



## Vermilion Oil and Gas Australia Pty Ltd

### 2020 Modern Slavery Statement

#### Message from the Managing Director of Vermilion Oil and Gas Australia:

We are committed to playing our part in the global fight to end modern slavery in all its forms. As a responsible energy producer, we have always focused on three priorities: the safety of our operations and our communities; environmental stewardship; and profitability – in that order. Nothing is more important than safety. This is directly linked to our efforts to identify and mitigate modern slavery risks in our own operations, and in our supply chain, as it relates to the responsibility of all of us to support the safety and wellbeing of everyone in our wider communities.

We are proud of our efforts, as described in our first Modern Slavery Statement, and committed to growing them in the coming years. We also welcome your feedback, and invite you to contact us with any questions or comments at [vogamscompliance@vermilionenergy.com](mailto:vogamscompliance@vermilionenergy.com)

## Table of Contents

| Mandatory criterion | Statement Section                               | Page |
|---------------------|---|------|
| 1                   | Overview  | 3    |
| 2                   | Our structure, operations & supply chain        | 3    |
|                     | Structure                                       | 3    |
|                     | Operations                                      | 3    |
|                     | Supply chain                                    | 4    |
| 3                   | Potential modern slavery risk in our operations | 4    |
|                     | Operations                                      | 5    |
|                     | Supply chain                                    | 6    |
| 4                   | Assessing and addressing modern slavery risks   | 8    |
| 5                   | Assessing effectiveness                         | 12   |
| 6                   | Consultation and approval process               | 12   |
| 7                   | Sign off  | 12   |

## Overview

This is Vermilion Australia’s inaugural Modern Slavery Statement (‘the **Statement**’) for the year ending 31 December 2020 (‘the **reporting period**’).

The purpose of this Statement is to provide a comprehensive overview of Vermilion Australia’s commitments and efforts to address potential modern slavery risks in our operations and supply chain.

Vermilion Oil and Gas Australia Pty Ltd or Vermilion Australia (ABN 29 113 023 591) is a wholly owned subsidiary of Vermilion Energy Inc., an entity headquartered in Canada, with global operations, spanning a number of geographies, including North America and Europe. Further information relating to our corporate structure is outlined below.

The Statement, which was prepared in accordance with the requirements of the Australian Modern Slavery Act 2018 (‘the **Act**’), provides details relating to our structure, operations and supply chain and offers an overview of any associated modern slavery risks. The Statement was approved by the principal governing body of Vermilion Australia as defined by the Modern Slavery Act 2018 on 1<sup>st</sup> July 2022.

The Statement further expands on some of the key mechanisms adopted and actions taken to assess and address modern slavery risks. Please refer to section four of this Statement for additional information (‘Assessing and addressing modern slavery risks’).

## Our structure, operations & supply chain

### Our Structure

Vermilion Australia is a wholly owned subsidiary of Vermilion Energy Inc. located in Calgary, Canada. This is Vermilion Energy Inc.’s only Australian subsidiary.

Beyond Canada and Australia, Vermilion Energy Inc. also has operations in the United States, France, the Netherlands, Germany, Ireland, Croatia, Hungary and Slovakia.

Vermilion Australia is a reporting entity under the Act and therefore the preparer of this Statement. Vermilion Australia has also established a wholly owned subsidiary, Vermilion Energy Australia Pty Ltd (ACN 623624395). Vermilion Energy Australia Pty Ltd is not an operating entity and does not have any employees or internal business operations.

### Operations

Vermilion Australia is a crude oil producer with operations in the Wandoo field, located approximately 80 kilometres off the northwest shelf of Australia, and a headquarters office located in Perth (the entity’s registered office is Level 5/30 The Esplanade Perth WA 6000).

Since acquiring the Wandoo asset in 2005 with a 60% operating interest, and acquiring the remaining 40% in 2007, Vermilion Australia has conducted a number of drilling campaigns with the long-term goal of maintaining production levels of approximately 6,000 barrels per day.

In total, Wandoo’s horizontal well development includes 18 wellbores and five lateral sidetracks.

Production is from two operated off-shore platforms. The oil produced from the Wandoo A platform is piped to the Wandoo B production platform, which is permanently staffed. Oil is stored in a concrete gravity structure supporting the processing facilities, and then offloaded through flexible pipelines to a CALM Buoy located 1.2 km north of Wandoo B. A floating hose is used to transfer the oil from the CALM Buoy to export tankers moored to the CALM Buoy. Export tankers are present to offload the oil every three to five weeks.

