



VAALCO ENERGY, INC.

2022 Environmental, Social and Governance Report



A diversified E&P business

Basis of preparation

This Environmental, Social and Governance (ESG) Report provides an overview of VAALCO Energy Inc.'s (VAALCO or the Company) 2022 ESG performance, from January 1 to December 31, 2022. The report discloses materially relevant metrics and analysis for our sector as defined by the Sustainability Accounting Standards Board's (SASB) standard for Exploration and Production.

On October 14th, VAALCO announced the closing of the strategic combination of VAALCO and TransGlobe Energy Corporation (TransGlobe).

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A Letter From Our Chairman



To our fellow Stakeholders,

This is our fourth annual ESG Report and we continue to improve our Environment, Social, and Governance program and activities.

It was clearly a monumental year for the business, with the Gabonese operations undergoing comprehensive change due to the Etame field reconfiguration, as well as the merger with TransGlobe which has expanded our asset base.

The Board approved a number of initiatives last year that were very much focused on the Gabonese operations. At the end of the year and into the beginning of this year, those efforts, particularly as it relates to decarbonization, have been rolled out across the rest of the enlarged business.

Last year we adopted the framework of the Task Force on Climate related Financial Disclosures (TCFD) to drive our focus and response to climate change risks and opportunities. We have created new committees responsible for reducing our carbon emissions and provide oversight to our decarbonization program. Our new assets are already engaged in our decarbonization goals as we leverage the power of our employees' knowledge and skills.

We continue to focus on maintaining or improving stakeholder relationships in the countries where we operate. We work closely with the Gabonese government and communicate our plans to local communities, and we are committed to mitigating our environmental impact and improving the lives of those living near our operations.

For over twenty years we have operated in Gabon and we see that partnership continuing for years to come. We are striving to build our relationships in Egypt and Canada as we have in Gabon to provide local communities the same level of respect in how we operate and reducing local environmental impacts.

Our employees propel our success and we do everything we can to develop them professionally and to enable them to operate safely. Whilst building upon our reputation externally as responsible operators, we also bring our people along on this journey, engaging with employees across the business to develop this very report, has allowed us to do so.

Working alongside world class partners that meet our own high expectations for professional conduct ensures our continued operational excellence, as this report demonstrates.

I, alongside our new Board members, am increasingly focussed on our sustainability performance and how we satisfy the ESG expectations of our stakeholders. We look forward to continuing to update stakeholders on VAALCO's progress.

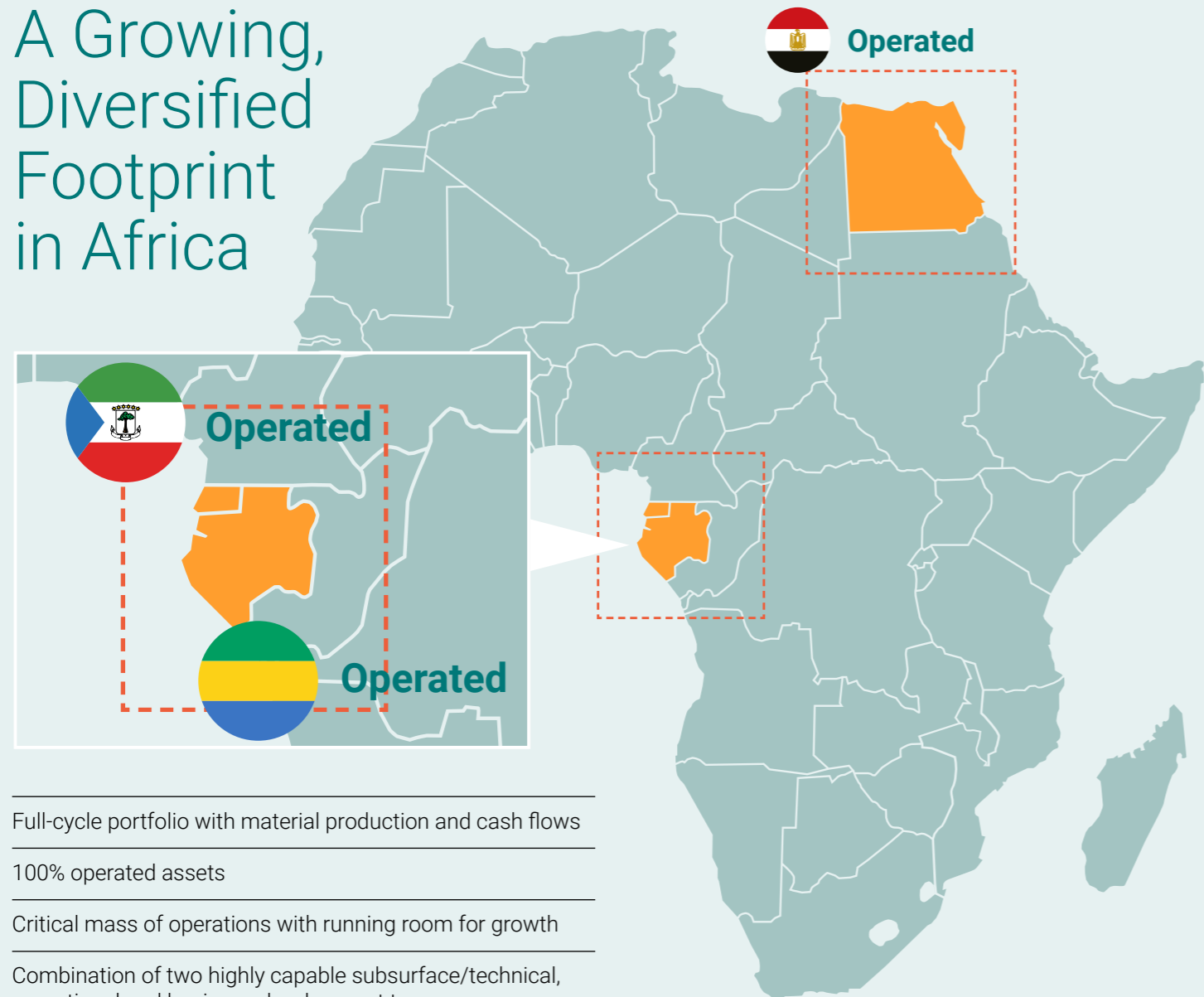
Andrew L. Fawthrop
Chairman

About Us

VAALCO, founded in 1985 and incorporated under the laws of Delaware, is a Houston, U.S.-based, independent energy company with production, development and exploration assets in Africa and Canada.

Following its business combination with TransGlobe in October 2022, VAALCO owns a diverse portfolio of operating production, development and exploration assets across Gabon, Egypt, Equatorial Guinea and Canada.

A Growing, Diversified Footprint in Africa



Full-cycle portfolio with material production and cash flows

100% operated assets

Critical mass of operations with running room for growth

Combination of two highly capable subsurface/technical, operational and business development teams



Supported by High Quality Canadian Acreage

Majority operated assets

Significant near term growth potential through large drilling inventory

Highly cash generative in current price environment

High quality technical team supporting the wider business

North American drilling, completion and unconventional technologies and expertise with applications across broader portfolio

2022 Corporate Highlights

Increased quarterly cash dividend by 92% to \$0.0625 per share of common stock for the first quarter of 2023 (\$0.25 annualized), from \$0.0325 per share (\$0.13 annualized) in 2022;

Paid \$9.3 million in dividends to shareholders in 2022;

Returned additional \$6 million to shareholders through share buybacks from initiation of program in November 2022 through February 9, 2023;

Reported fourth quarter 2022 production of approximately 18,250 working interest ("WI") barrels of oil equivalent ("BOEPD") or about 14,400 net revenue interest ("NRI") BOEPD;

Raised full year 2022 production by 43% year-over-year to approximately 10,200 NRI BOEPD;

The first horizontal well in Egypt has been successfully drilled, extending 2 miles, and completion equipment is being mobilized to site.

Our Vision, Strategy & Values



Our Vision

A leading diversified independent African focused E&P company creating shareholder value and furthering stakeholder engagement through responsible operations across our portfolio. We deliver value by maximizing our production performance and by leveraging our in-house talent, operational infrastructure, and technical expertise to achieve scale by organic and inorganic means.



Our Strategy

Our strategy is to utilize our technical expertise and operational infrastructure, with a focus on developing our resources and expanding into new development opportunities in Africa. Our growth will come from a mixture of organic and inorganic opportunities.



Our Values

Corporate Transparency: We operate at the highest standards of corporate governance and act in a transparent and open way across our operations, and throughout our corporate structure.

Stakeholder Engagement: We believe in constantly communicating with all our stakeholders, maintaining trust and respect. As part of this, we aim to communicate, collaborate, and drive effective change whenever possible.

Efficient and Effective Performance: We will as an operator, continue to work in an effective, efficient, and safe manner, providing training and guidance throughout our organization. We seek to empower our workforce to better ourselves every day.

Local Integration: We believe in engaging and integrating with the local communities in which we work. We seek to operate in a manner that creates economic and social opportunities that last beyond our operational lifetime and to maximise local employment opportunities.

Responsible Operations: We have created an operation that is responsible not only for the environment, but also for the local stakeholders who we work with every day and allows us to create a positive impact in the communities where we work.

Commercial Integrity: We seek to act with integrity and in an open manner, allocating contracts through a fair and transparent process in accordance with our business principles. We are committed to maintaining effective systems across our business to ensure integrity.



Material Issues

Understanding the most material issues to our business is important in not only ensuring that sufficient management oversight and systems are in place, but also in informing our reporting on ESG topics to our stakeholders.

During the year, we completed a materiality study, led by our ESG Engineer and with input from key personnel from across the organization with responsibility for engaging with our key stakeholder groups.

Working with a consultancy, we created an ESG materiality framework against which we plotted material topics informed by the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB). Each of these was assessed based upon the perceived level of risk to the business and the level of management control in place.

We have activated short- and medium-term actions with regards to these material issues and consider medium- and long-term plans for each. With respect to many of the identified issues, it is our intention to mature the management approach taken in 2023 and beyond, as the business continues to build capacity.

Environmental	Environmental and Process Safety
	Asset Integrity
	Oil Spills
	Critical Incident Risk Management
	Emissions and Energy Use
	Resource Management
Biodiversity and Decommissioning	
Social	Workforce Health and Safety
	Employee Engagement
	Wellbeing and Benefits
	Talent Acquisition and Development
	Diversity and Inclusion
	Community Impact
Governance	Governance and ESG Oversight
	Business Ethics and Transparency
	Management of the Legal and Regulatory Environment
	Procurement
	Stakeholder Engagement
	Data, IT Security and Privacy

ESG Framework

	Environmental	Social	Governance
Commitment	We are all committed to acting responsibly, protecting the biodiversity surrounding our operations, and minimizing our environmental impact.	As our best asset, we ensure we are providing our people with a safe working environment and supporting their wellbeing and development. We are committed to our operations in Gabon and positively impacting the communities in which we operate through our CSR initiatives.	We are committed to ensuring that all individuals throughout the Company conduct business in line with high ethical standards. We maintain transparency and integrity in our communications with all our stakeholders including local governments, joint venture partners, and investors.
Material issues	<ul style="list-style-type: none"> Environmental and Process Safety Asset Integrity Oil Spills Critical Incident Risk Management Emissions and Energy Use Resource Management Biodiversity and Decommissioning 	<ul style="list-style-type: none"> Workforce Health and Safety Employee Engagement Wellbeing and Benefits Talent Acquisition and Development Diversity and Inclusion Community Impact 	<ul style="list-style-type: none"> Governance and ESG Oversight Business Ethics and Transparency Management of the Legal and Regulatory Environment Procurement Stakeholder Engagement Data, IT Security and Privacy
Highlights	We developed a decarbonisation programme which has established both a Steering Group, formed of Executive members, and a Working Group, including individuals from across the business to drive carbon reduction efforts. We have also significantly developed our reporting around the consideration of climate-related risks in line with the recommendations of the Task force on Climate-related Financial Disclosures.	Commensurate with our commitment to creating a positive legacy for local communities in Gabon, we donated \$6.8M through funds to support conservation initiatives and infrastructure projects. Furthermore, 95% of our workforce is comprised of locals.	In taking a proactive and transparent approach to communicating with stakeholders, we have cultivated strong working relationships and established ourselves as a trustworthy and reliable partner. For the Etame field reconfiguration, these productive relationships allowed us to deliver the project on a tight schedule with minimal disruption to production.

