+2 emissions decreased 9%. When compared to our 2015 Scope 1 and 2 emissions, we have avoided 93,020 tCO₂e. Of this value, 53,168 tCO₂e is directly related to emission reduction projects in Canada and France, while the remaining avoided emissions are related to producing oil and gas more efficiently.

3. Maximizing our water efficiency

We endeavor to reduce our potable water consumption wherever possible. We produce key performance indicators on water use in the Performance Metrics section of our full 2015 Sustainability Report. This includes water withdrawal by source, and percentage and volume of water recycled and reused.

4. Caring for the land

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

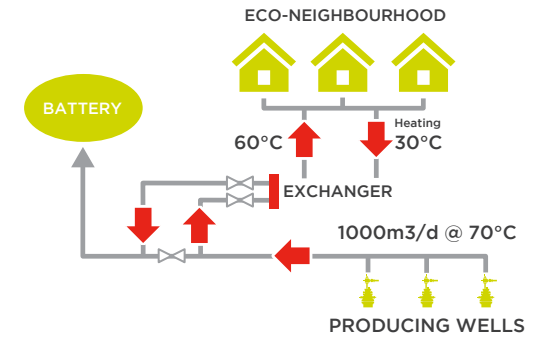


REDUCING GREENHOUSE GAS EMISSIONS WITH GEOTHERMAL ENERGY

We signed a 30-year partnership in 2015 with a French land developer to provide geothermal 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 southwest of France, started in 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, providing approximately 70% of the homes' heating requirements.



DID YOU KNOW?

Proximity to transportation links is a key factor when deciding our office locations because it helps us reduce our carbon footprint. Three quarters of our staff in Perth walk, cycle or take public transit to work!

LEVERAGING OUR GEOTHERMAL EXPERTISE

In February 2014 we notified the Ministry of Economic Affairs in The Netherlands that we wished to use Vermilion's subsurface, HSE, and drilling expertise to aid in developing 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 date, and are currently in the execution phase of the feasibility study, working to progress this pilot project to the construction phase in 2016. Reflecting our long-term, committed approach to emissions and energy reduction, we expect to continue our work on this project through 2020.

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. We believe 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.

MANAGING CLIMATE CHANGE

We integrate the issue of climate change into Vermilion's business strategy in a number of ways:

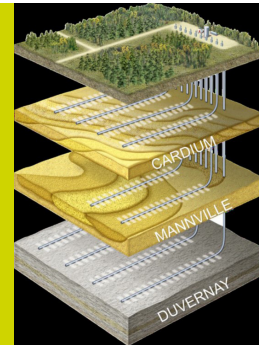
- Our focus on achieving Best-in-Class HSE drives management support of programs that enhance our environmental performance and empower our people to effect operational change.
- We are committed to being compliant in all regulatory regimes across all business units.
- We have altered our project management 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.
- We annually examine and re-assess the risks associated with climate change and the potential effects on our operations globally, including rising sea levels, carbon taxation schemes and carbon sequestration requirements.

Several substantial business decisions were made in 2014 and 2015 to reduce emissions. For instance, we scoped required modifications to acquired assets in southeast Saskatchewan that will allow for a significant (50%) reduction in Vermilion's 2014 emission levels in the medium term (2020). This included a significant capital commitment in our Saskatchewan operation to fund the completion of a gas plant project, with partners, that enables natural gas conservation in the region.

OUR FOCUS ON ENVIRONMENT

FRANCE

We welcomed a new boat, the Pelican, to our Parentis Lake fleet in August 2015, allowing us to minimize the impact of our activities on the environment and our operating area. The boat is used for our lake rounds, and is increasing our presence and monitoring, offering a gain in intervention efficiency. From an environmental perspective, the engines meet the latest standards and regulations. This reduces fuel consumption and the boat's wake, thus offering greater respect for other lake users such as fishermen and sailors.



ALBERTA, CANADA

Vermilion's Pembina stacked play uses horizontal wells to help us minimize our surface footprint. We usually program these wells from a single surface location or pad, with up to eight wells being drilled from one 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.

THE NETHERLANDS

Vermilion's focus on Integrated Sustainability is demonstrated through our continued business relationship with leading organizations such as Delta. In our northern region in The Netherlands, for example, we tendered our power supply contract to three different providers, and selected Delta as our provider of choice. This partnership has resulted in a quantifiable reduction on Vermilion's emissions through the purchase of 100% green power from our largest power provider (of 3 providers) there, resulting in an estimated 91% reduction in Scope 2 emissions in that business unit (an estimated 35,990 tCO₂e). The contract governing this power purchase came into effect in 2016.



