

Sustainability Report 2023

A global approach to Sustainability



VAALCO ENERGY, INC.

About this report

Reporting boundaries

This Sustainability Report provides an overview of VAALCO Energy, Inc.'s ("VAALCO" or "the Group") 2023 sustainability performance, from 1 January 2023 to 31 December 2023, unless otherwise stated. The disclosure includes all assets where we have operational control, unless otherwise specified. Operational control comprises our assets in Canada, Equatorial Guinea, and Gabon. In Egypt, we are a partner in an incorporated joint venture, we therefore report our influence over sustainability-related matters individually, as well as specific data sets separately. Furthermore, our emissions reporting relates to the pro rata share of the productions from these fields.

Where we make reference to future assessments that may influence and/or impact our business, the time horizons we apply are defined as follows: short term is the reported year; medium term is 2–5 years; and long term is 5+ years, unless otherwise stated.

Reporting standards

The report discloses materially relevant metrics and analysis as defined by the Sustainability Accounting Standards Board (SASB) Oil & Gas Exploration and Production Standard (Version 2018-10). The business has continued to develop its disclosure on climate-related risks and opportunities, in line with the requirements of the Task Force on Climate-related Financial Disclosures (TCFD). The global ISSB standards, IFRS S1 and IFRS S2, require companies listed in equity markets in compliance (or aligned) with these standards to disclose non-financial reporting on sustainability matters that are financially material to the business. Due to its dual listing on the New York Stock Exchange and the London Stock Exchange, VAALCO has used these standards to inform its reporting.

In 2023, VAALCO received a rating of A (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment.



TCFD



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▲ Cover image: VAALCO's Etame Central Processing Facility, Etame Marin Permit, offshore Gabon.

◀ Sweet oil processing battery at 12-18-31-2W5 in Canada. This site produces a volume of c. 2,000 BBL of oil per day.

A letter from our Chairman

Dear Stakeholders,

This year marked a significant milestone for our business as we successfully merged TransGlobe's operations and personnel into our Group. We extend our gratitude to both the leadership and colleagues for their dedicated efforts in uniting the business and aligning sustainability objectives across the organization.

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**Our employees
propel our
success."**

Throughout the year, our focus on sustainability management matured, with a key emphasis on standardization and harmonization to accommodate the diverse nature of our expanded Group. This approach was essential as we navigated the complexities of operating across multiple jurisdictions.

We currently operate in three countries, and our contributions to taxation and social welfare in each location are substantial. In 2022, we paid \$27 million in income taxes as a corporate entity. In 2023, we paid \$93 million, further contributing to the economic wellbeing of the countries in which we operate. We deeply value the strong relationships we have cultivated within the communities we operate in. Engaging with local stakeholders and actively seeking input from community groups enables us to better understand their needs and provide meaningful support. Our commitment to open and transparent communication with all stakeholders remains unwavering, facilitating effective operations in these jurisdictions.

The Group is increasingly transcending mere compliance and embracing a strategic approach to sustainability. Substantial investments have been made in our leadership teams both at the country level and within the corporate structure. The appointment of heads of departments at the Group level allows for centralized oversight, while experienced in-country teams manage day-to-day operations.

As we establish standards and targets at the Group level, ongoing review of our progress against objectives is essential. Collaboration with country management is imperative to foster understanding and ensure consistent progress across VAALCO. Moreover, aligning sustainability performance with executive remuneration in the short and medium term will further solidify our Group-wide commitment to sustainable business practices.

As VAALCO advances its decarbonization agenda, we remain cognizant of the need to address climate risks and opportunities. We are actively aligning with the recommendations of the Task Force on Climate-related Financial Disclosures, particularly by strengthening governance at both the Board and management levels and advancing strategies for carbon emissions reduction across the Group.



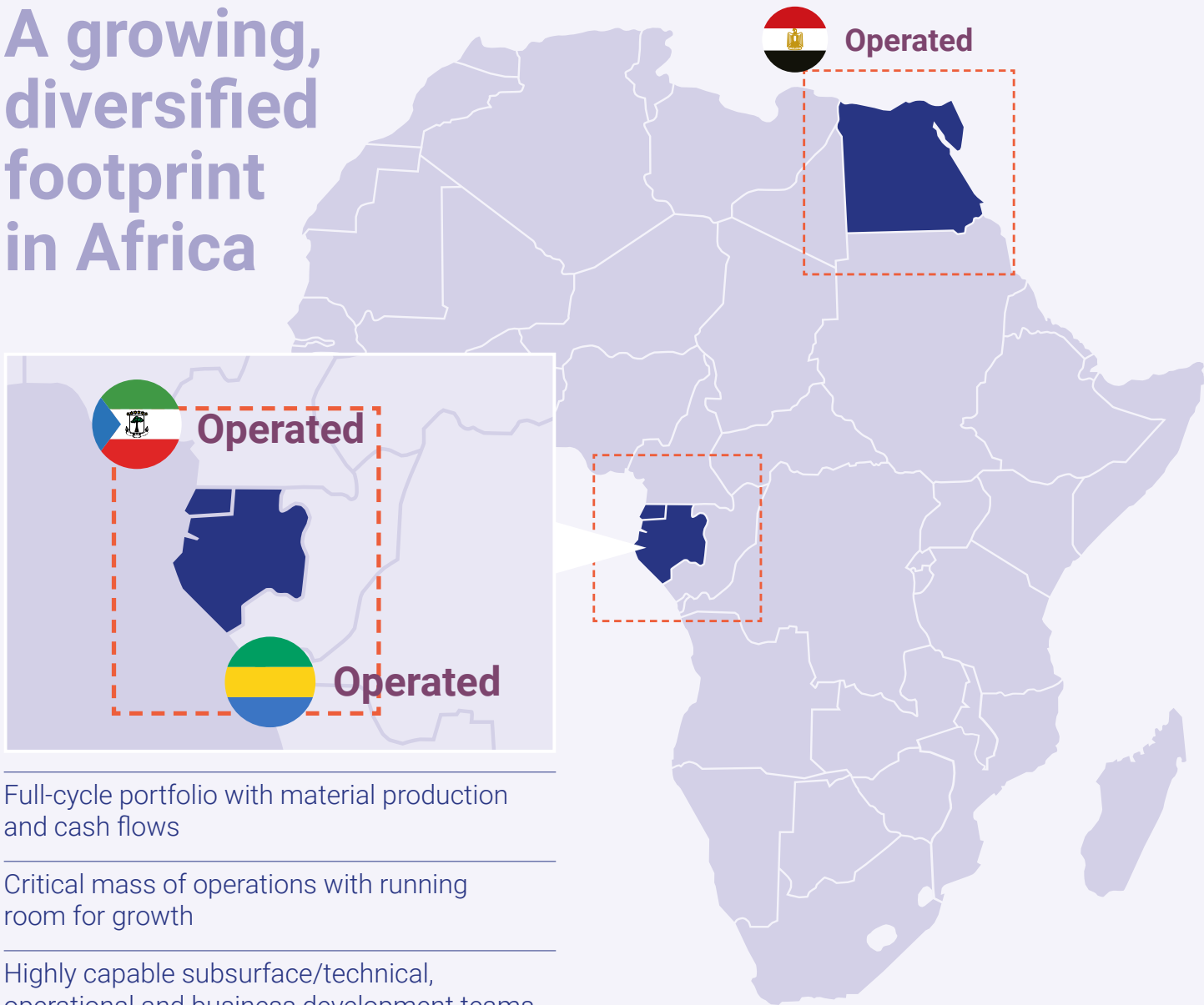
Andrew L. Fawthrop
Chairman

About us

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

VAALCO owns a diverse portfolio of operated 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

Critical mass of operations with running room for growth

Highly capable subsurface/technical, operational and business development teams supporting growth

2023

Corporate Highlights

Returned \$50.3 million or 42% of Free Cash Flow to shareholders through dividends and share buybacks;

Grew production by 83% year-over-year to 23,946 working interest "WI" BOEPD for 2023;

Increased year-end 2023 proved reserves by 3% to 28.6 MMBOE;

Reported net income of \$60.4 million (\$0.56 per diluted share) and net cash from operating activities of \$223.6 million;

Generated record Adjusted EBITDAX of \$280.4 million and \$119.7 million of Free Cash Flow;

Integrated a major acquisition and invested over \$70 million in a capital program focused on Egypt and Canada.