A Letter From Our CEO

Dear Stakeholders,

The major focus for VAALCO in 2022 was the reconfiguration of the Etame field and installation of the new Floating, Storage and Offloading vessel (FSO). I am very proud to report on the successful delivery of this project, the delivery of which reflects the effectiveness of our approach across all Environmental, Social and Governance matters.

While VAALCO maintained oversight of the entire process, the scale of the project required a multi-functional, multi-disciplinary approach, from both within VAALCO and our contracting partners. Through meticulous planning, engagement of highly credible partners, and effective collaboration with numerous stakeholder groups, we were able to complete the project with zero environmental incidents.

Operating in Gabon continues to be a privilege.

Operating in a marine environment and in such close proximity to the Mayumba Marine Reserve, working to incredibly high environmental standards was of paramount importance. As such we had a Marine Mammal Observer offshore at all times throughout the reconfiguration and, on conclusion of the project, it was highlighted that there had been no adverse effects to marine life or migrating birds.

The health and safety of our employees continues to be our priority. Embedding a culture of putting safety first, effective leadership and management systems, and facilitating continuous improvement in our processes, underline our approach to delivering a safe working environment for our people and contractors. In 2022 we had a TRIR of 0.487, an increased rate that was largely attributed to greater personnel numbers, and a thorough investigation was conducted after each incident to prevent reoccurrence.

Operating in Gabon continues to be a privilege. Over the two decades we have worked in the country, we have established strong, productive working relationships with the various government ministers and have built our reputation as a trustworthy and reliable E&P company.

I am proud of the positive social impact we deliver; the majority of our workforce in Gabon is comprised of nationals, including our Country Manager. In procuring locally where possible and encouraging contractors to hire local residents, we are committed to maximising the positive socio-economic value for nearby communities.

We recognise that being a responsible business continues to underpin our Social License to Operate. We have supported a range of infrastructure improvement projects this year, as well as funding environmental initiatives through our independent CSR fund.

The Wildlife Inventory and Space for Giants projects focus on conservation of biodiversity and living in harmony with the environment. This year our total voluntary and mandated funds contributed over \$6.8 million.

In Q4, we announced the strategic combination with TransGlobe, which has provided a diversifying of our production portfolio and increased our cash flow which will continue to be key to our success moving forward. To effectively combine the two businesses, a variety of integration strategies were designed; critical systems have been fully integrated, whilst others have a clear pathway for integration completion by Q3 2023.

In accordance with our objective to reduce our emissions footprint, we have taken significant steps to progress our approach. We developed a decarbonisation programme, which was reviewed and approved by the Board. This has established a Decarbonisation Steering Group which is formed of Executive members and sets the direction for our carbon reduction efforts.

The Steering Group is supported by a Decarbonisation Working Group, comprising a cross-section of VAALCO, including representatives from projects, supply chain and engineering. Early stage projects are currently being scoped and we look forward to updating our stakeholders on progress in due course.

It is with great pleasure that I present VAALCO's 2022 ESG Report.



George Maxwell
Chief Executive Officer

Environmental

We recognise our responsibility to effectively manage our operations and minimise our environmental impact. Having robust governance structures and oversight is therefore critical.

Our Operations Managers in Gabon oversee the four key departments of Operations Logistics, Production, HSSE and Maintenance. Ultimate in-country responsibility sits with our Country Manager who reports directly to our Chief Operating Officer. These clear lines of accountability will ensure information can flow seamlessly from Board-level throughout the Company, and that performance can be reported with ease to the Executive Team and Board.

Following the merger with TransGlobe in 2022, we are in the process of reviewing the governance structures in place throughout their business and assessing how best to integrate their processes and practices with those already in place at VAALCO.



▲ A diver performing jacket structure inspection

Environmental and Process Safety

At VAALCO achieving excellence in health, safety, security and environment (HSSE) practices is paramount.

We seek to mitigate any potential risks arising from our operations and the health and safety of our employees and contractors is a central consideration in everything we do. (For more information on occupational safety of personnel please see pages 38-41.)

The Person in Charge (PIC) on each platform has overall responsibility for daily, safe operations on their respective platforms, and there is an Offshore HSSE Advisor who supervises and supports HSSE on all four platforms. Our Safety Management System is the platform used to manage safety across our operations. The system was designed to align with ISO 45001 and contains all relevant documentation in one centralised location.

The risks involved with operations and new projects are assessed on an ongoing basis and wherever possible we have implemented strategies to mitigate risk. Through our online platforms, Velocity EHS and Maximo, we record management of change processes (MOC), such as changes in the equipment, that would have an impact on process safety.

Regular auditing and leadership visits to site are conducted and there are templates for leadership offshore visits and platform inspections. Audits and visits are documented, and any corrective actions followed to closure via the Velocity EHS system as necessary.

As well as tracking all occupational safety data on a daily basis, we closely manage and monitor deployment of boats and helicopters in the field. For material transportation via boat, the correct lifting certifications must be in place and we make sure everything is safely loaded onto the vessel.

We also carefully coordinate helicopter transit, ensuring that pilots are aware of the schedule in advance.

Case study

Safely reconfiguring the Etame field

The project to replace the Floating Production, Storage and Offloading unit (FPSO) involved the reconfiguration of the Etame field, Floating Storage and Offloading vessel (FSO), disconnecting the existing FPSO, and connecting the new FSO.

Several key considerations underpinned this project. Foremost was protecting the health and safety of all personnel; with over 600 employees and contractors offshore at certain points and an increased number of transportation and support vessels in the field, this was a significant undertaking.

Safely disconnecting the FPSO without any spills or environmental impact, was also a top priority. Finally, we sought to connect the new FSO and resume operations with minimal disruption to production. To deliver on these objectives, effective management, communication, and tracking of personnel and activities was critical.

By engaging reputable, leading contractors, such as DOF and Bourbon, to conduct the work on the Etame Field reconfiguration we were investing in delivering the project safely. We worked closely with our contractors and there was full-time VAALCO representation onboard the DOF vessel and the platforms.

A Marine Mammal Observer was also stationed offshore at all times to monitor the process and track mammal movements around the operations.

In February 2022, final modifications and certifications began on the double-hull crude tanker being re-engineered as the new FSO. At all times there was a VAALCO representative at the shipyard in Bahrain monitoring progress and processes and reporting back to the Company on a daily basis.

Before disconnecting the FPSO, we needed to satisfy that the flow lines were hydrocarbon free. We completed multiple risk assessments and conducted thorough flushing of the lines, and we were pleased to have no environmental incidents throughout the entire project.

Whilst critical subsea lines were replaced with new, rather than abandoning all the existing lines, we reconfigured some that had not been used for an extended period of time. These lines were cleaned and pressure tested to be placed in service once again, in some cases as a backup line for the critical lines in the event of a failure.

“There was rigorous planning ahead of the project and that helped us a lot in working to the accelerated timeline for the reconfiguration; but success was in no small part down to people going above and beyond. Anytime we deployed new equipment and technology, our team went beyond their normal duties and remits to get everything commissioned and brought online in a safe and timely manner.”

Raja Mohan, Asset Integrity Manager

Environmental and Process Safety

Asset Integrity

Critical to minimising our environmental impact is having a proactive approach to asset maintenance. By monitoring integrity and efficiency testing of our equipment, we can ensure efficiency and continuity in our operations and mitigate the risk of negative environmental impact. Our maintenance management system, Maximo, holds all work plans, including tasks to be carried out on platforms and scheduling for shutdown works.

We continuously monitor the performance of our gas turbines to assess fuel usage and ensure they are running at optimal levels. We have a six-monthly Preventative Maintenance routine to perform an engine wash and change out of the Fuel Injectors. The Injectors are cleaned in an ultrasonic bath for the next use.

Rigorous corrosion management is an integral facet of our asset integrity programme. The risk of corrosion across our asset base must be continually monitored to minimise the risk of a loss of primary containment (LOPC). We utilise pigs (pipeline inspection gauges) to inspect and clean our pipelines. Piggings is conducted on a pre-scheduled basis, managed through our maintenance management system, to minimise disruption to production.

Corrosion coupons are corrosion monitoring devices composed of the same metal as the equipment being monitored to provide indicative corrosion rates. The coupons are removed on a yearly basis and sent to Houston for analysis.

The engineering department in Houston analyses the coupons; if there is an issue, they will alert the team in Gabon who will take actions to rectify the problem.

Cathodic protection systems are a method of controlling the corrosion; by supplying a current to a metal surface becomes the cathode of an electrochemical cell and cannot corrode. We review our cathodic protection systems on a five-ten year basis but may also conduct inspections within that cycle when an opportunity is presented; in 2022 the cathodic protection system was inspected as part of the reconfiguration activities.

Remotely Operated Vehicle (ROV) inspections are conducted for subsea systems. Routine inspections are every five-ten years per API 2SIM recommended practice, and ROV inspections were also performed as part of the reconfiguration activities.

In 2022, progress on strengthening our asset integrity programme was paused due to the Company-wide focus on delivering the Etame field reconfiguration project in a safe and timely manner. However, we have a number of activities planned for 2023 to assess equipment integrity. Foremost, we plan to conduct an internal inspection of all the vessels, including mapping out issues and introducing a monitoring process once repairs have been made. We have also planned fabric maintenance testing of the decks.



Oil Spills

At VAALCO we do not condone any loss of primary containment (LOPC). We are pleased to never have had any reportable spills in the 20+ years we have operated in Gabon, which is a testament to the comprehensive processes we have in place to prevent LOPC.

In the event of an incident resulting in a LOPC, we have robust response procedures. Our detailed Oil Spill Contingency Plan (OSCP) is reviewed every year. The OSCP includes modelling as to the potential geographical spread of a spill and the measures that would need to be taken to combat the spill. In 2022, we conducted ICS 200 and 300 incident management training for personnel to strengthen our collective ability to respond in the event of an emergency.

We have MetOcean current monitoring buoys to deploy in the event of an oil spill. They transmit their location at frequent intervals to enable ongoing monitoring of currents.

In the event of an LOPC, we would conduct a thorough investigation to ascertain the root cause and rapidly implement measures to mitigate the risk of such an incident happening again.

As members of Oil Spill Response Limited (OSRL), a global emergency and oil spill response organisation, we are offered a biannual review of our Plan and access to their oil spill response assistance. OSRL has a fleet of aircraft, vessels, and equipment available for rapid deployment of dispersant application or equipment transport, including active recovery boom systems and other booms that can be used for offshore or shoreline responses.

OSRL can provide additional communications equipment, safety equipment, transfer pumps, dispersant application systems, temporary storage equipment, generators, boats and vessels, and wildlife equipment. We also have access to their CAP & STACK technology, a large well closure device that is capable of sealing off a well in the highly unlikely situation of a loss of well control.

In 2022, we replaced our current Tier 1 response provider with OSRL. This decision was driven by a number of factors, not least because we have found OSRL to be a very effective partner and we have established a close relationship with regular communication. OSRL will now provide our Tier 1 oil spill response equipment, which is located centrally in the field for rapid deployment. Part of that service includes bi-annual training for our field personnel in the practical deployment and use of the equipment. This change means our entire response package is supplied by one provider.

If a Loss of Primary Containment incident were to occur, we would also reach out to local operators and partners for support; the Accord Assistance des Operateurs Petroliers (AAOP) is an agreement via the Union Pétrolière Gabonaise (UPEGA) which states that operators can share equipment and dispersants in the event of a spill and this can be back-charged following the clean-up.

Environmental and Process Safety

Critical Incident Risk Management

Operating offshore, fires and explosions are major potential risks, and effective prevention and mitigation measures must therefore be utilised. Gas detectors are located throughout the facilities and are tested and calibrated on a regular basis.

The automatic deluge systems will deploy on detection of a fire. Emergency shutdown (ESD) systems are installed over the platforms and if machinery overheats the automatic shutdown will trip for that piece of equipment.