As of the end of 2020, we employed approximately 30 permanent staff and 44 contractors. Engaged personnel are typically experienced in a highly technical industry and Vermilion are well informed on market rates and compensate accordingly to remain competitive. An individual's compensation is reviewed annually in accordance with CPI, Professional Associations (eg Engineering), EBA's and their own performance to ensure people are retained and that Vermilion continue to be viewed in the industry as a fair and desirable employer.

### Supply chain

Vermilion typically negotiates mutually acceptable terms with its suppliers, however there are instances where our negotiating ability is limited (e.g. liabilities, insurance and indemnification). Vermilion would typically enter into agreements with two types of suppliers that are essential to our operations: suppliers of key materials and equipment and suppliers assisting with the identification and hiring of personnel to work on our offices and offshore facility.

Once agreements are established, Vermilion does not typically enact a high level of influence over suppliers of key materials or equipment. The entity does have a higher level of influence over suppliers providing personnel to work at our facilities as risks, particularly offshore, may be considered to be substantially increased.

During the reporting period, Vermilion Australia's supply chain was comprised of 425 first-tier suppliers of goods and services, of which the vast majority (96%) were Australian-based entities. Vermilion Australia also engaged a number of international suppliers. More information on high risk suppliers based on both their industry and location of operation are outlined below.

### Potential modern slavery risk in our operations and supply chain

Vermilion Australia defines modern slavery consistent with the ILO Forced Labour Convention (No. 29) (1930) as "all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily." In practical terms, modern slavery is used to describe a wide range of exploitive labour practices in which a person is forced to work under threats or penalties. This includes forced labour, human trafficking and child labour, debt bondage.

Vermilion Australia also acknowledges the definition of modern slavery as described in the Act.

Specifically, we understand that modern slavery can include the following types of human exploitation:

- trafficking in persons;
- slavery;
- servitude;
- forced marriage;
- forced labour;

- debt bondage;
- deceptive recruiting for labour or services; and
- the worst forms of child labour.

Vermilion Australia understands that the resources and energy sector may be broadly considered a high risk industry due the high-risks relating to the geographies in which such businesses or their supply chains operate. Risks, for example, relate to:

- the presence of militias, criminal organisations and corrupt governments in countries that are conflict affected or prone to instability;
- the demand for base-skill workers in construction of infrastructure;
- frequent outsourcing of labour to third party contractors;
- low visibility over multi-tiered supply chains; and
- alleged forced labour in developing countries is a supply chain risk for several renewable energy technologies<sup>1</sup>.

## Operations

We have undertaken a review of our operation to understand the potential risks relating to modern slavery. In doing so, we have reviewed resources and guidance provided by the Global Slavery Index and the United Nations Global Compact. It is noted that these organisations identify modern slavery risks as higher in industries:

- Considered at-risk in Australia: agriculture, construction, domestic work, meat processing, cleaning, hospitality, and food services;
- With complex or changeable multinational supply chains;
- With higher proportions of migrant workers; and
- With operations in countries with weak human rights regulations.

Our operations are based in Australia, a country with strong human rights legislation and our workforce comprises mostly permanent, Australian-based employees. During the reporting period, we did not engage the services of any base-skilled employees, international migrant workers or other workers that would typically be considered more vulnerable to exploitation.

Vermilion Australia's workforce comprises 30 permanent employees, 11 of which are based in the Perth office and 19 based on the Wandoo Platform. During the reporting period we also engaged the services of 44 contractors, 28 of which were based in Perth and 16 were based on the Wandoo Platform. For the Perth office, contractors are usually engaged to provide the following types of services: engineering, IT support, accounting staff, HR, document control, oil field chemical Support, HSE, procurement & logistics and aviation coordinators. At the Wandoo Platform these positions include chefs, domestic, crane drivers, nurses, mechanics and inelecs.

Although our contract labour for the offshore platform operates on a fly-in, fly-out basis, and is drawn from across Australia, our recruitment practices and skills requirements significantly limit the risk of modern slavery occurring directly within our operations.