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

Our vision, strategy and values



Our vision

A leading diversified independent African-focused E&P business 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.



▲ The *Teli* FSO serves as the central storage and offloading facility for all VAALCO production offshore Gabon.



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 maximize local employment opportunities.

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

A letter from our CEO

Dear Stakeholders,

Following the completion of the strategically significant merger last year, our focus in 2023 has been on the integration of these businesses, leveraging the combined value and harmonizing our operational management approach.

As we transition from a single operating entity to a Group with assets across multiple jurisdictions, we are implementing global operating procedures and performance standards, conducting thorough audits, completing gap assessments, and developing bridging strategies to enhance our approach to safe and sustainable operations management.

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**Operating in
Gabon continues
to be a privilege."**



Central to this effort is the standardization of practices and policies, accompanied by comprehensive education initiatives to ensure alignment across our workforce. We are investing in the development of systems that meet the requirements of global functions, as well as introducing central accountability and responsibility through the appointment of Group-level department heads.

By investing in our leadership team, many of whom bring valuable experience from global oil and gas companies, we have significantly enhanced our capacity to manage sustainability across all areas of our operations. With the addition of new experts to our team, we have broadened the responsibilities of our Decarbonization Steering Committee to form a comprehensive Sustainability Steering Committee. Additionally, the appointment of a Director of Sustainability and Regulatory Reporting has intensified our commitment to addressing corporate and operational concerns with precision and focus.

Decarbonization remains a critical area of focus, and I am pleased with the progress made across each operating asset in identifying investment opportunities. Notably, we have achieved a 19% reduction in 2023 in our Scope 1 emissions intensity since 2022. We are working to globalize and harmonize our approach to carbon data analysis, enabling us to make more informed decisions regarding the decarbonization of our operations.

The health and safety of our employees remain paramount. Our newly appointed Director of Health, Safety, Security, and Environment (HSSE) is driving improved oversight and unification of systems, while setting standards aligned with industry best practices.

Some key HSSE performance achievements in 2023 included:

In 2023, we achieved a TRIR rate of .37 with more than 1.1 million man-hours worked, vs. a rate of .58 in 2022, a significant improvement in safety performance.

In 2023, we also achieved 0 recordable spills and 0 fatalities.

I am proud to present our 2023 Sustainability Report, which provides a comprehensive overview of our management and performance on Environmental, Social, and Governance matters material to our business.

Thank you for your continued dedication to our sustainability goals.



George Maxwell
Chief Executive Officer

Stakeholder engagement

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

	Why we engage	What we engage on	How we engage
Employees	To ensure employees feel motivated and supported in their roles, it is critical that we communicate well and engage regularly with our teams.	Employee security, health, safety, and wellness Fair working conditions and wages Talent attraction, retention, and growth Workplace diversity and inclusion	Group-wide Town Halls Team meetings College of Delegates (employee forum in Gabon) Performance appraisals
Local communities	While we operate in sparsely populated areas or offshore, cultivating strong relationships with local communities and meeting their expectations is critical in supporting our social license to operate.	Contribution to and promotion of local development around production sites Spill prevention and response	Meeting with community leaders Communicating drilling plans with local residents
Lease owners	In Canada, it is important to our continued operation that we communicate clearly with the lease owners, ensuring they are aware of drilling operations.	Lease agreements Royalty payments New drilling plans	In-person visits Phone calls
Local, provincial & federal governments	We must have governmental approval for our operations, and, therefore, maintaining open and honest lines of communication is crucial. Regular communication also means that any issues that arise are dealt with efficiently with minimum impact upon our operations.	Tax and local economic development Compliance	Regular meetings Letters
Regulators	Our oil and gas operations are subject to the regulatory requirements of the jurisdictions we operate in. As such, we frequently engage with the regulators in Canada, Egypt, and Gabon and are responsive and transparent in all our communications.	Compliance	Respond to questions from the regulator Submit required documentation Seek guidance on regulatory requirements Inspections of facilities by regulators
JV partner	In Egypt, we are in an incorporated joint venture partnership with the Egyptian General Petroleum Corporation (EGPC) in PetroBakr, the operating entity. To facilitate effective management of the Egyptian assets, it is important we work hand in hand with our JV partner, sharing our expertise and experience.	Transparency and accountability to stakeholders Process safety Spill prevention and response	9 VAALCO employees seconded into PetroBakr Daily JV meetings Routine technical and operational committee meetings Finance and capital allocation review meetings

	Why we engage	What we engage on	How we engage
Partners	In Canada, we send raw gas to the plants owned and operated by third parties and need to communicate on volume forecast, revenue, and cost allocations. We also engage with third parties who send production to our facilities and on plans for new development on joint opportunities.	Business ethics and integrity	Phone calls and emails
Suppliers & contractors	To make sure that we are only engaging reputable third parties to work alongside, we screen all potential vendors and contractors. This includes suppliers that are put forward by the Gabonese government to complete CSR projects.	Responsible procurement and supply chain management Human rights in supply chain Process safety	Due diligence processes
Investors	It is important that we keep our shareholders informed of the Group's performance, enabling them to fulfill their stewardship role. We also seek feedback on our reporting from investors, to ensure we are disclosing in line with their expectations.	Responsible leadership and governance Business ethics and integrity	AGM Annual and interim reports and press releases Investor presentations Earnings calls Direct investor engagement
Independent ratings agencies & proxy firms	We communicate with ratings agencies and proxy firms to make sure they are receiving accurate information about our sustainability management and performance.	Transparency and accountability to stakeholders	Responding to requests for information
Industry associations	In Gabon, we are members of UPEGA (Union Pétrolière Gabonaise—Association of Petroleum Companies), the local trade association that represents the interests of our industry.	Addressing industry opportunities and challenges	Assistant Deputy General attends UPEGA meetings HR Director liaises with UPEGA regularly

Spotlight

Liaising with lease owners and residents in Canada

Unlike other operating environments, many of our operations occupy land that is leased to us by individual landowners.

We maintain regular dialogue with these lease owners, communicating via phone and in-person visits, and addressing any questions or concerns that they may have. We engage with lease owners at least annually to update accuracy of lease information and contact them regularly where we have ongoing operations to provide updates such as drilling activity.

We also engage with potential lease owners when considering development opportunities. Based on their concerns and preferences, lease locations and pipeline rights-of-way (ROWS) are modified as much as possible.

While we operate in sparsely populated areas, there are residences around our operations.

We contact all residents annually to ensure we have their updated contact information documented in our Emergency Response Plan, and local people routinely talk to our operations staff regarding any questions or concerns they have, reaching out by phone and visiting the sites.

Based on resident concerns and our desire to minimize our impact on the locality, we have implemented a number of changes over the years: traffic routes from our service providers have been modified; dust suppression is put on road surfaces at identified areas to reduce effects of traffic; we modify snow removal plans to support the community; and, to reduce noise, we replaced gas drivers with electric motors and installed noise proofing on compressor stations.

When we plan locations of new wells and facilities, we discuss these plans with local residents and, where possible, we move locations so that impacts on the community and the environment are minimized.



▲ Six well pad site and multi-well battery in Canada.

Spotlight

Meeting the requirements of the regulator in Egypt



▲ Operations in Egypt

All oil and gas projects and operations in Egypt are subject to a wide spectrum of regulatory requirements and policies in accordance with the published Egyptian laws.

Permits for the construction and operation of the project are required from numerous different agencies, governorates, and municipalities.