Firefighting equipment is located throughout our facilities and is inspected monthly. Audits are conducted to ensure all safety measures are in place and functioning correctly. We track monitoring and auditing through our maintenance management system, Maximo.

In the event of an emergency, we have robust response measures in place. If an incident occurs, evacuation of personnel is always the priority. The operators will raise the alarm and personnel will assemble at the muster points where safety equipment and life rafts are stationed. We have an on-site support vessel crewed and are continuously available in the field, and the transit vessel, also available 24/7, has an emergency back-up role and would be deployed. All the platforms and the FSO have satellite phones and radios, ensuring there is always a means of communication between the offshore operations as well as a connection to the onshore offices.

Reflecting the importance of having a purposeful and efficient response in the event of an emergency, we frequently conduct drills. There are a number of drill types, including gas alert, fire alarms and general abandonment, and each drill covers what actions should be taken, where to assemble, and how to account for all personnel.



TransGlobe spotlight:

HSES management

Due to the differing regulatory environments, HSES management in Egypt and Canada is distinctly different. The industry in Canada is heavily regulated, hence the focus is to follow the requirements set out by the governments and regulators as a minimum.

TransGlobe has an HSES management system in place, which underpins the culture of safety at the Company. Measures implemented include use of driver monitoring systems, HSES training sessions for employees and contractors, recording and investigating incidents and near-misses, and site HSES audits and visits at a leadership level.

In Egypt there is a system for card reporting of HSES observations, similar to that operated in Gabon.

Furthermore, the Company organises contractor HSES management workshops to focus on key risks and to share mitigation knowledge, and uses HSES performance and capability as a key factor in contract awards. As part of the joint operating venture, there is also a safety management system which is ISO 14001 certified. TransGlobe management meets every month with the Operating Company that covers all aspects of HSES.

TransGlobe maintains an active integrity management program on its wells and facilities. An emergency management system is active and exercised annually. The Company hires directly, or through the Egypt joint operating venture, employees and contractors with relevant documented experience and qualifications to conduct operations and risk assessments.

The Company, where area-appropriate, retains expert external capability on contract to respond in emergencies. Onshore operations are well spaced-out to mitigate the magnitude of these risks.

Task force on Climate-related Financial Disclosure

VAALCO recognises climate change as a risk to the business and industry.

It also recognises the potential for the business to decarbonise its operations, reduce operating costs, and deliver more sustainably produced oil and gas products, whilst serving its developing host nation that still require improved energy access and supply, and the economic benefits the industry generates, directly and indirectly.

The Company acknowledges the requirement to share information with stakeholders regarding its response to climate-related risks and opportunities.

For the past three years the Company has matured its reporting in line with the recommendations of the TCFD, which is recognised as the global standard in climate-related reporting. This means VAALCO is well placed to meet the now legal requirement to report to the TCFD through its Standard Listing on LSE.

Governance

Board oversight

The Board are actively engaged in understanding the climate-related risks relevant to the business. Board members received briefings from consultants, lawyers, accountants, and other corporate advisors during the course of year pertaining to climate-related risks.

Following the formalisation of a clear work programme for decarbonisation, the Board was briefed on the newly developed operating and oversight structures established to assess all related projects and workstreams. To keep the Board informed of progress, our ESG Process Engineer delivered briefings at each Board meeting from Q2 in 2022 onwards.

These briefings detailed the regulations likely to impact the business, with particular focus given to the impending SEC requirements related to climate risk disclosure.

Our ESG Process Engineer is modelling fuel usage and emissions profiles of the business. The Board will therefore be furnished with more detailed information in the future regarding gas and diesel fuel requirements for operating and capital investments.

Management oversight

Responsibility for consideration of climate-related risks at the highest level of the business sits with the CEO. Our CEO is responsible for overseeing identification, assessment, and management planning of identified climate-related risks and opportunities.

The newly established Decarbonisation Steering Committee, which assesses decarbonisation projects, is comprised of individuals from a cross section of functions and operating locations. The CEO chairs the committee, and is joined by the COO given the technical and operational focus of its direction. The Committee reports to the board on progress of the program, including the opportunities identified and risks identified and analysed.

The Committee is responsible for oversight of the decarbonisation workstreams, while the Decarbonisation Working Group is responsible for execution of these projects.



Strategy

We recognise that as an oil and gas producer operating offshore Gabon, Equatorial Guinea, and onshore Egypt and Canada, our business faces significant risks from climate change.

Whilst there are overarching risks relevant to our business, each operating location presents a unique set of risks that must be considered at the local level.

We consider climate-related risks under two broad headings: physical risk and transition risk, and recognise climate litigation as an emerging third risk category.

Physical risk can be divided in to two types: acute risks from increased severity of extreme weather events such as storms and floods and increased incidence of wild-fires and other climate-related emergencies; and chronic risks from changes in precipitation patterns, extreme variability in weather, rising mean temperatures, rising sea levels and increased incidence and intensity of droughts.

Transition risk meanwhile refers to the actual and potential impacts of risks associated with the energy transition on our business, strategy, and financial planning. These risks are generally considered under four headings suggested by the TCFD – Policy and Legal, Technology, Market and Reputation – and is the approach taken in carrying out our own climate risk assessment.

The Physical and Transition risks we have identified, our assessment of their impacts on our Company, and the actions we are taking to mitigate these risks, are summarised in the table below.

We have assessed potential impact against short-, medium, and long-term time horizons which we define as three, five, and ten years respectively.

Climate Risk Table

Risk	Type	Impact on VAALCO	Timeframe	Mitigation actions
Transition	Market	Reduced demand for our oil and gas	Medium Term & Long Term	We intend to conduct quantitative scenario analysis on an annual basis to inform our capital allocation decision making.
		Increased cost of capital	Medium Term & Long Term	<ol style="list-style-type: none"> 1. Transparent, robust GHG emissions disclosures 2. GHG mitigation incorporated into funding model 3. Prudent financial management (less debt, more self-funded capital strategy) 4. Sustainability-linked financing initiatives, where cost of funds are linked to ESG outcomes
	Policy	Cost of carbon	Medium Term & Long Term	<ol style="list-style-type: none"> 1. Maintain internal carbon price 2. Use of long-term oil price assumptions that consider the demand effects of global carbon taxation. <ul style="list-style-type: none"> - Ongoing efforts to decarbonise operations. - Ongoing monitoring of policy and legislation development in countries of interest.
		Increased regulation and reporting requirements	Short Term, Medium Term & Long Term	<ol style="list-style-type: none"> 1. Maintain transparency relating to all ESG issues. 2. Comply with the highest reporting standards. 3. Ensure continued engagement with external stakeholders.

Short Term: <2 years
 Medium Term: 2 to 10 years
 Long Term: > 10 years

Climate Risk Table cntd.

Risk	Type	Impact on VAALCO	Timeframe	Mitigation actions
Transition	Technology	Growth of lower-carbon energy products	Medium Term & Long Term	<ol style="list-style-type: none"> 1. We are exploring the implementation of decarbonisation technologies at the field level. 2. As part of our M&A strategies, we are assessing an increase in gas production within the portfolio 3. Increase use of low emissions equipment and contractor services.
		Cost of GHG emissions reduction	Short Term & Medium Term	We are approaching the decarbonisation assessment of our portfolio in a strategic way, led by our COO, with cost-effective reduction strategies being of key consideration
Litigation	Reputation	Changes in consumer preferences	Short Term, Medium Term & Long Term	Our Decarbonisation Steering Committee was established for the purpose of identifying where the Company can make material reductions in carbon emissions across the portfolio
		Increase in legal cases being brought against fossil fuel companies	Medium Term & Long Term	<ol style="list-style-type: none"> 1. Robust compliance management and scanning 2. Increased awareness amongst management and board
Physical	Chronic	Sea-level rise, drought, variable rainfall patterns	Medium Term & Long Term	<ol style="list-style-type: none"> 1. We conduct a periodic assessment of physical risks to our assets and operations 2. In Gabon and EG we are building our awareness into future development programmes 3. Egypt our management system is ISO 14001 certified, which closely monitors water use 4. A fuller assessment of the potential physical impacts of climate change across our operating portfolio is provided below 5. See 'Increased regulation and reporting requirements' Mitigation Actions
		Flooding, heavy rainfall	Short Term, Medium Term & Long Term	Environmental Management System (EMS) and Emergency Response Plan (ERP) are designed to deal effectively with any short-term damage or interruptions

Short Term: <2 years
 Medium Term: 2 to 10 years
 Long Term: > 10 years

Task force on Climate-related Financial Disclosure

Strategy (cntd)

Physical risk assessment

We operate onshore and offshore assets in several countries and each location represents a unique physical environment. Our assets have therefore been designed to withstand a hot climate in Egypt, wide-ranging temperatures in Canada, and the offshore conditions within the Gulf of Guinea.

To establish the potential impact of climate-related risks on the Company, we have conducted a desktop-based physical risk assessment. We have utilised University of Notre Dame's ND-Gain Country Index and its climate risk country reports. This tool provides an overview for a country's vulnerability to and readiness for climate change risks.

It aims to help governments, businesses and communities better prioritise investments for a more efficient response to the immediate global challenges ahead. Vulnerability measures a country's exposure, sensitivity, and capacity to adapt to the negative effects of climate change within six life-supporting sectors: food, water, health, ecosystem service, human habitat, and infrastructure. Readiness meanwhile is defined by a country's ability to leverage investments and convert them to adaptation actions and is measured by considering three components: economic readiness, governance readiness and social readiness.

We have therefore conducted an assessment of our assets in each operating location, considering both the direct and indirect physical impact climate change could have on our business.

The vulnerability and readiness of each country is presented in the coloured graphics.

Gabon	
Profile	ND-GAIN Country index rank 115
	Score 43.7
	Vulnerability 0.424
	Readiness 0.298
Climate related impacts	Mean annual temperatures in Gabon are projected to continue to increase through the 2050s by 0.9°C to 2.5°C. Annual average precipitation is expected to decrease slightly by the end of the century under a high emissions scenario, while Gabon is projected to experience more rainfall along its coast and in the north-western zones. Flooding, including coastal, urban and riverine floods, is a particular high-hazard for Gabon and potentially damaging and life-threatening river floods are expected to occur at least once in the next 10 years. Projected temperature increases and precipitation trends are also expected to result in hydrological impacts of the country's watercourses, such as catchments, rivers and coastlines.
Impact on VAALCO	Directly there will be no material impacts in the short, medium or long term on our business in Gabon as operations are offshore. However, indirect impacts such as rising mean temperatures could indirectly affect VAALCO in the medium to long term due to potentially impacting the people that make up our workforce in Gabon.

Egypt	
Profile	ND-GAIN Country index rank 107
	Score 45.1
	Vulnerability 0.442
	Readiness 0.344
Climate related impacts	Egypt is especially at risk from increasing temperatures and a projected rise in heatwaves, dust storms, storms along the Mediterranean coast and extreme weather events. As the Nile River's sources are located outside Egypt, the country is highly vulnerable to changing climate conditions and shocks both within and outside the country's borders. Climate change is expected to increase the risk and intensity of water scarcity and drought across the country. Increased frequency of intense precipitation events will lead to a heightened risk of flooding, river bank overflow and flash flooding.
Impact on VAALCO	Our onshore assets in Egypt operate in challenging conditions. These include high levels of water stress, broad diurnal temperature ranges and high daily maximum temperatures being the keys issues in the region. The direct impacts of potential climate-related risks will therefore mean an increase in the need for effective water management, as well as mitigating heat stress on both people and the assets. Flash flooding could also indirectly impact upon the business.

Canada	
Profile	ND-GAIN Country index rank 14
	Score 67.5
	Vulnerability 0.301
	Readiness 0.652
Climate related impacts	In comparison to our other locations of operation, Canada is much less vulnerable to climate-related risks.
Impact on VAALCO	Direct potential physical impacts upon our assets in Canada are less significant; instead, it is the regulatory environment that drives risk from an energy transition perspective.

Task force on Climate-related Financial Disclosure

Strategy (cntd)

Business resilience: scenario analysis

The purpose for conducting scenario analysis to consider the effects of climate change on our business, and specifically to our strategy and financial performance.