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<sup>1</sup> RESOURCES, ENERGY AND MODERN SLAVERY: Practical responses for managing risk to people, Australian Human Rights Commission: <https://humanrights.gov.au/our-work/business-and-human-rights/publications/resources-energy-and-modern-slavery-practical>

We do acknowledge that modern slavery can be difficult to detect, however no reported incidents have come to our attention during the reporting period. Additionally, we have developed appropriate policies and procedures to ensure that all employees are treated equally and all conduct falls within our expectations around ethical business practices and compliance. Further information can be found in section four of this Statement ('Assessing and addressing modern slavery risks').

### Supply chain

We acknowledge that modern slavery risks cannot be ruled out in our supply chain. We have a reasonable level of confidence in our first-tier suppliers of goods and services, many of whom we have worked with over a span of years. Our initial work to assess both modern slavery risk and mitigation is focused on this level.

### General risks, based on initial risk assessment

#### Where do risks exist in Australia?<sup>2</sup>

A first, high level, assessment indicates that:

- Australia places 163rd out of 167 nations on the Global Slavery Index, representing a relatively low vulnerability to slavery of 4.3/100
- Estimated number of people living modern slavery in Australia is 15,000, or 0.6 victims of modern slavery for every 1,000 people in the country
- Cases of forced labour exploitation in Australia predominantly occur in industries that include agriculture, construction, domestic work, meat processing, cleaning, hospitality, and food services.
- Red flags for identifying modern slavery include workers being housed in sub-standard accommodation, illegal pay deductions for rent, situations of debt bondage (being required to work in order to pay off a real or 'manufactured' debt), and pay below the minimum wage.
- Migrants are particularly vulnerable to modern slavery in Australia. To date, most identified cases of modern slavery in Australia have involved migrants, although Australian citizens have also experienced exploitation.

#### *Example of modern slavery in Australia:*

In 2015, a foreign crew of a Korean bulk carrier in Mackay, Australia, was found to have been forced to work without pay and denied access to food, among other basic rights. One crew member suffered from malnutrition, while four others left the ship, saying they feared for their lives. According to International Transport Federation (ITF) assistant national coordinator Matt Purcell, the crew—from Cambodia and Burma—had been “locked in hatches” and “survived on what I can only describe as a starvation diet”.<sup>3</sup>

<sup>2</sup> Global Slavery Index: <https://www.globalslaveryindex.org/2018/data/country-data/australia/>

<sup>3</sup> Geiger, Julianne. (2016) [Slavery at Sea: The Ugly Underbelly of Oil Shipping](#). Oilprice.com. June 19, 2016

## Vermilion's tier 1 supplier risk assessment

A high level risk assessment of Vermilion Australia's tier 1 suppliers was undertaken, with the assistance of an independent third party provider, as part of the preparation of this statement, based on geographic location and type of goods or service provided by suppliers engaged during the reporting period.

The country-based modern slavery risk assessment is based on the Global Slavery Index and accounts for key indicators, including:

- Governance issues;
- Lack of basic needs;
- Inequality;
- Disenfranchised groups; and
- Effects of conflict.

Industry classifications were also assigned to suppliers, to the extent possible, based on the goods or services provided, and were then screened for five risk categories:

- Labour rights and decent work;
- Health and safety;
- Human rights;
- Governance; and
- Community infrastructure.

Although the majority of our tier 1 suppliers were Australian-based entities, Vermilion Australia also engaged a number of international suppliers. A small number of our international suppliers operate in high risk locations including in the following countries:

- The Bahamas
- China
- South Africa
- India
- Thailand
- Indonesia
- Oman

In addition, the industry risk assessment indicated that Vermilion Australia engaged with suppliers from a number of higher risk categories during the reporting period, including:

- Trading Companies & Distributors
- Office Services & Supplies
- Electronic Equipment & Instruments
- Industrial Machinery
- Electrical Components & Equipment
- Health Care Supplies
- Commodity Chemicals
- Construction & Engineering
- Machinery
- Commercial Services & Supplies
- Consumer Discretionary
- Health Care Equipment & Services

- Materials
- Health Care Providers & Services
- Health Care
- Food Distributors
- Building Products
- Commercial Printing
- Hotels, Resorts & Cruise Lines
- Transportation
- Specialty Retail
- Leisure Facilities
- Household Products
- Food & Staples Retailing
- Health Care Equipment
- Information Technology
- Communications Equipment
- Agricultural & Farm Machinery
- Distributors
- Auto Parts & Equipment
- Automobile Manufacturers
- Personal Products
- Air Freight & Logistics
- Home Improvement Retail
- Marine
- Steel

We recognise that addressing modern slavery risks will require a greater focus in coming years on extending our influence through deeper levels of our supply chain, including gaining such information as our second-tier suppliers, their contractor terms of employment and codes of conduct, and their use of recruitment agencies.