The Egyptian Environmental Affairs Agency (EEAA) operates as the central environmental enforcement agency and coordinates between government entities.

The EEAA is responsible for the enforcement of law 4/1994 for the environment, environmental management plans, environmental data collection, pollution prevention & control and adaptation of International Environmental Agreements. Personnel within the JV, PetroBakr, are in direct contact with the EEAA and have built a strong, cooperative and productive relationship.

Spotlight

Being a trusted operator in Gabon

We take a proactive stance in communicating with government departments, engaging to align development parameters and expectations, and to ensure transparency on the proposed projects.

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

Through our Corporate Social Responsibility (CSR) program, we work alongside the Gabonese government to deliver projects to the local communities and provide much-needed services.

We apply good governance and business integrity practices to all projects, engage third parties and enable the effective participation of government officials.

In August 2023, Gabon underwent a nonviolent military coup and the country's leadership changed hands. VAALCO's operations were unaffected and there has been a smooth transition toward engaging with the new government. We have established a strong working relationship with the new government.

We will continue to positively engage with the relevant government authorities as required and anticipate no untoward future risk for the Group. Following the coup, the business was subject to two governmental audits, and has passed both with no exceptions. It is a testament to the transparency and resilience of our operations that such an event bore no impact on the Group.



▲ The Teji FSO receives all Field production from the Etame Central Processing Facility, located some 2km away in the Etame Marin Permit, offshore Gabon

Managing sustainability

Oversight

VAALCO Board of Directors

The Board supervises and evaluates management, oversees business performance, sets policies and approves strategies and goals.

Sustainability Committee

- Responsible for overseeing the development and implementation of our sustainability and ESG strategy
- Areas of focus include: HSSE, HR (including labour rights, DEI etc.), Legal, Process Safety, IT, Supply Chain and Community.

- Collectively has overall responsibility for delivering the Company's strategy and operating performance. Comprises, CEO, CFO, COO, and GC
- ExCo is responsible for ensuring that the appropriate skills and competencies are held within the company to address the diverse range of impacts, risks and opportunities within the business. ExCo informed on sustainability-related matters on a weekly basis

TRADE OFFS EXAMPLE

- Electrification project in Egypt
- Balancing economics with carbon reduction outcomes
- Informed of impending carbon pricing mechanisms in Gabon and therefore the need to dedicate more internal resource, with support from specialist third parties to assess and determine decarbonisation pathway.

TARGET SETTING

- Targets are set by functional leads
- Approved by ExCo
- Reviewed by Board

Management

Executive Committee

Sustainability Team

- Led by Director of Sustainability and Regulatory Reporting.
- Drives VAALCO's ESG strategies and forms the primary conduit for sharing information between the operating business functions, the Board and its committees.
- Responsible for supporting coordination of all sustainability-related risks and opportunities, including climate-related risks.

Corporate functions: HSSE, HR, Legal, IT, Engineering and Supply Chain.

Each function Head is Group level and responsible for managing the relevant risks and opportunities, overseeing the management system and policies that govern their function, and working with their colleagues across all operations.

Sustainability Steering Committee

- Led by Director of Sustainability & Regulatory Reporting
- Committee comprises of Heads of functions and Country Managers
- Responsible for overseeing all VAALCO's sustainability-related risks and opportunities and the review of Materiality Register, comprising country and corporate registers
- Meets quarterly
- Reports to Executive Committee
- Oversees Decarbonisation Working Group

VAALCO Operating Management Systems

- This covers VAALCO operating sites only
- ISO 14001 informed Environmental Management System, ISO 45001 informed H&S Management System
- Enterprise-wide Materiality Framework (IFRS S1 and S2 informed)

Reporting and sustainability-related impact, risk and opportunity information flows

Decarbonisation Working Group

- Co-led by Director of Sustainability & Regulatory Reporting, and the Director of Engineering & Technical Services
- Group comprises Country Managers and representatives of key functions
- Meets quarterly
- Reports to Sustainability Steering Committee

Policies

- Policies reviewed annually
- Policy management held by GC's office
- Policy review led by relevant functions

Overview

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Board oversight

The Board is actively engaged in assessing and understanding VAALCO's response to sustainability-related matters, including climate-related risks and opportunities, relevant to the business and the industry more broadly, which is important when considering our strategic plans.

During the year, the Board established a new non-executive Sustainability Committee. The Committee is responsible for the oversight of all sustainability activities, including the review of VAALCO's decarbonization strategy.

The Board comprises a broad set of skills that are essential to understanding and responding to sustainability-related risks and opportunities, including extensive operational, technical, and engineering expertise that enables close scrutiny of our decarbonization strategy.

The Sustainability Committee seeks regular briefings from consultants, lawyers, accountants, and other corporate advisors during the year, pertaining to climate-related risks and opportunities. The Board, as required, will undergo a sustainability-focused training program in 2024, which will include training on climate-related risks and opportunities.

The Board is kept informed of progress via briefings delivered at each Board meeting. In 2023, these briefings detailed the regulations likely to impact the business, with particular focus given to the impending SEC requirements related to climate risk disclosure, which were released in Q1 2024.

Q&A

Interview with Fabrice Nze-Bekale, Board Director

How has VAALCO approach to sustainability matured?

The business has been making progress on its sustainability programme every year. This has been made possible by the capacity built internally which feeds the Board with better and more data.

What have the Board been focusing on during the course of the year?

The primary focus has continued and will continue to be the safety of the employees. This is always the first topic on the agenda of ESG Committee meetings.

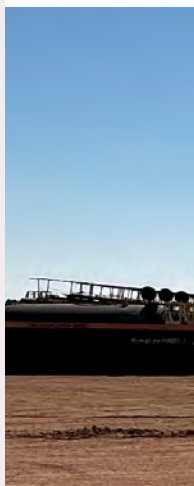
Last year, a major objective was to successfully integrate TransGlobe and align its HSSE standards to those of VAALCO following the acquisition.

Another important area for the Board is the emissions generated by our operations and our energy use, that we are striving to reduce across our operations. To do it correctly, it is fundamental to monitor our carbon footprint in line with recommendations of the Task Force on Climate-related Financial Disclosures.

How does your pan-African experience support your role on the Board?

Before joining the Board, I had spent three decades doing business in Europe and Africa. I have been fortunate to have been exposed professionally to several countries in Africa.

I have also worked in the private and public sector, so I understand very well how to build and manage a mutually beneficial relationship between a private operator like VAALCO and a government. I believe I bring a unique perspective to the Board thanks to my global, private-public professional experience, rooted in Africa.



Management (operating)

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

The CFO provides input and direction on the pace and level of financial investments associated with the Group's sustainability effort. The CFO sits on the Sustainability Steering Committee, as does the General Counsel.

The COO retains authority for the pace, progress, and performance of the Group's overall sustainability effort. The COO is on the Group's Executive Team and regularly briefs other team members on sustainability-related topics.

Our new Director of Sustainability and Regulatory Reporting has 15 years' experience in driving improved sustainability performance at major upstream, midstream, and downstream energy companies.

The Director has broad oversight of all aspects of sustainability, including goal and target setting. To support on this, in early 2024 we also hired an ESG Engineer who has a wealth of technical experience in sustainability, including Environmental Impact Assessments (EIAs) and sustainability due diligence.

HSSE

To establish Group-level management of HSSE, in 2023 we introduced a Director of HSSE. The Director of HSSE, based in Houston, provides global oversight to a team of seven, with personnel in Egypt and onshore and offshore in Gabon. Due to the small size of operations in Canada, there is no HSSE role, rather these matters fall under the purview of the Operations Manager's team.

In early 2024, we established an HSSE Committee, which will be chaired by the Director of HSSE and cover performance, forward-looking initiative, and defining goals and targets.