Methodology

Our quantitative scenario analysis considered a range of scenarios which were identified based on the guidance published by TCFD.

We used the scenarios established by the International Energy Agency ("IEA"), as described in its 2022 World Energy Outlook. Further detail on each of these scenarios is provided below.

We assessed the possible changes to the price of oil driven by the energy transition and its impact on supply and demand.

1. Net Zero Emissions by 2050 Scenario (NZE) a normative IEA scenario that shows a pathway for the global energy sector to achieve net zero CO₂ emissions by 2050, with advanced economies reaching net zero emissions in advance of others. It requires achieving universal access to electricity and clean cooking by 2030, eradicating the traditional use of biomass and resulting in major improvements in air quality. NZE requires oil demand to fall from around 95 million barrels per day (mb/d) in 2021 to 75 mb/d in 2030 and less than 25 mb/d in 2050. The fall in demand causes oil prices to reduce to US\$35 per barrel in 2030 and US\$24 in 2050.

2. Announced Pledges Scenario (APS) is a scenario which assumes that all targets announced by governments, including their long-term net zero and energy access goals, as well as commitments from specific industrial sectors and companies are met on time and in full. This still leaves an 'ambition gap' of 12 billion (giga-) tonnes (Gt) of emissions per year in 2050 and results in a mean global temperature rise in 2100 of around 1.7 °C. Oil demand in the

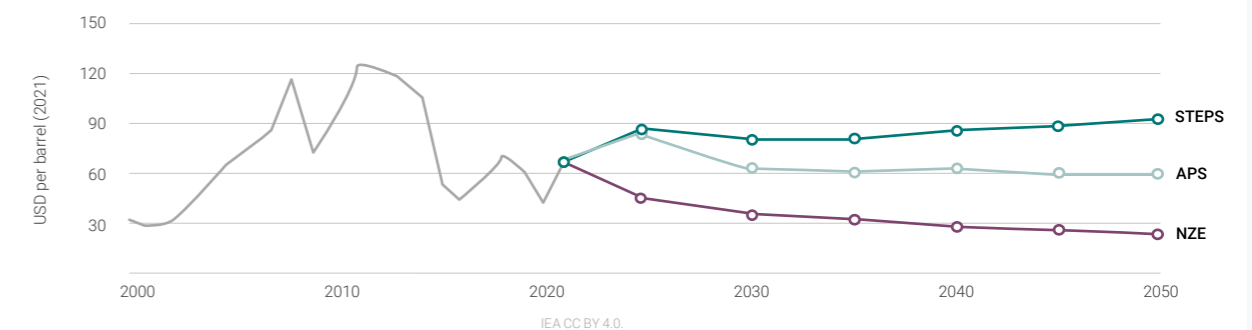
APS remains steady at around 93 mb/d to 2030 before declining gradually to 57 mb/d in 2050. Oil prices soften from 2022 levels towards US\$60 per barrel by the early 2030s. Demand for natural gas declines to 3,900 bcm in 2030 and then to 2,700 bcm in 2050.

3. Stated Policies Scenario (STEPS) assumes policies and targets already announced by governments are enacted, but that there is no further policy development on climate change beyond this, and estimates an average temperature rise of 2.7°C by 2050. Under this scenario, global energy-related CO₂ emissions peak in 2025 at 37 Gt per year, reducing to 32 Gt by 2050. Global oil demand will rise to a peak of 103 mb/d in the mid-2030s before declining slightly to 2050, with pricing remaining strong at US\$82 per barrel in 2030 and US\$95 in 2050.

Findings

The resilience test of our portfolio against the scenarios found that our assets will generate value, even under the the most demanding NZE scenario. The analysis indicated that Vaalco would see limited impact on net asset value under the STEPS scenario, against the management base case. The negative impact of the Announced Pledges climate scenario was less than 20% whilst the most ambitious NZE scenario, where the supply/demand imbalance occurs, would impact net asset value negatively by more than 25%. Through 2023, Vaalco intends to expand the scope of its quantitative scenario analysis.

IEA oil prices by scenario



Equilibrium oil prices vary substantially by scenario, reflecting the way that policies, costs and resources affect the supply-demand balance

Note: STEPS = Stated Policies Scenario; APS = Announced Pledges Scenario; NZE = Net Zero Emissions by 2050 Scenario.



▲ Nicobar Offshore support Vessel Etame field Gabon

Task force on Climate-related Financial Disclosure

Strategy (cntd)

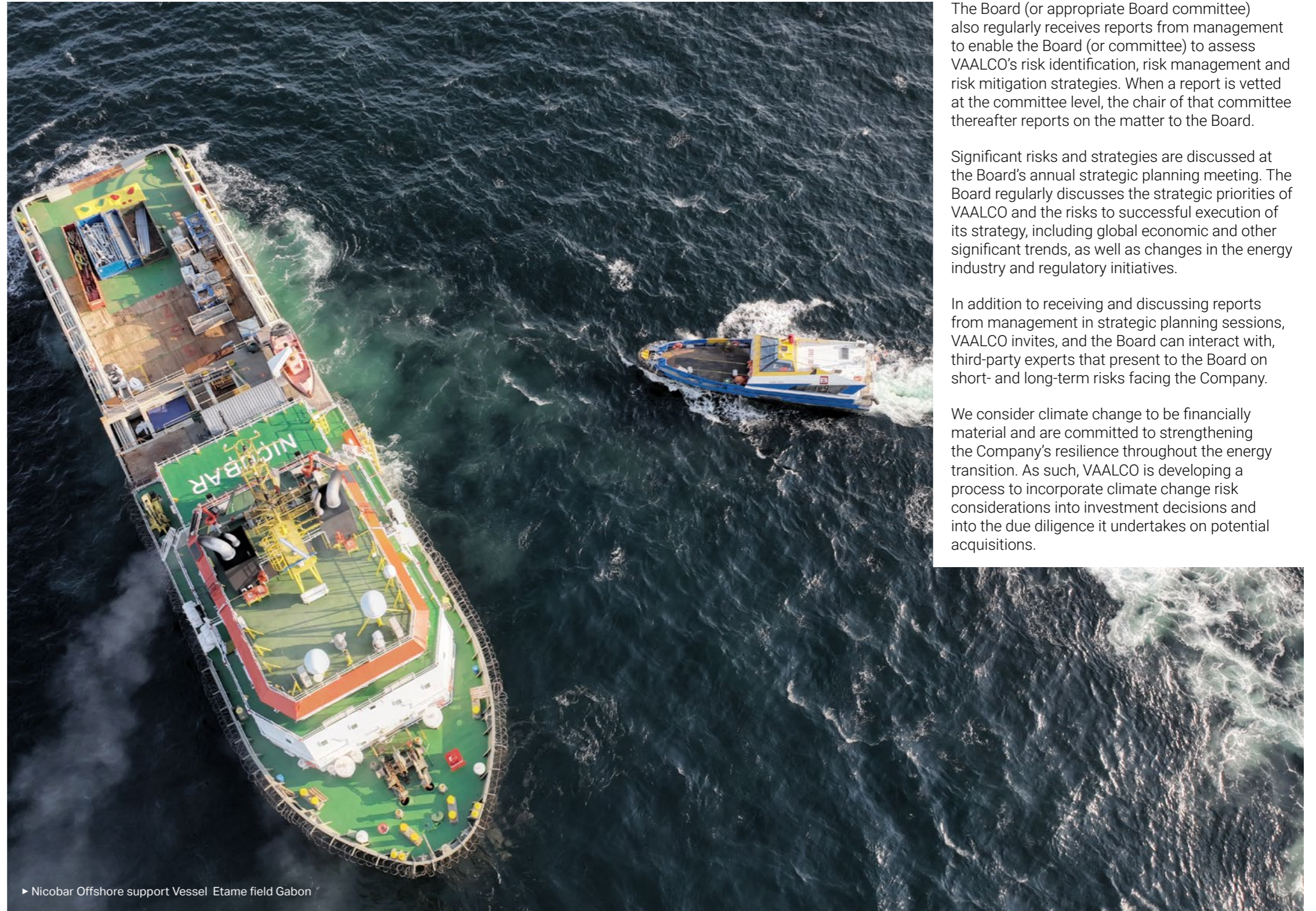
Risk Management

VAALCO's Group General Counsel has oversight of all legislative risks, include climate-related risks, and is supported by outside counsel in the Company's jurisdictions of operation. Existing and emerging legislation is considered a risk by the business, at both asset and corporate level. The Company tracks all legislative risks and report these as part of its annual reporting. Following the integration of TransGlobe with VAALCO, the business is looking to redefine its risk management framework.

Our Country Managers are responsible for awareness and landscape scanning of climate-related risks specific to the country they are operating within. In Egypt, we have the privilege of working with the National Oil Company, EGPC. Canada is a highly regulated environment to operate in as it is well-advanced in its preparedness to combat climate-related risks as a nation.

There is therefore significant focus on the energy industry and our General Manager in Canada is responsible for ensuring the Company remains compliant with existing regulation whilst also preparing the business for legislative changes.

Oversight of VAALCO's risk assessment and risk management is considered a Board responsibility. The Board exercises its oversight responsibility for risk assessment and risk management directly and through its committees and this role includes receiving reports from its committees, members of senior management and third parties on areas of potential material risk to VAALCO, and/or to the success of a particular project.



► Nicobar Offshore support Vessel Etame field Gabon

The Board (or appropriate Board committee) also regularly receives reports from management to enable the Board (or committee) to assess VAALCO's risk identification, risk management and risk mitigation strategies. When a report is vetted at the committee level, the chair of that committee thereafter reports on the matter to the Board.

Significant risks and strategies are discussed at the Board's annual strategic planning meeting. The Board regularly discusses the strategic priorities of VAALCO and the risks to successful execution of its strategy, including global economic and other significant trends, as well as changes in the energy industry and regulatory initiatives.

In addition to receiving and discussing reports from management in strategic planning sessions, VAALCO invites, and the Board can interact with, third-party experts that present to the Board on short- and long-term risks facing the Company.

We consider climate change to be financially material and are committed to strengthening the Company's resilience throughout the energy transition. As such, VAALCO is developing a process to incorporate climate change risk considerations into investment decisions and into the due diligence it undertakes on potential acquisitions.

Task force on Climate-related Financial Disclosure

Metrics and Targets

ACCOUNTING METRIC	2022
Stationary Facilities Scope 1 emissions, percentage methane (in metric tons CO2-e)	255,500
	36%
Mobile Equipment (1) Scope 1 emissions, percentage methane (in metric tons CO2-e)	55,306
	0%
Total Scope 1 emissions	310,806
Amount of gross global Scope 1 emissions from flared hydrocarbons	56,667
Amount of gross global Scope 1 emissions from other combustion	166,836
Amount of gross global Scope 1 emissions from process emissions	0
Amount of gross global Scope 1 emissions from other vented emissions	84,969
Amount of gross global Scope 1 emissions from fugitive emissions	2,337
Stationary Facilities Scope 2 emissions (in metric tons CO2-e)	3,325

We recognise the objectives of the Paris Agreement and are committed to establishing a net zero pathway.

2022 was a transition year for the business and we are seeking to establish uniformity in our methodologies following the merger with TransGlobe.

As such, we have updated our methodologies to capture any gaps and provide greater precision. It is important to note that a significant amount of the emissions this year relate to the reconfiguration.



Resource Management

We take our responsibility for waste and water resource management seriously. We do not perform hydraulic fracturing in our offshore operations, which has shown to be a significant use of water in onshore plays in the U.S. and international locations.

We do perform fracking activities in Canada in line regulatory requirements, and our operations in Egypt are managed through our ISO 14001 management system.

However, our operations do generate produced water, and the water that is produced is strictly managed and disposed of responsibly to minimise the impact of our operations.

All produced water is monitored on an hourly basis and is treated to meet or exceed International Convention for the Prevention of Pollution from Ships (MARPOL) 73/78 standard requirements, which includes a minimum threshold reporting requirement of an average treated oil in water overboard (Ave. OIW) of 15 parts per million (PPM). We are consistently below MARPOL requirements for 24-hour and 30-day limitations.