We are therefore planning a phased approach, establishing our policies and procedures with first-tier suppliers, along with sound performance measures, as a foundation from which to engage in the collaboration and consultation that is appropriate and necessary to extend into deeper levels of the supply chain.

We also anticipate the positive effects of the Act. As companies throughout Australia focus their resources on this important issue, supply chain transparency will likely continue to improve in the coming years, increasing both awareness and performance.

### **Assessing and addressing modern slavery risks**

Vermilion Australia's management team and Board of Directors continually strive to provide workplace policies and guidelines that are fair and reasonable, that recognise current industry initiatives amongst Vermilion's peer companies, and focus on values that continually demonstrate ethical business practices. It is expected and communicated that each director, officer or employee should create a culture of compliance and must at all times comply fully with all applicable laws and standards, including human

rights and modern slavery. Each director, officer and employee should avoid any situation which could be perceived as improper, unethical or indicate a casual attitude towards compliance with the law.

In 2019, Vermilion Australia began developing a five-step approach to combat modern slavery. This initial approach is outlined below, however, partially due to the constraints imposed on our operations as a result of COVID-19, our team did not have the capacity to further expand on the actions outlined in the Statement below.

### Step 1: Commitment and Governance

Vermilion Australia has focused on establishing its commitment to combatting modern slavery. This included adding a section on Human Rights – including modern slavery – Workplace Conduct and Safety to our Employee Handbook. In drafting this section, we considered the key international guides to defining and protecting human rights.

Specifically, our Employee Handbook clearly stipulates that our organisation is committed to respecting human rights in its business and operations as represented by the United Nations Universal Declaration of Human Rights and the Conventions of the International Labour Organisation. All directors, officers, employees, contractors and suppliers must comply with all applicable human rights laws and regulations, and the Corporation’s policies and standards with respect to human rights.

Vermilion Australia will not tolerate human rights abuses within its own operations or in its supply chain. This extends to human rights as informed by the UN Guiding Principles on Business and Human Rights, including addressing risks of modern slavery, forced labour and child labour, while respecting rights related to freedom of association and collective bargaining.

Discrimination or harassment against any individual with respect to race, religion, age, gender (including pregnancy and childbirth), marital status, family status, sexual orientation, national or ethnic origin will not be tolerated. Furthermore, discrimination against any activity specifically protected under the Code of Conduct, such as expressing good faith opposition to prohibited discrimination or harassment, or participating in making a good faith complaint of discrimination or harassment will not be tolerated.

The Employee Handbook also clearly outlines the appropriate reporting mechanisms to ensure that employees are able to safely raise their concerns and bring to management’s attention any potential issues.

### Step 2: Risk Assessment

Assessing where and how risks of modern slavery might present themselves is a critical step in understanding appropriate actions to take. We began by analyzing general risks of modern slavery in Australia through a global Human Rights Risk Assessment, and then moved to a specific analysis of Vermilion Australia’s supply chain. The outcomes of this assessment for the 2020 reporting period have been outlined in section three above (‘Potential modern slavery risk in our operations and supply chain’).

### Step 3: Actions and Awareness

As a result of our risk analysis, we identified where and how Vermilion Australia can best work against modern slavery, including due diligence and actions within our direct (own) and indirect (supply chain) responsibilities. This is expressed in three priority areas:

- Human Resources Practices – Recruitment (actions undertaken outlined below)
- Strengthening our supply chain monitoring and management (actions undertaken outlined below)
  - Supplier practices, including pre-qualification of suppliers and contracting requirements
  - Reviewing sourcing strategies and purchasing practices
- Internal awareness (not undertaken during the reporting period)
  - Targeted training program for staff involved in procurement
  - General awareness program for all staff (e.g. lunch and learn from NGO)

#### Human Resources Practices – Recruitment

Vermilion Energy’s recruitment process follows clear internal parameters, including the requirement for an official interview with an internal Vermilion staff member. At no time do we request or require payments to be made during the recruitment process. Our internal parameters largely eliminate the risk of modern slavery within our direct operations.