AUSTRALIA

We undertook offshore marine monitoring in late 2015 within the Wandoo Field. This included the characterization of the epifauna using a remotely operated vehicle (ROV), water sampling and sediment sampling, and revealed an impressive ecosystem at Wandoo, with a number of fish species, turtles, sharks and rays spotted at the base of our platforms. Corals, sponges, clams & molluscs cover the concrete structure. 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.

SASKATCHEWAN, CANADA

In 2015, through the construction of new infrastructure, tying our production into gathering systems, installing vapour tanks with flares, upgrading battery flares including upgraded ESD systems, and converting to instrumental air systems, we have reduced emissions in our Southeast Saskatchewan assets by 42%. We are targeting a 50% reduction in gross emissions from our Saskatchewan asset by 2020 compared to 2014 emissions levels.



OUR COMMUNITIES



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

We care about the communities where we live and work.

Giving to our communities, in both funding and time, contributes to the quality of life in those communities for everyone. At Vermilion, it's a key part of how we do business.

Our Ways of Caring program helps us to support non-profit and charitable organizations in our communities in three ways:



give back.

GIVE BACK: Vermilion's charitable giving focuses on four key areas:

- Homelessness & Poverty
- Health and Safety Promotion
- Environmental Stewardship
- Celebrating Vermilion's Cultures



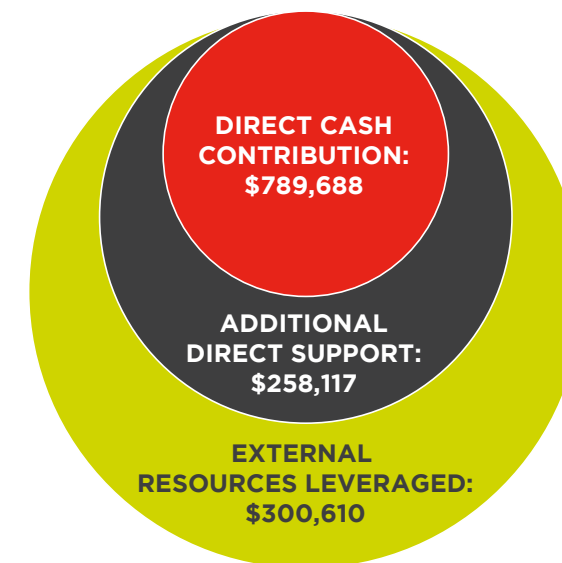
give time.

GIVE TIME: When our employees volunteer for local community organizations on their own time, we support those organizations with grants of up to \$1,000 annually.



give together.

GIVE TOGETHER: Our employees are encouraged to volunteer up to two days per year on company time, for team or corporate Days of Caring projects.

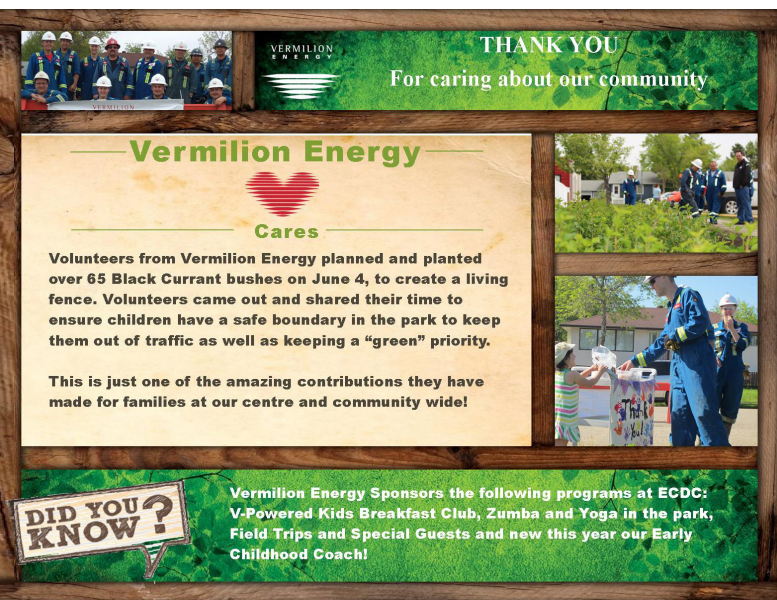
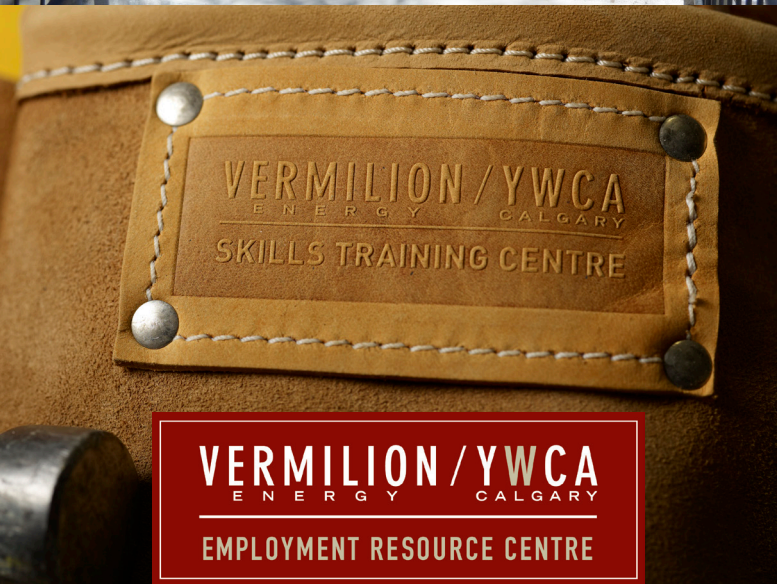