Any incidence that deviates from our expected levels of produced water is usually due to issues in the chemical pumps; we monitor the chemical injection rates four times a day and twice per shift. On the FSO, there are sensors on board that close the overline if water passes the acceptable threshold.

Our operations offshore do not generate a significant amount of waste. Nevertheless, any waste we send from site is segregated, packaged in enclosed containers, and properly labelled on the waste transfer note in compliance with the requirements of the Port Authorities. Our Logistics Department keeps a log of the quantity, type, and source of all waste that we produce. The waste is then shipped to our waste management centre.

Following the introduction of the FSO, pigging waste can no longer be transferred back to the FPSO for reinjection, and now must be dealt with physically. We are therefore upskilling the team to manage this hazardous waste in line with regulations, including segregation, proper treatment, and correct labelling on the waste transfer notes.

Going forward, we will communicate waste and water management and performance information for our Canada and Egypt operations in more detail.

Biodiversity and Decommissioning

VAALCO is committed to the conservation of biodiversity. We recognise our responsibility to protect Gabon's unique ecosystems and natural beauty.

With offshore operations, we have a responsibility to ensure our activities do not adversely affect marine wildlife. As detailed above, our robust approach to asset management ensures that we are mitigating risk of any spills to the environment. Additionally, we take great care to understand the species surrounding our operations and their migratory patterns.

We encourage all employees and contractors to be very aware of nearby marine life; we are keen to stress our proximity to the Mayumba Marine Reserve, we include biodiversity considerations in our induction process, and the topic is routinely covered in the weekly safety meetings.

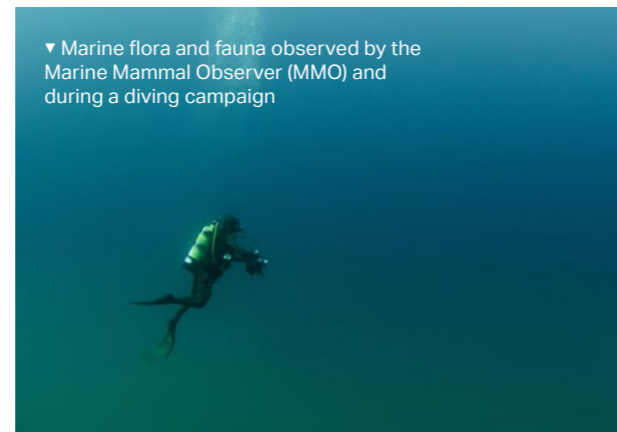
During the reconfiguration of the Etame field, replacing the FPSO with the new FSO, the Company acted in accordance with Gabonese environmental law and the guidelines established as part of the Environmental and Social Impact Assessment (ESIA). We had a trained and accredited Marine Mammal Observer (MMO) deployed offshore at all times during the project.

The role of this individual included (but was not limited to) advising on compliance with environmental laws, conducting survey to locate and identify marine fauna, monitoring the exclusion zone for marine mammals prior to operations, and recording all data and report observations.

The MMO collated all observations into daily reports. At the end of the project, continuous visual monitoring had been maintained, with over 700 hours of visual observation time and 85 mammal sightings, including humpback whales, sharks and dolphins.

The conclusion of the final report was that VAALCO Gabon had adopted a best practice approach by respecting the will of the State by involving a local consultant in this project. It was highlighted that there had been no adverse effects to marine life or migrating birds.

Total hours of visual observation time by MMO **713**



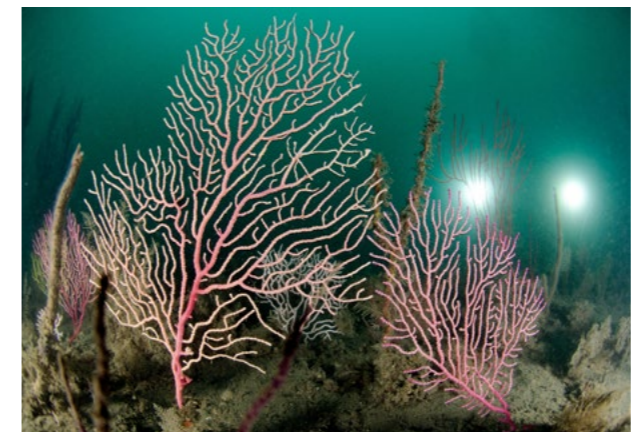
▼ Marine flora and fauna observed by the Marine Mammal Observer (MMO) and during a diving campaign



Under the Etame Marin Production Sharing Contract ("PSC") terms, VAALCO and its partners have agreed to a cash funding arrangement for the eventual abandonment of all offshore wells, platforms and facilities on the Etame Marin block.

Pursuant to the Etame PSC we conduct abandonment studies to update the amounts being funded for the eventual abandonment of the offshore wells, platforms and facilities on the Etame Marin block.

We updated the Abandonment Study in 2022 and presented an update to the Gabonese Minister of Hydrocarbons; following the completion of the Etame field reconfiguration, we are in the process of updating the study again considering the results and impact of that project.



Social

We are dedicated to maintaining a secure working environment for everyone at VAALCO and we never compromise on safety.

In recognition of the centrality of people to the success of our business, we want to ensure we are providing a supportive culture that enables employees to grow and develop their skills and experience.

ESG Overview

Environmental

Social

Governance

Data tables



Workforce Health and Safety

The safety of our employees and contractors is of paramount importance. We are committed to managing our operations safely and securely to prevent harm to any personnel and mitigate the risks associated with offshore oil and gas operations.

As such we mandate strict adherence to our health and safety policies and procedures.

Our HSSE teams oversees health and safety across our operations and report directly into their respective Operations Managers. The team includes an advisor based offshore who monitors safety practices and collates all the daily H&S data and that report is sent to the COO.

In Gabon, we have established high safety standards for and expectations of our partners and developed systems that support their compliance. Third party contractors must follow VAALCO safety systems regardless of whether they have their own policies and procedures in place.

Culture

Essential to instilling a culture of putting safety before all else is keeping H&S at the top of the agenda. Safety is therefore the starting point of meetings, including the daily operations meeting attended by Heads of departments and all field personnel. We set a daily safety topic informed by industry practice; this is shared each evening and is used as the subject for the morning Toolbox Talk that happens on each of our assets.

We designate monthly safety themes, and these are promoted to all personnel via weekly posters and in the weekly safety meetings, through which we also share video resources which provide more information on the topic.

Our Safety Observation System (SOS) is embedded across our operations. This requires all personnel to work in accordance with a 'Stop Work Authority', which means everyone is encouraged to stop work and report a concern if at any point they feel unsure of something or encounter an unsafe action.

We apply this approach to incidents of every level of significance, as when even a minor incident or a near miss is ignored and not reported, the workplace is at an even greater risk of a more serious incident occurring in the future, because the hazard or inefficient process was not corrected.

Documenting all incidents allows us to track patterns, realise trends, and discover anomalies. By adopting SOS, we are empowering employees to take responsibility in the places and the way they work.

For the SOS to be most effective, it is not punitive; employees that request a halt to operations are not named on the safety observation card as part of our commitment to the 'no blame, no shame' policy. This ensures that employees are never discouraged from raising a concern. Any observations recorded on the SOS are reported daily and will be discussed during the morning operations meeting.

We make our employees aware that we want to listen to any concerns they may have and will take their feedback seriously. When individuals approach management, regardless of their role and whether they are a VAALCO employee or a contractor, we always review and validate their suggestions.

Additionally, we ensure that we reward commendable behaviour to further encourage adoption of best practice HSSE behaviours.



Workforce Health and Safety

Management

Our Safety Management System incorporates all relevant H&S documentation. To ensure established processes are fit for purpose, we are reviewing existing procedures and policies and, where necessary, updating them or introducing new ones.

Ensuring all personnel are equipped with the right skills and understanding to carry out their tasks safely is essential. In 2022 we introduced a new online training platform, Velocity EHS, that enables employees to access resources and complete courses through.

The new platform is more accessible, has dual-lingual capabilities, and provides a dashboard to track course completion. Face-to-face training was reconvened in October after the relaxation of our COVID-19 restrictions, and 95% of onshore personnel received training in First Aid, CPR and Defibrillator Use, and Fire Safety.

All incidents and near miss events are reported, investigated, and recorded within our online system, Velocity EHS. The investigation process following an incident is comprehensive; root cause analysis delivers a series of defined corrective actions which are assigned to the relevant personnel and tracked via the online system to closure.

We also produce safety alerts with the key details and corrective actions derived from the investigation, so that this information is disseminated to all personnel which helps mitigate the risk of an incident recurrence.

Immediately following an incident, any individual involved is seen by the onsite medic; a decision is then made as to whether that person needs to be taken onshore via our medivac helicopter.

In 2022 we had a TRIR of 0.487. This increased rate was largely due to the nature and complexity of our activities.

We have numerous procedures in place to manage work and ensure safe operations. This includes lock out tag isolations, work permits, job safety analysis, control of hot work, and control of confined spaces.

Total Recordable Incident Rate (TRIR) **0.487**

Any non-routine and high-risk tasks are controlled under Permit to Work, which is reviewed and signed off by the Person in Charge (PIC).

This process includes a review of the specific Job Safety Analysis (JSA) for the task, as well as any associated procedures.

A key risk is in the transfer of crew to the platforms. Each platform has a boat landing so that stepping on and off the boat is as safe as possible, and we also consider the weather and do not proceed with crew transfers in adverse conditions.



Commitment

All of our employees are expected to demonstrate a strong commitment to high standards of HSSE performance.

Accident Prevention

Our goal of zero accidents, injuries, unsafe work practices, or unsafe conditions is the goal of all employees.

Training/Education

We proactively assure that employees are adequately trained and educated on HSSE issues.

Effectiveness of HSSE

Our intent is to achieve continual improvement in the effectiveness of our HSSE efforts.

Trust

We conduct our operations in a manner of building trust on HSSE issues with our employees, governments, and the public.

Compliance

We comply with all applicable environmental, health, and safety laws and regulations.

Measurement of Performance

HSSE performance is measured and communicated Company-wide. Compliance reviews and audits are periodically conducted.

Our 10 Golden Rules of Safety

All employees and contractors must follow the 10 Golden Rules of Safety.

These cover the most critical safety hazards that have caused loss of life and injury across our industry, and consequences for non-compliance of the following by persons working for VAALCO will be strictly enforced.

1. Permit to Work – Work with a valid work permit when required
2. Gas Testing – Completed when required
3. Confined Space Entry – Work within confined space entry procedure without exception
4. Suspended Loads – Never conduct work or walk under suspended loads
5. LOTO – Verify isolation before work begins and use the specified life protection equipment
6. Barricades – Do not bypass or disregard signage or barricading
7. Driving or operating equipment – Do not use your phone and do not exceed speed limits. Seatbelts will be worn without exception by driver and passengers.
8. Drugs and Alcohol – No Drugs or Alcohol while working or driving
9. Working from Heights – Fall protection will be worn when working outside of protective environments where you can fall over 6 feet or 1.8 meters
10. No Smoking – Do not smoke outside of designated smoking areas

Employee Experience

Our employees have a central role in the success of the business – a fact that was never more evident than in 2022, when everyone at VAALCO pulled together to ensure the timely delivery of the reconfiguration project.

We are therefore committed to providing our employees with the best working environment possible. Our Group Head of HR has always had oversight of all VAALCO employees in the US and Gabon, whilst our Regional HR Manager in Gabon manages our workforce in Gabon on a day-to-day basis, including contractors and trainees.

With the merger of TransGlobe, there is now also Group level oversight of employees in Canada and Egypt, while responsibility for daily employee management sits with their HR Manager, as well as the HR team within the joint venture partnership in Egypt. We are currently in the process of integrating TransGlobe's business into the wider Company, assessing their legacy systems and introducing VAALCO's own where appropriate. In this way, we will be able to standardise policy and practice across the Group and ensure a cohesive approach to HR management.