Process safety

Process safety management (PSM) is an important part of how we operate and integral to our ability to prevent and minimize the impact of unwanted events, keep people safe, and protect the environment. To enhance our management in this area, efforts are underway to formalize a strong governance model for our global PSM approach. This includes establishing Group-wide standards and requirements, defining common terminology, and creating consistency in how we report and document work activities and procedures. This global approach to PSM will continue to be communicated at the country level, where our corporate functions will work with Country Managers and Operations Managers to ensure both consistent global alignment and continual improvement.



▲ Operations in Egypt.

Managing sustainability / continued

Supply chain

A Supply Chain Director was introduced in 2023 to improve management of the function. The Director leads the team of 17 from Houston, including personnel in Egypt and Gabon. SCM representation in Canada is limited to Houston oversight and strategy formulation due to the utilization of regional expert agency agreements that deliver contracting and procurement, however the Director maintains close contact and ensures all compliance and procurement processes are followed.

The new Director has instituted a weekly global team meeting to improve management oversight, and in turn reports into the COO as well as the Board of Directors at the quarterly meetings.

People

Our VP Human Resources, based in Houston, heads up a team of eight, including HR Managers in both Egypt and Gabon. There is no HR function in Canada due to the small size of the team, and it is instead managed remotely from Houston. The VP has instigated weekly meetings for the team in Houston, and fortnightly meetings for the global team. The VP reports into the CEO as required, and Egypt and Gabon provide HR data to Houston on a monthly basis.

IT and data security

The IT function is led by the Group IT Manager based in Houston, supported by a team of five. Personnel are in each operating location—Canada, Egypt, and Gabon—and report into both the Country Managers and the Group IT Manager. The IT Manager meets regularly with the CFO to keep the Executive Team and Board apprised of cyber risk.

Legal

The legal function is managed at Group level by the General Counsel, supported by the Deputy General Counsel. To stay up to date with the local legislations, both current and proposed, VAALCO uses local counsel who report to the Group on an ad hoc basis to address local issues where required.

Climate change

A key project for 2024 is to retain an outside consultant to assist with developing a roadmap for decarbonization to achieve Group-initiated short-, medium- and long-term goals. In addition, the Director of Sustainability and Regulatory Reporting will work with functional leads to build the infrastructure and foundation necessary for goal setting and targeting in non-climate-related areas.

The Decarbonization Steering Committee was renamed as the Decarbonization Sub-Committee and will remain to ensure constant focus, but a larger more comprehensive lens was needed for VAALCO's sustainability effort. Thus, a new multifunctional Sustainability Steering Committee was formed. It comprises a cross section of functional and country leadership and is chaired by the Director of Sustainability and Regulatory Reporting. The Sustainability Steering Committee reports to the Board on progress of the program, including the opportunities identified and risks identified and analyzed.

The Decarbonization Sub-Committee retains the technical and operational focus for identifying decarbonization projects. The Sustainability Steering Committee is responsible for oversight of the decarbonization workstreams, while the Decarbonization Working Group is responsible for execution of these projects.

Controls

The Group conducted a comprehensive materiality assessment program, within which key climate-related matters were identified, assessed, and mitigations clarified across each of the operating jurisdictions. These are tracked within the Group's materiality register.

Following the completion of the merger and successful integration of the businesses, the Group intends to implement an enterprise risk model that considers sustainability issues in context with other risks in 2024; the new model examines broad risks facing business and identifies the risk and probability of impact to the Group's earnings.

Management (non-operating)

Within Egypt, we are the non-operating partner with Egyptian General Petroleum Corporation (EGPC) for sustainability reporting. Together we are invested in PetroBakr, the in-country operator. Outside of the JV in Egypt, we have an Egyptian Country Manager supported by a team of 20, while 9 VAALCO employees are seconded into PetroBakr in the key functions.

Following the merger, we redefined the way we work within the JV. We have appointed a JV General Manager (GM) and JV Deputy GM, in addition to the other secondees, to work alongside their EGPC counterparts, offering full support to the operating entity and bringing extensive skill and experience to the business.

The JV GM and secondees attend every PetroBakr morning call, which includes the production engineers and the field team, to ensure that the VAALCO team remains fully apprised of day-to-day operations. This is critical as VAALCO must have oversight in order to act in its advisory role, assessing actions and providing recommendations, as well as applying business integrity standards when activating its financial approval authority.

There are nine Directors on the PetroBakr Board, four of whom are VAALCO: the Country Manager, Finance Manager, GM and Deputy GM. We have quarterly Board meetings, covering all aspects of the JV including drilling, project execution, production forecast, HSE, and financials. Twice annually we meet with the EGPC team to review all of these aspects.

Q&A

Interview with the JV General Manager, Pieter van der Groen

How would you characterize VAALCO's role within the JV?

We have developed a really productive relationship within PetroBakr. Our partnership facilitates open and frank discussion and both parties are able to table suggestions which are carried forward based on merit and the value they will bring to operations.

We are bringing our robust processes and strict scrutiny to the table. This is critical, as strengthening the approach to governance and business integrity helps in setting standards and ensuring the requisite checks and balances are in place.

Our Country Manager has been involved with the operations in Egypt for many years. Our team also has a wealth of international, operational, HSSE, and supply chain expertise, and we are already seeing the impact our experience is having on how the business operates on the ground.

What have been the operational highlights of the past year?

I am incredibly pleased by how receptive our JV partners have been to our recommendations. In familiarizing ourselves with the assets, we (the new management team) identified some important areas for attention and investment. During the course of 2023, we have seen a number of improvements already actioned.

We were very specific about our commitment to the welfare of employees and making the necessary changes to protect their health and safety. Accordingly, cultural changes have begun and have already yielded results. We have seen a material improvement in HSE performance in only six months, and we are proud to report that Q3 of 2023 was the first quarter on record without a single injury.

We will continue to use our role in the JV to mature the approach to health and safety and ensure this positive direction of travel is maintained.

Risk management

The Group General Counsel has oversight of all legislative risks, including climate-related risks, and is supported by outside counsel in VAALCO's jurisdictions of operation.

We retain Buchanan, our ESG advisors, to provide ongoing monitoring services that are reported to the Director of Sustainability and Regulatory Reporting.

Existing and emerging legislation is considered a risk by the business, at both asset and corporate level. The Group tracks all legislative risks and reports them as part of its annual reporting.

Following the integration of TransGlobe with VAALCO, the business is looking to redefine its risk management framework. In 2024, the Group will establish an enterprise-wide risk management framework (further details below).

Our Country Managers are responsible for awareness and landscape scanning of sustainability risks, including climate-related risks, specific to the country they are operating within.

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.

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 will invite third-party experts to present to the Board on short- and long-term risks facing the Group.

We consider climate change to be financially material and are committed to strengthening the Group's resilience throughout the energy transition.



▲ Operations in Egypt.

Materiality register

In 2023 the business undertook a materiality exercise. The purpose of the process was to improve appreciation of the material risks and opportunities that the Group faces, and assess the corresponding processes and policies in place.

This constituted the first step in capturing the risk and opportunity universe for the enlarged Group, and the resulting register is a precursor to a full Enterprise Risk Management framework.


A materiality register was developed by VAALCO's ESG advisors, Buchanan, following workshops and one-to-one engagements with Group, country and functional leadership and with subject matter experts across the business. The process was also informed by internationally recognized standards including SASB, GRI, ISSB, and IPIECA, and ESG rating agencies.

To ensure the process accurately reflected the operations of the entire Group, we created sub-registers for each of our operating jurisdictions. In-country department heads as well as the Country Managers, Operations Managers and Production Managers were required to complete the register for their operations. The functional heads at Group level then reviewed the relevant content from each country, and filled in the Group-level register.

The resulting materiality register is the product of a robust process which engaged a complete cross section of the Group. For each material issue, the register captures the materiality and management level, where accountability for managing the associated risks and opportunities sits, how performance is measured, and the existing processes, planned and future initiatives, and policies relating to that issue. We have considered the material issues over time horizons. This also captures key management plans including the expansion of the HSSE function and the approach to water management in Canada. This is a live document that will be reviewed annually and will support management discussions including strategy and capital allocation.