To help prevent the risk of recruitment fraud among those who wish to work with us, we post the following alert regarding deceptive recruitment practices on the employment pages of our website:

*It has come to our attention that persons or organizations claiming to represent or to be affiliated with Vermilion Energy have contacted potential candidates offering false employment opportunities with Vermilion Energy through unsolicited e-mail. These individuals will often request the applicant to divulge personal information and/or provide some advance form of payment.*

*Vermilion Energy’s recruitment process does not involve any formal offer being made prior to an official interview taking place. Furthermore, Vermilion Energy does not require payment from anyone seeking employment at any point during the recruitment and selection process. All legitimate job postings can be accessed via our website [here](#).*

*If you receive an email from Vermilion Energy requesting you to send replies to an email address other than one ending only with @vermilionenergy.com, have received a fraudulent offer, or if you are unsure about an offer of employment, please contact us by emailing [careers@vermilionenergy.com](mailto:careers@vermilionenergy.com). You should also contact the Canadian Anti-Fraud Centre (CAFC) either by telephone (1-888-495-8501) or via their website (<http://www.antifraudcentre.ca/>) to file a report.*

#### Strengthening our supply chain monitoring and management

Since 2019, Vermilion Australia has established clear guidelines within key contract and vendor management documents to guide our collaboration with our suppliers, and conducted additional analysis with suppliers in higher risk categories.

### **Pre-qualification of suppliers**

Currently, to qualify as a provider of goods and/or services or a contractor to Vermilion, an organisation must complete a pre-qualification questionnaire focusing on key quality management and sustainability (both environmental and social) areas, including:

- details relating to any quality management and/or environmental management systems in place;
- information relating to audits of sub-contractors and sub-suppliers undertaken;
- health and safety related matters;
- workers' compensation related matters;
- questions relating to equal opportunity training and initiatives adopted; and
- details relating to specific objectives, policies and programs associated with social risks such as community relations; cultural heritage aspects and inter-cultural sensitivities; and the prevention of human rights violations.

Vermilion has been examining the possibility of enhancing its pre-qualification process to include modern slavery-related considerations, however no such action was undertaken during the reporting period.

### **Internal awareness**

We recognise the need to support our staff in delivering on our commitments. Due to the aforementioned constraints imposed by the pandemic, Vermilion Australia was unable to undertake any training activities during the reporting period, however we do understand that this is a key step in the process to identify and mitigate modern slavery risks and we will strive to undertake such training initiatives in future reporting periods.

### **Step 4: Remediation and Preventing Harm**

We understand that remediation is a key step in this process. Vermilion Australia will work towards clearly setting out remediation expectations for those identified as victims of modern slavery in future reporting periods.

### **Step 5: Reporting and Transparency**

This report – our first Modern Slavery Statement – communicates the foundation of our approach to combatting modern slavery in all its forms, including human trafficking and child labour.

We recognise that this is the beginning of a longer journey, and we are looking forward to building on this foundation, focusing on both the need to protect the most vulnerable in our communities, and the need for a practical and collaborative approach for Vermilion Australia and the organisations that bring value to us via our supply chain.

We will continue to document our progress annually through our Modern Slavery Statement issued under the Act.

### Assessing effectiveness

Vermilion Australia is at the start of its Modern Slavery journey. For this reporting period, our focus was to gain a better understanding of our modern slavery risks across our operations and direct supply chain. At this early stage of our modern slavery journey, we are unable to adequately assess the effectiveness of measures we have undertaken. However, our expectation is to continue to work on and further develop our 5 step approach to managing modern slavery risks to ensure we can review the effectiveness of the actions we are taking to assess and address modern slavery risks in our operations and supply chains in future periods.

### Consultation and approval process

This Statement has been prepared by members of Vermilion Australia's executive management team. Vermilion Australia does not own or control any other operating entities (our wholly owned subsidiary, Vermilion Energy Australia Pty Ltd is not an operating entity and does not have any employees or internal business operations), and was not therefore required to consult with such entities as part of this Statement. We have, however, consulted with our parent company, Vermilion Energy Inc., on matters that may impact all of its member companies.

### Sign off

This modern slavery statement is signed by responsible member(s) of Vermilion Australia as defined by the Modern Slavery Act 2018

**Bruce Lake**  
**Managing Director**  
**& Operations Manager**  
**of Australian Business Unit**



Signature

**Darcy Kerwin**  
**Vice President, International & HSE.**  
**Director of Australian Business Unit**



Signature