As the size of our employee base is relatively small, keeping track of all employees is straightforward. Nevertheless, we identified the opportunity to improve our workforce monitoring in Gabon, where the majority of our employees are situated, and where we also work with many contractors. We therefore introduced a new HR management system in 2022. The system provides a dashboard for each employee and contractor and tracks the contract type, onshore and offshore roles, gender, age, and whether they are Gabonese or an expatriate. This has increased the ease of both reporting, as a weekly report is extracted from the system and shared with management, as well as timetabling, as we can more easily coordinate schedules through the system which tracks whether employees are deployed offshore or are on leave.



► Service Awards for employees



► Awards Ceremony held to recognise employees with 10+ years of service at VAALCO



► Employee lunch in Gabon to celebrate Independence Day



We have digitised all our employee documentation so that this information is now available both through our HR management system and in hard copy. Whilst beneficial for monitoring the workforce, this also ensures we have robust record keeping practices and improves accessibility of information when our systems are audited by the regulator or unions.

Employee Engagement

At VAALCO we believe that a shared understanding of our mission as a business facilitates better engagement and demonstrates to employees their role in and value to the Company. Through Town Halls and CEO updates we ensure that everyone is kept informed of developments in the business.

In Gabon, we have been implementing improvements in internal communications. At the beginning of 2022 we hired a new HR Manager in Gabon, with the objective of renewing employee communications and introducing improved processes of people management. All employees were sent information about the HR function to increase awareness of how it works and the support systems available.

To foster a culture of transparency and openness, we are keen to provide our employees with the opportunity to feedback to the business. Employees are encouraged to speak directly to management if they have any concerns. In Gabon, the College of Delegates is an employee forum, through which employee delegates gather feedback from their colleagues and meet with management to discuss any issues or suggestions. The forum also enables management to clarify communications that may have been misunderstood and dispel any concerns.

Each employee also met with the HR manager one-to-one and everyone is encouraged to reach out directly with any issues.

We feel it is important to give our employees the chance to engage with each other and management outside of these formal channels. We hosted a number of events in 2022 in Gabon including an employee lunch to mark Independence Day, an Awards Ceremony to recognise the 10+ years of service from many employees, and an inauguration dinner attended by the Executive to celebrate the FSO installation and the hard work of the team in Gabon in delivering the project. We hosted a gift giving afternoon at Christmas for children of our employees and also have football games every Tuesday after work.

Case study

Engaging and listening to our colleagues



Having no prior experience in the oil and gas industry, I knew I would have a lot to learn, and being able to approach anyone has been very helpful; everyone goes the extra mile and makes sure you feel comfortable in what you are doing.

I take a lot of pride in saying I was part of the FSO installation project. It was not an easy feat to deliver on the project whilst maintaining production, but I think it is something we did successfully.

The Chairman and CEO also came out to Gabon in late 2022 to celebrate the launch of the FSO. We were able to share our experiences and talk about the challenges we face locally, and they really listened to what we were saying.”

Orphee Engonga Ondo

“VAALCO is by far the best organisation that I have worked for. It is like being in one big team. When I first joined the company, one of the things that was emphasised to me is that all questions deserve to be asked; and certainly meetings are open for anyone to raise an issue, and whenever you have a question, everyone’s line is open.

Employee Experience

Wellbeing and Benefits

To attract and retain talented individuals, we must ensure that we have a competitive compensation and benefit offering. We offer a range of benefits across our employee base, most importantly access to leading medical programmes intended to meet their needs and the needs of their families, but also dental and vision coverage, vacation and sick pay, employee loans, short- and long-term disability insurance, life insurance, 401k savings plan.

Our pay-for-performance compensation philosophy is based on rewarding each employee’s individual contributions and paying for equal work regardless of race, religion, creed, national origin, physical disability, sexuality, gender, or age. We use a combination of fixed and variable pay including base salary, bonus and merit increases, which vary across the business.

In addition, as part of our long-term incentive plan for executives and certain employees, we provide share-based compensation to foster our pay-for-performance culture and to attract, retain and motivate our key leaders and better align their interests with our stakeholders.

In Gabon, we conducted an evaluation of all roles and responsibilities in order to ensure that all salaries and benefits were correctly aligned with the remits fulfilled.

Talent Acquisition and Development

At VAALCO, we are always keen to provide training and development opportunities to our employees. In both Houston and Gabon we conduct annual performance appraisals for employees. These assessments inform the training that is required for each individual. In Gabon, we also offer English lessons to all employees that require them, including our cleaning staff in the offices.

A key focus for the Company is ensuring that we have the correct skillsets in place to meet our corporate objectives. In order to best understand existing workforce competencies, as well as appreciate the remits and capabilities of our new colleagues in Canada and Egypt, we will be undertaking a company-wide competency assessment in 2023. As a result of the assessment, we will be able to identify gaps in expertise amongst our workforce, and determine whether they need to be addressed through training of existing personnel, or external recruitment.

“HR is always about getting the right people in the right place and have them unencumbered and able to go about their work. In carrying out a competency assessment, recognising where everyone is best placed and bringing in new talent to address gaps, we are introducing a structure that will set the business up for success.”

Don MacLeod, Group Head of HR

Employee Experience

Training, Development and Recruitment (cntd)

The performance appraisals serve as an excellent framework for assessing the onshore employees. Offshore, where employees live and work together in close quarters, a different approach is required in order to establish an impartial picture of employee performance.

Working with an external consultant, we have developed a robust competency framework assessment that will be deployed in 2023. By engaging a third party we will be able to establish an objective understanding of each offshore individual's knowledge and the training that is required – which the consultant will then conduct.

Following this process, we will have a clear understanding of the competencies in place Company-wide and be able to take measures to strengthen expertise where necessary.

We can also ensure each individual is in the role best suited to their skillsets and identify which employees demonstrate the abilities to progress within the business. This is crucial for succession planning, as we must have a robust pipeline of talent for business-critical positions.

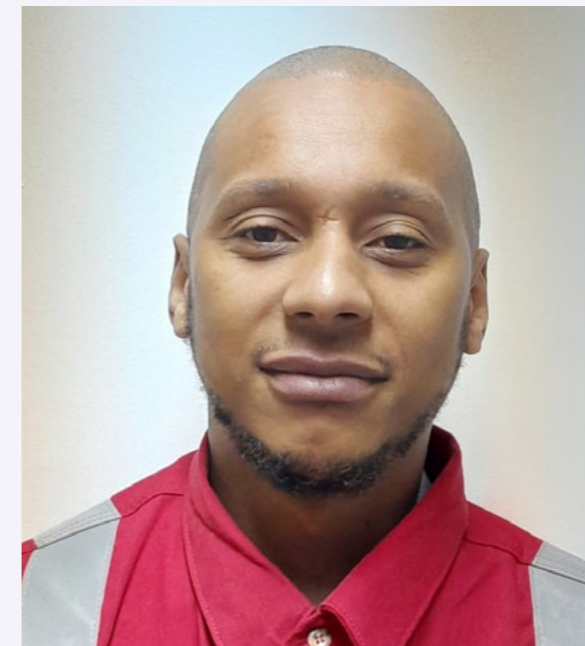
In order to attract talented individuals to our business and foster an interest in our industry amongst young people, we have instituted two programmes. We run a trainee programme with the National Gabonese Administration, wherein we take on individuals for a 12-month period and they are assigned a specific role. In 2022, we had 5 trainees, 4 of whom worked in the finance department, and 1 in supply chain management.

We also offer internships for students and in 2022 had 2 individuals join us for a 3 month period to learn about the business.



Case study

Investing in our employees



There is also a real sense that we are all working together and are focussed on the same goal.

Having previously worked in a completely different industry, I was keen to gain a better understanding of the oil and gas industry. I approached my Director who whole-heartedly approved of my request to take a course on surface production operation.

I would not expect to be given the opportunity to undertake training so soon after joining any other company, but I think VAALCO really values its employees and is willing to invest in us."

"When I joined VAALCO last year I was very pleased to find it a really welcoming and open environment.

There is good communication from management and I feel very comfortable voicing any concerns or asking for support.

Stan Rodney Ondo

Employee Experience

Diversity and Inclusion

VAALCO is committed to the principles of equal opportunity and ensuring that when we recruit, interview, hire, classify, train, promote, demote, discipline, transfer, terminate, and set rates of pay or other compensation, it is done on the basis of merit and qualification without regard to race, religion, creed, colour, national origin, physical disability, sex, or age.

We value building diverse teams, embracing different perspectives and fostering an inclusive, empowering work environment for our employees.

In recognition of the gender-based challenges, we wanted to host events in line with international days which are centred around promoting women's issues.

For International Women's Day in March, we hosted a lunch for all women working at VAALCO Gabon to give them the opportunity to mark the event and share experiences about their careers and lives.

For Pink October, which aims at raising awareness for breast cancer, we held a conference at which the President of Family Planning of Port-Gentil and Founder of the Welcome Assistance Clinic spoke. All female employees and wives of employees were invited and were also offered a free screening.

In 2023, as part of the ongoing process to strengthen the governance structure and lines of accountability, we appointed a Country Manager in Gabon. Mr Viannet Okouma, a Gabonese national, has extensive industry experience and will be a valuable member to our operational leadership team.

Percentage of our workforce that is local

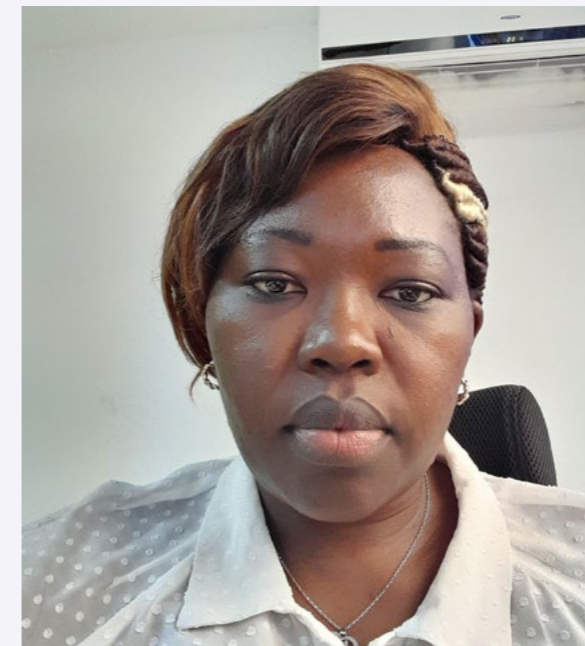
95%



► Events held to mark International Women's Day and Pink October

Case study

Providing an inclusive environment



Moving to VAALCO was absolutely the right decision for me; I am now the Senior Imports/Exports Specialist for VAALCO in Gabon and have already been able to gain different experiences.

Furthermore, at my previous job, I was working very long hours; my working day is now shorter, but not only am I achieving my objectives, I have also been able to spend a lot more time with my family, which is really important to me.

"I started in the oil industry in 2009. In my previous role at another oil and gas company, I felt like needed a change and the opportunity to tackle new challenges.

The team here have been very welcoming; I was given the right support when I joined and I can also see that the women where I work are given the opportunities to grow and progress in their careers."

Charlene Mbondzi Poundou

Community Impact

Our Gabonese operations are at the heart of our business and as ever we are committed to staying in the country and building a positive legacy for the surrounding communities.

Having operated in Gabon for over two decades, and as the vast majority of our in-country team comprises of nationals, our understanding of and appreciation for the challenges that local communities are grappling with runs deep. We have established productive lines of communication with both the communities nearest our operations, and the various governmental departments relevant to our operations.

The Gabonese Government requires oil and gas companies to further support the distribution of economic benefits from their activities within the country. Under the terms of our PSC, VAALCO and its joint owners at Etame contribute to the following funds: Training Fund; Hydrocarbon Support Fund; Provision pour Investissements Diversifiés ("PID") (Fund for Diversification Investment); Provision pour Investissements en Hydrocarbure ("PIH") (Fund for Investment in Hydrocarbon); and Local Community Development Fund.

Our Senior Finance and Commercial Manager meets regularly with the Minister of Hydrocarbons to discuss the projects that the Government would like the Company to support, and advocates for the programmes that we would most like to see our funding go towards.