Climate risk and resilience

An aerial view of the deck of a large offshore vessel, the Te/i FSO, showing a complex network of red and yellow pipes, railings, and structural elements. The deck is painted red with yellow safety markings. The vessel is situated in the open ocean under a clear blue sky.

▲ Toppersides of the *Te/i* FSO, a Suezmax tanker converted to be permanently moored on location in the Etame Field and store and offload production.



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Decarbonization Sub-Committee managing carbon emissions reduction projects across the Group

Exploring opportunities to reduce emissions through electrification of infrastructure

Report to the Task Force on Climate-related Financial Disclosures

At VAALCO, we recognize that climate change poses both a risk and an opportunity to our business and industry.

We acknowledge the findings of the Intergovernmental Panel on Climate Change that greenhouse gas (GHG) emissions from the use of hydrocarbon fuels contribute to increases in global temperatures and, in recognition of the importance that current science places on limiting global average temperature increases to below 1.5° Celsius, fully support the goals of the Paris Agreement.

There is an opportunity for our business to decarbonize operations, reduce operating costs, and deliver more sustainably produced oil and gas products, while still serving our host nations which require both the improved energy access and supply, as well as the economic benefits the industry generates, directly and indirectly.

We recognize the actual and potential negative financial impacts that climate change can have on our business, both physical and transitional. For example, in Canada we pay a carbon tax and elsewhere we are witnessing increasing demands on water resources, which we detail later in this report.



▲ Sweet oil processing battery at 12-18-31-2W5 in Canada.

Strategy

We recognize that as an oil and gas producer operating offshore Gabon and Equatorial Guinea, and onshore Egypt and Canada, our business faces both risks and opportunities as a result of climate change and our ability to adapt and respond to it.

We consider both enterprise-wide risks and opportunities to the business as well as considering the unique characteristics of each operating location both at local and national level.

We consider climate-related risks and opportunities under the two broad headings of physical risk and transition risk, but also recognize climate litigation as an emerging third risk category.

Physical risk can be divided into two types: acute risks from increased severity of extreme weather events such as storms and floods, and increased incidence of wildfires 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 this is the approach taken in carrying out our own climate risk assessment.



Strategy / continued

Our operating context

The Board and Management Team commissioned a comprehensive climate risk report in 2023 to capture the transitional and physical risks posed in each country of operation, as well as other relevant climate-related matters that may impact our commercial and corporate activities which include a raft of UK, EU, and US regulation.

	Net Zero Commitment Source: UNDP and Nationally Determined Contributions (NDCs)	Climate-related legislation and regulation	Carbon Tax Source: OECD	Climate-related litigation Source: Climate Case Chart
Canada	Reduce emissions by 40–45% below 2005 levels by 2030. At COP28, Canada introduced a series of new emissions regulations, including a focus on methane, that will financially impact the industry. The aim is to reduce upstream methane emissions by 75% by 2030.	Adoption of Nationally Determined Contribution (NDC) target as a legal target enforces stringent practice of accountability. Significant legislation, e.g., the Oil and Gas Emissions Cap, alongside others, is expected to be enforced in near-term.	Federal and provincial carbon tax. Carbon tax per tonne of CO ₂ e to increase to C\$170 by 2030.	No climate- or industry-related litigation was identified.
Egypt	The country is yet to set absolute targets for emissions reductions in Egypt's second NDC. It contains a mitigation target specifically for the associated gases subsector. The target being a 65% reduction of the projected business as usual scenario in 2030.	Limited at present. Of note that following reviews of fossil fuel subsidies, there has been a sharp reduction in its application.	There is currently no overt carbon taxation mechanism.	No climate- or industry-related litigation was identified.
Equatorial Guinea	Equatorial Guinea submitted its revised NDC in October 2022. During the revision process, UNDP has assisted the government in updating its greenhouse gas inventory, aligning the NDC with the Sustainable Development Goals and reviewing legal frameworks. This support also included guidance on renewable energy policies and capacity strengthening of national institutions engaged in the NDC enhancement and implementation.	Limited at present, with no overt focus on O&G industry.	There is currently no carbon taxation mechanism.	No climate- or industry-related litigation was identified.
Gabon	Through its second NDC, Gabon unconditionally commits to remaining a carbon-neutral country up to and beyond 2050. With international support, the country pledges to continue to act as a "net carbon sink" by maintaining its net carbon absorption of at least 100 million tCO ₂ e per year beyond 2050. The adaptation component has been enhanced, expanding its sectoral coverage and elaborating new measures and actions.	Yes. 2022 decision to maintain carbon neutrality. Methane MRV framework for O&G industry being proposed. Gabon endorses the World Bank's Zero Routine Flaring by 2030.	There is currently no carbon taxation mechanism. The country is developing a carbon credit mechanism, that the business is monitoring.	No climate- or industry-related litigation was identified.



◀ Drilling rig crew at 14-25-29-4W5 in Canada.

Strategy / continued

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.

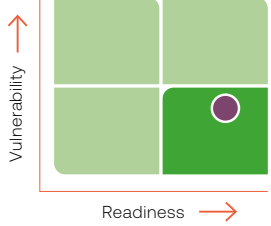
To establish the potential impact of climate-related risks on the Group, we have conducted a desktop-based physical risk assessment, as well as engaging with management within each operating jurisdiction to inform present and short-term assessments and impacts from physical weather events. We utilized the University of Notre Dame’s ND-Gain Country Index and the UN’s climate risk country reports to inform our short-, medium- and long-term assessments. These resources provide an overview for a country’s vulnerability to and readiness for climate change risks.

It aims to help governments, businesses, and communities better prioritize 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 colored graphics.

Enterprise-wide risks

The physical and transition risks we have identified, our assessment of their impacts on the Group, and the actions we are taking to mitigate these risks, are summarized 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.

Canada	
Profile	ND-GAIN Country index rank 14 
	Score 68.1
	Vulnerability 0.288
	Readiness 0.650
Climate-related impacts	Canada is considered much less vulnerable to physical climate-related risks but is considered a high-risk environment, according to a 2023 report published by the Canadian government and informed by the IPCC’s research and scenarios. Projected increases in mean temperature in Canada are about twice the corresponding increases in global mean temperature, regardless of the IPCC emission scenario. Extreme warm temperatures are projected to become hotter in the future. Meanwhile, periods of extreme cold weather are still anticipated, but their intensity and duration are expected to lessen.
Potential impact upon VAALCO	Presently, direct physical impacts to our operations in Canada are considered low and of limited financial materiality. However, most of VAALCO’s Canada reserves fall within high and extremely high-water stress regions. Our management team considers water and access to it to be an increasing risk for the industry in the short to medium term, which may increase the financial materiality of physical risks to the business.

Egypt

Profile	ND-GAIN Country index rank	
	104	
	Score	46.6
	Vulnerability	0.420
	Readiness	0.353

Climate-related impacts A projected increase in intensity of heatwaves, dust storms, storms along the Mediterranean coast and extreme weather events suggests that Egypt is at increasing risk. With the Nile River's sources located outside Egypt, the country is highly vulnerable to changing climate conditions and environmental 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 riverbank overflow and flash flooding.

Potential impact upon VAALCO Our onshore assets in Egypt operate in challenging conditions. Broad diurnal temperature ranges and high daily maximum temperatures are the key issues in the region. The direct impacts of potential climate-related risks will therefore mean an increase in the need for mitigating heat stress on both people and the assets. Flash flooding that has impacted local infrastructure in recent years has had an immaterial financial impact on business to date.

Gabon

Profile	ND-GAIN Country index rank	
	130	
	Score	42.6
	Vulnerability	0.450
	Readiness	0.302

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 northwestern zones. Flooding, including coastal, urban, and riverine flooding, is a notable hazard for the country. Potentially damaging and life-threatening river floods are expected to occur at least once in the next ten 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.