TOTAL VALUE OF COMMUNITY INVESTMENT IN 2015
\$1,348,415

LONDON BENCHMARKING GROUP (LBG) CANADA

As a member of LBG Canada, we report the value of our community investments using their standard "circles" of investments, reflecting our total contribution to our communities:

- **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 staff donations and volunteering outside working hours



WOOD'S HOMES

The Whole Family Treatment program at the Vermilion Energy Family Centre opened its doors to the first family in June of 2015 as part of a pilot project funded by the Wood's Homes Foundation. It is an intensive, short-term program for families from across Canada, many of whom have exhausted all of their resources, including those in the communities where they live. Families who come to the program are struggling with complex issues including mental illness, crisis management, parenting strategies, and child development.

While families are participating in treatment, the upper level of the Vermilion Energy Family Centre is a home-away-from-home, a place where they can address difficult issues in a warm and inviting setting. The lower level provides clinical space for therapists and Family Support Counsellors to complete assessments and have skill-building meetings with families. The Family Centre's construction was funded by a \$1 million commitment from Vermilion in 2013.

YWCA OF CALGARY

We began our 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 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 Vermilion Energy / YWCA Employment Resource Centre (ERC).

The 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.

TOWN OF DRAYTON VALLEY'S EARLY CHILDHOOD DEVELOPMENT CENTRE (ECDC)

We are proud to support the V-Powered Kids program at the ECDC because we recognize that funding quality early childhood education is a key poverty reduction strategy. In addition to our financial support, our staff regularly lend their time and energy to the centre.

"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... 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."

- Town of Drayton Valley

DAYS OF CARING AROUND THE WORLD



OXBOW, SASKATCHEWAN

Over two days in July 2015, staff in our Saskatchewan district installed fencing around the perimeter of a playground at Oxbow Elementary School. From a safety aspect, this was an important project for the school. In addition to providing the labour, which would have been a significant expense to the school, we also purchased the fencing material.

PARENTIS, FRANCE

In 2015 and 2016, Vermilion staff in France helped with the herculean task of trying to eradicate an invasive plant species along the marshy edges of Parentis Lake.



THE NETHERLANDS

In September 2015, 36 staff participated in one of four projects in support of two local foodbanks and two branches of a well-respected conservation organization: Foodbank Harlingen, Foodbank Waalwijk, Fryske Gea Alde Feanen, and Fryske Gea Katlijk



PERTH, AUSTRALIA

In September 2015, 11 staff volunteered at a St. Bartholomew's House mental health support services residence, which provides accommodation for people living with mental illness who need 24-hour support in order to live independently in the community. The team helped build a kitset chicken coop, constructed a herb garden, planted fruit trees for the residents to enjoy, and tidied up the garden beds.



DENVER, COLORADO

Staff in our US Business Unit organized three Days of Caring in 2015. Two of these projects supported the Food Bank of the Rockies, and the other supported the Denver Boys and Girls Club.



VERMILION ENERGY



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Vermilion's 2016 Corporate Day of Caring took place at the Bowness Campus of Wood's Homes