Total amount of money contributed through funds (activities in Gabon)

\$6.8M

We monitor our contributions to these government backed funds, conducting due diligence on and receiving sign off from General Counsel on every proposed project, conducting due diligence on any government recommended vendors,

and having our General Counsel approve every per diem submitted by the government.

To understand how best to deploy our resources to the benefit of local people, we meet with community leaders in Mayumba, the closest onshore town to our operations, to hear where the need is most pressing. We raise these matters when meeting with the Minister for Hydrocarbons, and also take them into consideration in selecting the projects we fund directly.

"In the last few years VAALCO has funded a great number of projects and been involved in bettering the lives of local people. This is something we are very passionate about doing; we are not just interested in making money, but also in being a good corporate citizen and a true member of the community."

Emile Niyungeko, Senior Finance and Commercial Manager



VAALCO's CSR Fund

In 2022, we continued to support two major initiatives through our CSR Fund. Foremost was the Wildlife Inventory conducted in partnership with TEREA, a consultancy firm specialising in environmental management and tropical forests. The project involved analysing the wildlife population within a forest area covering 40,000 hectares, in order to establish management rules which will help logging operators to reduce their environmental impact.

A first transect-based fauna inventory was conducted in October 2021 to identify rare and/or endangered species and their habitats in order to determine protection zones, and define the distribution of species in the forest mosaic. Then in early 2022, a second inventory was carried out using reconnaissance walks and photographic trapping to supplement the earlier work and clarify the variability of the impact of human activities on wildlife. Utilising this knowledge will encourage conservation of the most sensitive areas, allow development of wildlife protection plans for economic operators, and provide improved understanding on the distribution of species, their way of life and their seasonal habits.



Setting camera traps as part of Wildlife Inventory project



Team involved in Wildlife Inventory project



Image captured of elephant by camera traps

Community Impact

VAALCO's CSR Fund (continued)

Our second major initiative involved a partnership with Space For Giants, an organisation that tackles the human-elephant conflict, implementing sustainable solutions to enable people and wildlife to coexist, conserving biodiversity while protecting the livelihoods of local communities. VAALCO provided funding for an intensive low specification electric fencing trial which will see the delivery of approximately 20 trial fences, with an aim to gather the necessary information for the conditions of success for a wider roll out.

Contributing to development in Gabon

Through our commitment to support Government-backed projects in Gabon, we have a particular interest in delivering education-focussed initiatives. We have therefore funded refurbishment projects at several universities and schools. Funding has also been used for infrastructure improvements including the installation of solar street lights, road repairs, refurbishment of a clinic, and improving access to water through wells and fountains.



▶ Working with communities to tackle human-elephant conflict.



▶ Fencing installed as part of Space For Giants project

TransGlobe spotlight:

Integrating our new colleagues

In completing our strategic merger with TransGlobe, the next key area of focus is integrating our new employees.

A key facet of this is providing the right leadership and support to ease this transitional period and ensure that employees feel engaged with and included in the wider Company. Our CEO, CFO and General Counsel hosted a Town Hall to address the TransGlobe employees.

Various members of the Executive Team have travelled to Calgary to meet the team there, including the Group Head of HR, whilst several other members of the team from Houston have travelled to Egypt.

To create a cohesive structure, the harmonising of policies and practices across the entire Company is imperative and will be a focus area for the coming year. This process is underway; all TransGlobe personnel have been given VAALCO email addresses and we are currently assessing the management systems in place.

In Egypt, TransGlobe are members of the Egypt Oil & Gas Technical Committee, through which they have representatives on several sub-committees including Technical, HSE and Corporate Social Responsibility (CSR).

The Committee is very active on CSR and TransGlobe have been able to contribute to various initiatives including rebuilding infrastructure and buying new livestock for local communities following flash floods, contributing funds to blood banks and COVID-19 precautions, and supporting the construction of an ICU unit at a nearby hospital.

“The focus is on sympathetically and carefully understanding the needs of our new TransGlobe colleagues. We want to get to know the individuals and their aspirations, and make sure that we try and meet those aspirations as best we can.”

George Maxwell, Chief Executive Officer



Governance

Adhering to the highest standards of business ethics is the expectation we set for all our employees, as well as the third parties we contract.

We operate in a number of different jurisdictions around the world and must meet the regulatory requirements in each location. Through effective engagement of our various stakeholder groups we ensure transparency in our partnerships and maintain clear oversight of all our operations.



Business Ethics and Transparency

VAALCO is committed to preventing corruption and bribery across all its operations. Our Code of Business Conduct and Ethics sets the standard for ethical behaviour for all employees, officers, and directors.

Our global Anti-corruption Policy outlines the steps that employees and business partners must take to ensure compliance with anti-corruption laws and regulations.

Our operations are in Gabon, Egypt and Canada, and while none of VAALCO's proved and probable reserves are in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index as of the date of publishing this report, we do have potential resources in Equatorial Guinea which ranks in the bottom 20.

We continue to build a culture around the highest ethical standards, and we demand not only legal compliance to the laws where we operate, but also personal responsibility and ethical behaviour in all our interactions with government, contractors, business partners and each other.

The Company has implemented several procedures and controls, including due diligence processes to assess potential business partners, third-party agents, and vendors. VAALCO also has an internal audit function that monitors compliance with its anti-corruption policies and procedures.

Although not all employees, officers and directors are expected to know the details of all applicable laws, each employee, officer and director should know enough to seek advice from supervisors, managers, other appropriate personnel, or the Company's legal counsel when necessary. We also expect the highest standards from our vendors and partners.

We perform due diligence on vendors which includes running third party reports that identify potential corruption risks. Our legal team has distributed the Insider Trading Policy, with emphasis on quarterly insider trading blackout periods.

We provide anti-corruption training to employees and business partners to ensure that they understand their obligations under anti-corruption laws and regulations.

The following training was assigned to all employees in 2022 and the majority of employees completed all courses (44 out of 50): Avoiding Insider Trading; Drug-Free Workspace; Ethics & Compliance Essentials; Foreign Corrupt Practices Act (FCPA); Preventing Discrimination & Harassment for Employees (US).

All new employees must complete mandatory compliance training as part of their onboarding and before being activated in the ADP payroll system. The courses include Code of Conduct, Computer Use, Conflict of Interest, Employee Handbook, FCPA- Anti Bribery, Harassment, Insider Trading, Information Disclosure, Computer Network & Equipment, and Acknowledgement of Internet.

It is also important that an employee, contractor, consultant or any other person can register

complaints or concerns about the Company's conduct. Such issues can be reported anonymously and confidentially through an independent service provider, EthicsPoint at any time by telephone to EthicsPoint's toll free help line (503) 444-4975 or online. All Hotline reports go to the General Counsel and Chairperson of the Audit Committee to determine if an investigation is necessary.

The General Counsel either conducts the investigation or instructs outside counsel to investigate. The results of any investigation are reported to the Audit Committee. We have a zero-tolerance policy for any type of harassment or retaliation against its employees related to any complaint of harassment or discrimination.



Management of the Legal and Regulatory Environment

We are beholden to the laws and regulations of the United States, the United Kingdom, Gabon, Equatorial Guinea, Egypt and Canada to regulate our current business which can impact our ability to conduct our operations.

In Gabon, we rely on UPEGA (Union Pétrolière Gabonaise - Association of Petroleum Companies), the Gabon industry trade group, to communicate industry's views on proposed laws/regulations. We have also engaged with government officials regarding the CEMAC foreign exchange regulations.

National laws and regulations can require that we obtain permits for our development activities, limit or prohibit drilling activities in certain protected or sensitive areas, and restrict the substances that can be released in connection with our operations. Our operations could result in liability for personal injuries, property damage, natural resource damages, crude oil spills, discharge of hazardous materials, remediation and clean-up costs and other environmental damages.

From an environmental standpoint, failure to comply with environmental laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties and the issuance of orders enjoining operations. In addition, the Company could be liable for environmental damages caused by, among others, previous property owners or operators of properties that we purchase or lease. Some environmental laws provide for joint and several strict liability for remediation of releases of hazardous substances, rendering a person liable for environmental damage without regard to negligence or fault on the part of such person. As a result, we may incur substantial liabilities to third parties or governmental entities and may be required to incur substantial remediation costs.

We recognise that, consistent with global efforts to tackle climate change, more stringent laws and regulations are likely to be adopted in the future. Such legislation, especially as it pertains to climate change, greenhouse gases, and the use of hydraulic fracturing fluids, could impact upon VAALCO and result in increased operating costs. Consequently, substantial liabilities to third parties or governmental entities may be incurred, the payment of which could have a material adverse effect on our financial condition, results of operations and liquidity.

Due to the nature of our industry, our ability to finance, fund and carry out our operations are affected by changing circumstances in the areas and jurisdictions in which we operate. We consider a number of factors that can impact significantly upon crude oil and natural gas operations and economics: change in governments; civil unrest; price and currency controls; limitations on crude oil and natural gas production; tax, environmental, safety and other laws relating to the petroleum industry; changes in laws relating to the petroleum industry; changes in administrative regulations and the interpretation and application of administrative rules and regulations; and changes in contract interpretation and contract adherence.

Critically, economic and political circumstances are not static and thus the laws and regulations pertaining to drilling operations, taxation, and environmental protection which we comply with are subject to change, and this can have a significant impact on our operating costs, as well as the crude oil and natural gas industry more broadly. While we believe that we are currently in compliance with environmental laws and regulations applicable to our operations, no assurances can be given that we will be able to continue to comply with such environmental laws and regulations without incurring substantial costs.

Procurement

We have an extensive supply chain, comprising of approximately 1,500 suppliers and encompassing vendors that provide us with specialised equipment and materials which are critical to our operations.

To facilitate oversight of the entire supply chain, our supply chain teams in both Houston and Gabon report into our Supply Chain Manager, who in turn reports into the General Counsel. In 2023, as we restructure the business to strengthen lines of accountability, we have a Supply Chain Director, who will report into the COO. Our procurement function will continue to work closely with Legal to manage any issues that may arise with vendors.

All potential vendors and contractors are vetted via a third-party screening platform which does an adverse media and sanction list search and flags any pertinent elements such as politically exposed individuals. Any potential issues identified in the screening process are reviewed by our General Counsel.

If any of our vendors or contractors are involved in a non-compliance incident, this is escalated to our General Counsel who will liaise with that third-party's legal department to investigate the issue.

Through our CSR work with the Gabonese government, we are often recommended to employ specific vendors to carry out project work. Nevertheless, we always conduct our own due diligence, which includes ensuring they are a legitimate company and in good standing, and establishing their beneficial owners. If there has not been a bidding process for this project, we will also check the prices offered by the vendor and ensure that they are competitive.

We seek for our operations to generate economic benefit for the surrounding communities in Gabon and therefore always consider local businesses for the provision of services and products required in our operations. For contracted work, where local contractors are unable to meet the scope of the work required, we encourage the companies we engage from the larger cities in Gabon to hire residents in Mayumba (the nearest town to our offshore locations) to provide employment opportunities locally.



Stakeholder Engagement

Our continued success as business is in part dependent on fostering productive relationships with our stakeholders.

Regular communication also means that we ensure any issues that arise are dealt with efficiently with minimum impact upon our operations.

Operating in Gabon for over two decades, we have established open and transparent lines of communication with many Government departments.

Given the nature of our operations, we communicate regularly with the Minister of Hydrocarbons, but also with the Minister of Environment, Customs, and the Merchant Marine.

Through our CSR programme, we work alongside the Gabonese Government to deliver projects to the local communities and provide much needed services. We perform due diligence on the vendors that work on these projects, and our General Counsel must sign off per diems submitted by government for site visits.