Potential impact upon VAALCO There will be no material direct 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, as well as our key suppliers within our value chain.

Strategy / continued

Climate Risk Table

Risk	Type	Potential impact on VAALCO	Timeframe	VAALCO controls and mitigants
Transition	Market	<p>Reduced demand for our oil and gas</p> <p>Meeting net zero ambitions, as set out in the Paris Agreement, requires global demand for oil and gas to decline sharply, which could affect our ability to sell our products. Many industry commentators suggest peak oil at 2030.</p> <p>If oil and gas demand is to fall in line with global decarbonization goals, from 2030, there could be a negative impact on the valuation of our assets and share price, and raise fears of our longer-term production becoming stranded, which has potential to accelerate repayments on any outstanding debt.</p>	Medium Term & Long Term	We conduct quantitative scenario analysis on an annual basis to inform our strategic decision-making.
		<p>Increased cost of capital</p> <p>Restricted availability of debt and/or equity financing could impact on the ability to fund acquisitions and/or to fully develop existing assets in an optimal timeframe.</p>	Medium Term & Long Term	<ol style="list-style-type: none"> 1. Deliver transparent, robust GHG emissions disclosures. 2. GHG mitigation incorporated into funding model. 3. Prudent financial management—we are debt free, and presently have a self-funded capital strategy.
	Policy	<p>Placing a cost on carbon</p> <p>The imposition of carbon taxes has the potential to materially impact VAALCO financially.</p> <p>A Canadian carbon tax was first established in 2016, set at C\$65/tCO₂e for 2023, rising C\$15/year to 2030 to C\$170/tCO₂e.</p> <p>During 2023, and underlined at COP28, is a strong focus:</p> <ol style="list-style-type: none"> 1. Methane management and reduction, with accountability ensured by the launch of MethaneSat tool 2. Eradication of routine flaring by 2030. <p>The Canadian government released new methane reduction regulations for the oil & gas sector, extending support for previously disclosed plans to reduce upstream methane emissions by 75% by 2030 (up from an interim goal of 40–45% by 2025). This will apply to onshore upstream, midstream, and transmission facilities and come into effect January 1, 2027, with all facilities obligated to fully comply by 2030.</p> <p>Introduction of carbon-neutral targets by all relevant national governments could result in increased capex required to manage emissions and curtailed field life if standards cannot be met.</p>	Medium Term & Long Term	<ol style="list-style-type: none"> 1. Use of long-term oil price assumptions that consider the demand effects of global carbon taxation. 2. Ongoing efforts to decarbonize operations. Ongoing monitoring of policy and legislation development in countries of interest.
	Policy	<p>Increased regulation and reporting requirements</p> <p>The NYSE and LSE are among the global leaders for ESG and climate-related disclosure. The Group also operates in four different jurisdictions on two continents, all of differing regulatory maturity relative to climate change. The failure to meet these expectations may result in fines and impact reputation and future commercial opportunities.</p>	Short Term & Medium 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 (continued)

Risk	Type	Potential impact on VAALCO	Timeframe	VAALCO controls and mitigants
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 decarbonization 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.
		The cost of reducing GHG emissions	Short Term & Medium Term	<ol style="list-style-type: none"> 1. Decarbonization program led by our COO, CSO, and engineering department, with support from a globally significant consulting group. 2. Focus on designing cost-effective reduction strategies
Litigation	Reputation	Stakeholder concern for the industry and increased decarbonization expectations	Short term, medium term & long term	<ol style="list-style-type: none"> 1. Our Sustainability Steering Committee was established for the purpose of identifying where the Group can make 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, supported by sustainability consultancy. 2. Provision of education packs to support increased awareness among 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 programs. 3. In Egypt the management system of the incorporated joint venture 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.
	Acute	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

Strategy / continued

Business resilience: Scenario analysis

Conducting a climate scenario analysis is critical to our understanding of the impacts of climate change on our business both with regards to our strategy and our financial performance.

Methodology

The scenarios considered below are based on the recommendations from TCFD and were used to inform our quantitative scenario analysis.

Specifically, we utilised the scenarios established by the International Energy Agency ("IEA"), as shared in the latest iteration of its World Energy Outlook (2023). We have provided detail on each of these scenarios below.

We evaluated the change in oil prices driven by the energy transition, and its associated impacts on supply and demand.

1. **Net Zero Emissions by 2050 Scenario (NZE)** is designed to achieve net zero emissions from the global energy sector by 2050 without offsets from other sectors. This will help limit a temperature rise in 2100 below 1.5 °C (with at least a 50% probability) with limited overshoot. The scenario assumes universal access to electricity and clean cooking are achieved by 2030. In an NZE scenario, oil demand is predicted to fall from 96.5 mb/d in 2022 to 77.5 mb/d in 2030 and 24.3 mb/d by 2050.
2. **Announced Pledges Scenario (APS)** models the extent to which publicly announced ambitions and targets deliver net zero emissions by 2050. In the APS, countries fully implement their national targets, including longer term net zero emissions targets and pledges in their Nationally Determined Contributions (NDCs). The APS also assumes that all country targets for access to electricity and clean cooking are achieved on time and in full. The APS is associated with a temperature rise of 1.7 °C in 2100 (with a 50% probability). In this scenario, the oil demand remains steady at 92.5 mb/d in 2030 before declining to 54.8 in 2050.

3. **Stated Policies Scenario (STEPS)** models current policy settings based on a sector-by-sector and country-by-country evaluation of their energy-related policy environment that is in place as of the end of August 2023, as well as those that are under development. The scenario also accounts for currently planned manufacturing capabilities and capacities for clean energy technologies. The STEPS is currently associated with a temperature increase of 2.4 °C in 2100 (with a 50% probability). Global oil demand in this scenario will rise to 101.5 mb/d in 2030 before declining to 97.4 mb/d in 2050.

Findings

VAALCO takes a conservative approach to developing its management case. The resilience test of our portfolio against the scenarios found that our assets will generate value, even under the most demanding NZE scenario.

Under the STEPS scenario, the analysis indicated that our portfolio's net asset value will increase by approximately 50% against the base management case. The modelled APS scenario also predicts increasing our net asset value by around 25%. Based on the results, the most ambitious NZE scenario is where we can anticipate a negative impact on our net asset value. The impact is upwards of -25%.

Opportunities

Canada

Solar

We use solar power in some sites where there is no electricity.

Methane emissions

We pilot-tested nitrogen tanks in 2023 to reduce use of methane.

Carbon emissions

We are trialing both air compressors and nitrogen to see which is more cost-effective and efficient.



Egypt

Electrification

At the end of 2023, we started a pre-feed for the electrification project which aims to tie approximately half of the field into the electrical grid, thereby reducing diesel consumption.

Reduced fuel use

We have replaced certain generator units with more fuel-efficient and reliable generators.



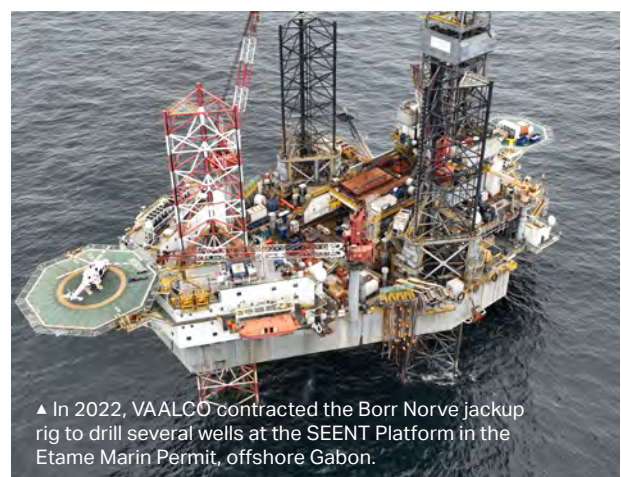
Gabon

Fuel use

More efficient scheduling of boats and helicopters aims to reduce fuel use. We have also commissioned the boiler and the generator on the FSO for natural gas service in order to further reduce our diesel usage.