	Relevant issues	Why we engage	How we engage
Employees	Workforce Health and Safety	To ensure employees feel motivated and supported in their roles, it is critical that we communicate well and engage regularly with our teams.	Town Halls
	Employee Engagement		CEO updates
	Wellbeing and Benefits		Team meetings
	Talent Acquisition and Development		College of Delegates (employee forum)
	Diversity and Inclusion		Updates from HR
Communities	Community Impact	Cultivating strong relationships with local communities and meeting their expectations is critical in supporting our social license to operate.	Meetings with community leaders
	Oil Spills		
	Resource Management		
	Stakeholder Engagement		
Government	Governance and ESG Oversight	We must have governmental approval for our operations in Gabon, and therefore, maintaining open and honest lines of communication is crucial.	Regular meetings
	Business Ethics and Transparency		Letters
	Management of the Legal and Regulatory Environment		
Suppliers	Procurement	To make sure that we are only engaging reputable third parties to work alongside, we screen all potential vendors and contractors.	Due diligence process
	Stakeholder Engagement		Legal (if there are issues)

Case study

Cultivating strong working relationships

The replacement of the Floating Production, Storage and Offloading unit (FPSO) offshore in Gabon with a Floating Storage and Offloading vessel (FSO) was a key focus for the Company in 2022.

As well as being delivered on a tight schedule, the scale of the project was huge, with number of personnel offshore peaking at over 600. To deliver the project in a timely fashion, whilst protecting the safety of personnel, managing environmental concerns, and minimising disruption to production, was a major undertaking.

Government approval was required at all stages of the project. The Minister of Environment had to approve on any operations that had the potential to impact marine life; the tax authorities and customs needed to sign off any equipment being imported into the country; and the Merchant Marine manage the port and so any activities had to have their green light.

We take a proactive stance in communicating with government departments, having learnt from experience that it is best to approach Ministers early to set their expectations and to ensure absolute transparency on the proposed projects. By taking this approach, coupled with our long-standing presence in Gabon and proven track record of compliance and delivery, we have established a productive and trusting relationship with the Gabonese Government.

This put us in excellent stead for the completion of the reconfiguration project, where we were reliant on governmental sign off on a daily basis. Being able to contact relevant government personnel directly helped to resolve issues quickly and prevent unnecessary delays and additional costs.

TransGlobe spotlight:

Providing oversight and expertise in JV partnership

In Egypt, TransGlobe are part of a joint operating venture.

A number of the team from TransGlobe are seconded to the JV partner, and the Company has also established counter parts within its own team to key positions in the JV and interact with them daily.

TransGlobe's overarching role in the partnership is maintaining financial controls, signing off expenditures, funding operations, providing oversight and mentorship financially, technically, and operationally.

The Company sends senior representatives to local industry HSES forums and bodies where environmental and social factors are discussed with State upstream operating company and regulatory representatives.

All contractors that bid for contracts with the JV will have already met the required criteria, as they are selected from the EGPC league table which entails government registration and screening.

Data, IT Security and Privacy

Due to the nature of our business, we face various threats to the security of our IT systems and data. To mitigate the risk of third-party attacks, having strong governance of cybersecurity related matters and effective management systems in place is critical.

Our IT Manager has Group-level oversight of cybersecurity, and is supported by local IT managers in Gabon (onshore and offshore), Egypt, and Calgary. To meet the demands of a growing company, we are expanding the team as appropriate, and hired a new IT support role in Houston in 2022. The IT Manager reports directly into the VP of Exploration and, as of March 2023, the CFO.

Employee Awareness

Our IT Security Policy defines our approach to cybersecurity and the procedures that must be followed by every individual that is granted access to our network. All personnel, including contractors and TransGlobe employees, are required to read and sign the policy, and are asked to do so again if the policy is updated. We also require every new member of staff to complete IT security training as part of the onboarding process.

To reinforce the risks to cybersecurity and ensure people continue to be alert and act in compliance with the policy, we conduct quarterly training sessions, send out a monthly cybersecurity update, and also speak on IT matters during our company-wide Town Hall meetings.

To gauge the impact of these awareness raising efforts and measure employee cybersecurity competence, we perform a monthly phishing test across our workforce. (From the beginning of 2023 this will include our new colleagues at TransGlobe who have all been given Company email addresses.) We monitor which individuals click through on the fake spam email, and those that fail the test are required to take further training.

In January 2022, the success rate was around 83%, and we were very proud to see this increase to 95.5% following the final test of the year in December, against an industry average of 95%.

Success rate of employees on cybersecurity test December 2022 **95.5%**

Management Systems

Our cybersecurity posture is not static but is something we seek to continuously evolve. This reflects the external landscape in which new risks arise and new technologies emerge constantly. In order to stay ahead of the curve, a cornerstone of our approach is in employing leading-edge managed service providers (MSPs) to supply our outsourced cybersecurity requirements.

The MSP we have engaged enables us to access a global network of cybersecurity resources, as well as round the clock support if we have any issues. We have a plethora of security measures including, but not limited to, the following: our Endpoint Detection & Response (EDR) system monitors the systems for potential breaches 24/7; we are able to track and wipe all devices remotely; we use anti-virus software and email protection; employees must use multi-factor authentication to access our network; and systems are backed up in line with regulatory requirements.

A critical role for the IT security team is in managing the communications element of the Disaster Recovery Plan for offshore operations. To ensure that communications from the platforms and to our offices are as efficient as possible, we have implemented a number of improvements, and there are a variety of different ways that offshore personnel can get in contact with the onshore teams should one system fail.

We vet all third parties that require access to our network through a due diligence search which is managed by our procurement function, and we will eject any supplier from our network if their own systems are breached. As well as signing our IT Policy, third parties must also sign a confidentiality agreement. Our systems are also audited on an annual basis, ensuring they are in line with best practice.



Data tables

2022 was a transition year for the business and we are seeking to establish uniformity in our methodologies following the merger with TransGlobe.

As such, we have updated our methodologies to capture any gaps and provide greater precision. It is important to note that a significant amount of the emissions this year related to the reconfiguration.



Data tables

TOPIC	ACCOUNTING METRIC	RELATED SASB CODE	2022
Greenhouse Gas Emissions	Stationary Facilities Scope 1 emissions, percentage methane (in metric tons CO2-e)	EM-EP-110a.1	255,500
			36%
	Mobile Equipment (1) Scope 1 emissions, percentage methane (in metric tons CO2-e)		55,306
			0%
	Total Scope 1 emissions		310,806
	Amount of gross global Scope 1 emissions from flared hydrocarbons	EM-EP-110a.2	56,667
	Amount of gross global Scope 1 emissions from other combustion		166,836
	Amount of gross global Scope 1 emissions from process emissions		0
	Amount of gross global Scope 1 emissions from other vented emissions		84,969
	Amount of gross global Scope 1 emissions from fugitive emissions		2,337
	Stationary Facilities Scope 2 emissions (in metric tons CO2-e)		3,325
	Oil Production (MBbls)		10,054
	Gas Production (MMscf)	3,012	
	MBoe	10,556	
	MJ (BOE)	64,602,720	
	g CO2e/MJ (BOE)	4.81	
	Purchased electricity (in kilowatt hours)	5,043,738	
Air Quality	Nitrogen Dioxide (NOx)	EM-EP-120a.1	2,403
	Sulfur Dioxides (SOx)		2,888
	Volatile Organic Compounds (VOCs)		924
	Particulate Matter (PM10)		88
Water Management	Total Fresh Water Withdrawn, thousand cubic meters	EM-EP-140a.1	93
	Percentage of total fresh water withdrawn in regions with high or extremely high baseliness water stress, %	EM-EP-140a.1	44
	Total Fresh water consumed, thousand cubic meters	EM-EP-140a.1	93
	Percentage of total fresh water consumed in regions with high or extremely high baseliness water stress, %	EM-EP-140a.1	44
	Volume of produced water, thousand cubic meters	EM-EP-140a.2	6,961
	Volume of flowback generated, thousand cubic meters	EM-EP-140a.2	0
	Percentage of produced water and flowback discharged, %	EM-EP-140a.2	19
	Percentage of produced water and flowback injected, %	EM-EP-140a.2	32

TOPIC	ACCOUNTING METRIC	RELATED SASB CODE	2022
Water Management	Hydrocarbon content in discharged water, tonnes	EM-EP-140a.2	0
	Average Treated Oil of Water Overboard (in Parts Per Million)	EM-EP-140a.2	4.23
	Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	EM-EP-140a.3	64%
	Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline	EM-EP-140a.4	0%
Biodiversity Impacts	Description of environmental management policies and practices for active sites	EM-EP-160a.1	See Environment section starting on page 14
	Number of hydrocarbon spills	EM-EP-160a.2	53
	Aggregate volume of hydrocarbon spills	EM-EP-160a.2	39
	Volume of hydrocarbon spills recovered	EM-EP-160a.2	10
	Total Number of Reportable Hydrocarbon (Oil) Spills	EM-EP-160a.2	12
	Total Related Volume (Bbls)	EM-EP-160a.2	31
	Percentage of Proved reserves in or near sites with protected conservation status or endangered species habitat	EM-EP-160a.3	100
Security, Human Rights & Rights of Indigenous Peoples	Percentage of proved reserves in or near areas of conflict		33
	Percentage of probable reserves in or near areas of conflict		33
	Percentage of proves reserves in or near indigenous land	EM-EP-210a.2	0
	percentage of probable reserves in or near indigenous land	EM-EP-210a.2	0
Community Relations	Total committed in USD to our Corporate Social Responsibility (CSR) Fund (VAALCO's)		182,731
	Commitments in USD to Training Fund		0
	Commitments in USD to Hydrocarbon Support Fund		0
	Commitments in USD to Provision pour Investissements Diversifiés - "PID" (Fund for Diversification Investment)		3,178,573
	Commitments in USD to Provision pour Investissements en Hydrocarbure - "PIH" (Fund for Investment in Hydrocarbon)		3,178,573
	Commitments in USD to Local Community Development Fund		356,681
	Number of non-technical delays	EM-EP-210b.2	0
	Duration of non-technical delays	EM-EP-210b.2	0

Data tables

TOPIC	ACCOUNTING METRIC	RELATED SASB CODE	2022
Workforce Health & Safety	(1) Total recordable incident rate (TRIR)	EM-EP-320a.1	0.487
	(2) fatality rate		0
	(3) near miss frequency rate (NMFR)		2.185
	Average hours of health, safety, and emergency response training for fulltime employees		24.2
	Average hours of health, safety, and emergency response training for contract employees		15.7
	Average hours of health, safety, and emergency response training for short service employees		15.8
	(4) average hours of health, safety, and emergency response training		14.2
	Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifecycle	EM-EP-320a.2	See page 38
	Total man hours		4,648,992
	Percentage of employees that completed HSSE training		54%
S.O.S.		3,024	
Reserves Valuation & Capital Expenditures	Discussion of how price and demand for hydrocarbons and/or climate regulation influence the capital expenditure strategy for exploration, acquisition, and development of assets	EM-EP-420a.4	See Form 10K
	sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions	EM-EP-420a.1	See TCFD section
	Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves	EM-EP-420a.2	26,308,046,398
	amount invested in renewable energy	EM-EP-420a.3	0
	revenue generated by renewable energy sales	EM-EP-420a.3	0
Business Ethics & Transparency	Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	EM-EP-510a.1	0%
	Description of the management system for prevention of corruption and bribery throughout the value chain	EM-EP-510a.2	See Governance section of this report. Further detail included within Form 10K
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	EM-EP-530a.1	See page 58
Critical Incident Risk Management	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)	EM-EP-540a.1	0
	Description of management systems used to identify and mitigate catastrophic and tail-end risks	EM-EP-540a.2	See page 20

TOPIC	ACCOUNTING METRIC	RELATED SASB CODE	2022
Diversity and Inclusion	Percentage of our management team that is female		17%
	Percentage of our workforce that is local		95%
Board Composition	Independence (%)		83%
	Key board committee independence (%)		100%
	Gender diversity (%)		17%
	Independent Chair		Yes
Production	Producing Fields	EM-EP-000.A	6
	Crude Oil, Bbl/d		26,810
	NGLs, Bbl/d		732
	Natural Gas, MCF/d		5,258
	Equivalent, BOE/d		28,923
Proved reserves	Crude Oil, MBbls		39,876
	NGLs, MBbls		3,436
	Natural Gas, MMcf		19,170
	Equivalent, MBOE		46,507
Number of sites	Gross Acreage	EM-EP-000.B	52,687
	Gross Productive Wells		227
	Offshore Structures		4
Personnel	Number of employees (All Assets)		185

Notes



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