LEDs

We are in the process of replacing all the lightbulbs in the offshore facilities with LEDs.



Metrics and targets

VAALCO is still maturing its emissions management and strategy. We are determined to take a robust approach to assessing infrastructure and designing our decarbonisation investment strategy.

While we are still in the process of defining our long-term interim targets to meet the Net Zero by 2050 goal, we do continue to set internal objectives and seek annual reductions. Last year we achieved a 19% reduction in Scope 1 emissions.

To define our long-term strategy, we are working with an external party over the course of 2024 and will publish this in 2025.

These targets will be based on reduction in our existing asset base, and we will endeavor to clearly communicate any adjustments to our long-term strategy as the business evolves, which may involve the acquisition of new assets.

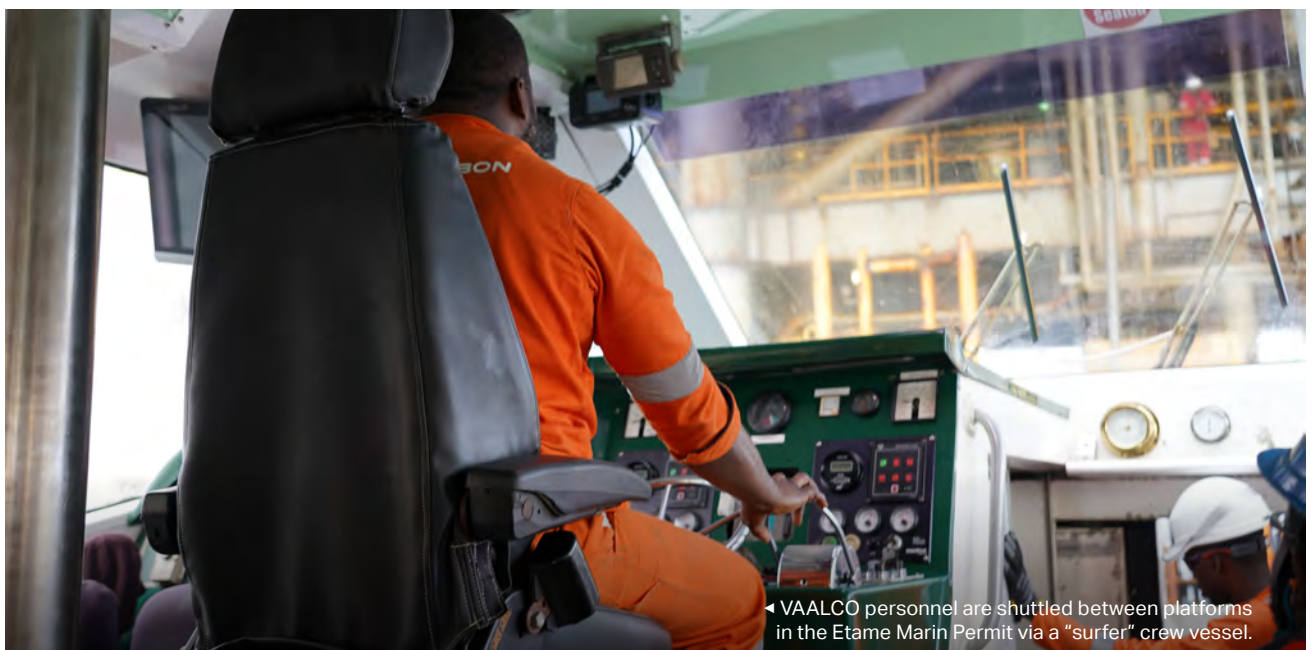
We use the GHG Protocol to calculate carbon emissions.

	Unit	2022	2023	% change
Scope 1	Metric Tons CO ₂ -e	310,806	250,498	-19.40374
Scope 2 (Purchased electricity)	Metric Tons CO ₂ -e	3,325	4,793	44.15038

Accounting metric	2023
Gross global Scope 1 emissions (in metric tons CO₂-e)	250,498
Stationary Facilities Scope 1 emissions, percentage methane (in metric tons CO ₂ -e)	229,113
	38%
Mobile Equipment (1) Scope 1 emissions, percentage methane (in metric tons CO ₂ -e)	21,386
	0%
Scope 1 emissions intensity kilograms CO₂e/BOE	21.93
Scope 2 emissions (Purchased electricity) (in metric tons CO₂-e)	4,793

Accounting metric	2023
Amount of gross global Scope 1 emissions from:	
flared hydrocarbons	41,355
other combustion	85,706
process emissions	0
other vented emissions	97,183
fugitive emissions	2,812

	Relevant issues	Location
Governance	Describe the Board's oversight of climate-related risks and opportunities.	Page 18
	Describe management's role in assessing and managing climate-related risks and opportunities.	Pages 19-21
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	Pages 30-33
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Pages 30-33
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Page 34
Risk management	Describe the organization's processes for identifying and assessing climate-related risks.	Pages 22, 27
	Describe the organization's processes for managing climate-related risks.	Pages 32-33
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Page 22
Metrics & targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Page 36
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions and the related risks.	Page 36
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Page 36



Safe and sustainable operations



▲ 12-18-31-2W5 Battery in Canada.



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Q&A

Introduction from Dmitry Nefedov, Director of HSSE

How has management of HSSE been advanced this year?

By introducing the HSSE function at Group level, we have created the independent oversight that I feel is required for any energy business. We can objectively assess projects and make sure that we align on a range of operational HSSE standards and other key metrics to achieve our goals.

The presence of Country Managers in each location establishes clearer accountability and reporting lines. In Egypt especially, the integration of a new management team has generated a refreshed approach both culturally and procedurally.

What actions have you taken to drive change in the business?

While standardization and harmonization were always going to be a focus, I wanted to gain a holistic understanding of operations when I joined the business this year.

I have taken the time to visit the assets in person, going into the field to see how operations are being run on a daily basis and meeting with the management and wider teams.

This full audit of the operations was clearly critical for determining where systems needed development or revision of procedures were required.

But I think it was equally important to make connections with people on the ground and explain why certain changes were being made and how they would help improve operations.

Having buy-in from colleagues is key for successfully driving change and embedding new practices in a business.

How is the business addressing the HSSE challenges identified?

To create a consistent, global approach to HSSE, we have commenced a number of initiatives to bring all locations onto the same way of working. As well as ensuring best practice is being followed, we have also streamlined processes in some areas, resulting in greater efficiency of operation.

The Group has made the necessary investment in systems and people to strengthen HSSE management. While it will take some time to complete the program I have developed, I can already appreciate the step change in the approach across the business and the resulting improvements in HSSE performance.





▲ Safety is paramount in the transfer of personnel between facilities offshore Gabon.

Overview

To deliver on our HSSE principles, having a standardized approach across our operations is crucial. This required Group-level oversight and management, and in 2023 we introduced a Director of HSSE.

All team roles and responsibilities were reviewed and adjusted as necessary to reflect the requirements of managing HSSE within the expanded Group.

The merger with TransGlobe required the consolidation of operating policies, standards, procedures, and systems. Our new Director of HSSE conducted an audit of all operations. As a result of this gap analysis, focus areas and clear pathways for improvement were established.

Foremost, a roadmap for an integrated VAALCO Health, Safety & Environmental Management System (HSEMS) was developed. The objective is to unify the existing systems into a single management system, and simultaneously upgrade any lagging processes.

While the operations in Gabon and Canada are in alignment with the principles and standards of ISO 14001 and 45001, the HSEMS of the JV in Egypt is certified to ISO 9001, 14001, and 45001. The overarching system will therefore be modeled upon the latter, to establish a robust, accredited HSEMS.

The seven core corporate HSSE policies were reviewed and updated to ensure they were fit for purpose: HSSE Policy, Risk Policy, Stop Work Authority Policy, Life Saving Rules Policy, Life Saving Rules Guidelines, Security Policy, and Quality Policy.

A new Incident Reporting Data Management Procedure was developed, approved by the Board, and implemented. By setting clear operational boundaries, this has defined ownership for incidents and established communication lines for all incident reporting and data management. The procedure is also electronic, improving ease of reporting.

Alongside the upgrading and improvement of processes, it is critical that our staff are equipped with the right skills and understanding to meet the standards being set by the Group. Another area of focus has therefore been competency and training. To embed the new reporting procedure into everyday practice, the Director of HSSE presented on the procedure to the teams in Egypt and Gabon in person.

A new global online learning platform was brought in, which has extended training capabilities. We built a training matrix through which an individual's training needs are determined according to their role and the potential risks they face.

Classes on the online platform are automatically assigned, and any employees that do not pass the training are promptly provided with extra training.

**Total recordable
incident rate (TRIR)**

0.362

Workforce health and safety

Highlights

Ongoing H&S training and regular H&S meetings

Ongoing H&S training and regular H&S meetings

Standardizing practices and introducing global management systems

Correct procedures and permits in place

By improving existing practices, implementing new processes, and upskilling our workforce, the business is strengthening and unifying its health and safety approach.

This included upgrading our Emergency Assistance (ISOS) services. We merged existing contracts held by VAALCO and TransGlobe, not only broadening the services available to the business, but also facilitating a 20% cost reduction.



▲ Driller's console on Savanna 655 in Canada

Workforce health and safety / continued

Canada

While each operating environment presents distinct safety risks and tailored responses, keeping employees and contractors safe remains the top priority. Standards and expectations on HSSE are communicated via the Operations Manager, and training is provided onsite on an ongoing basis. Safety meetings are monthly and production meetings fortnightly, providing opportunities for updates and offering an open forum for voicing any concerns or raising questions. The Operations Manager participates in the monthly safety meetings, and the Country Manager attends at least two annually.

We make sure that personnel are provided with the tools to make the job as safe as possible. The Work Alone Program, which we deliver with the support of a third party, includes maintenance/calibration of personal monitors (which monitor H₂S, CO, O₂, and LEL) and the provision of safety equipment such as personal protective equipment (PPE) and fire extinguishers.

Operation staff are also fully trained for workplace hazardous material information system (WHMIS), first aid, H₂S awareness and Western Canada Spill Services (WCSS) and take scheduled training to maintain compliance. In 2023 we also implemented Observation Cards, and these are discussed at the monthly safety meetings. Operational focus this year has been on Permit to Work, lockout/tagout (LOTO) procedures and behavior-based safety (BBS) systems. We are pleased to have maintained a record of zero reportable incidents since 2016.

In line with standardization efforts being driven at Group level, an initial assessment of the HSEMS in place was conducted, with plans developed for integration of this with the VAALCO system. A review of Canadian HSSE reporting requirements was also conducted, in order to integrate those into the Global HSSE Incident Reporting process.

Egypt

Following the merger with TransGlobe in 2022, there has been a reinvigorated focus on health and safety. The introduction of a new VAALCO leadership team provided a fresh perspective on existing practices and recognition that there needed to be an update to the current approach. HSSE field operations assessments and analysis of historical HSSE data also improved opportunities.

Particular focus has been on communicating change to colleagues, demonstrating the real commitment from management to improving the culture, and reinforcing that H&S is always the priority. The management team is making monthly visits to the work locations, to speak with employees, review incidents and progress against actions. Every month we also make sure key contributors to H&S are acknowledged and praised for their work.

The Group Director of HSSE conducted a joint session between the VAALCO and JV employees on the new electronic Incident Reporting Data Management Procedure. As a result, the guidelines for implementation were agreed, and the importance of meeting best practice and proper benchmarking against other businesses was emphasized. The team in Egypt are also able to access the new global Learning Management System.

These actions have already prompted change in the business. The number of safety observation cards submitted has increased significantly, with a peak of 2,531 cards in October 2023. This year, management conducted over 200 safety standdowns and safety meetings in the field with employees and contractors; these were received very well and with attendees sharing that they recognize that management genuinely cares.

Gabon

Introducing a new Operations Manager and adjusting the role and responsibilities of the team in Gabon has sharpened focus on H&S in country. We have commenced the adjustment of the regional HSEMS and integration with the corporate system. In 2024, we will be translating all policies into French to improve accessibility.

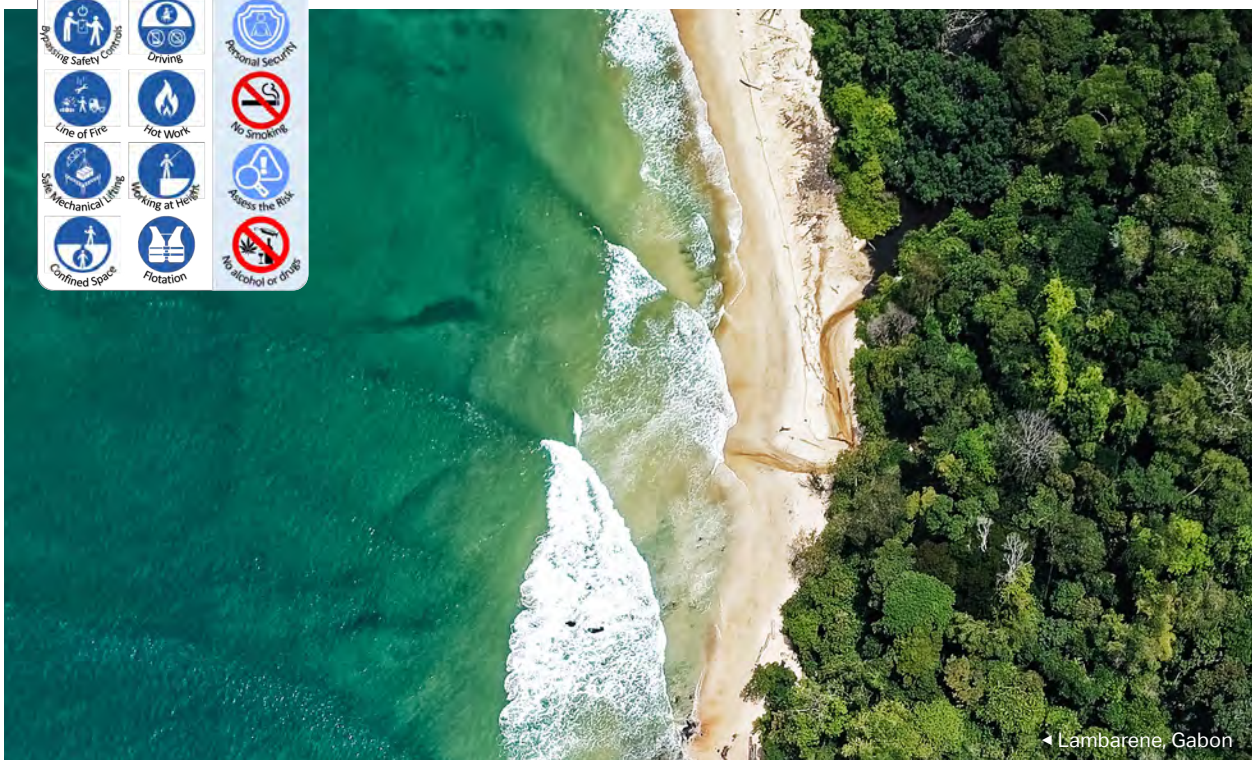
We completed an assessment of offshore emergency preparedness. Our Director of HSSE audited the processes in place on the platforms and compiled a list of observations.

Any improvement opportunities were assigned corresponding actions, highest priority actions were raised to management, and progress against this list is being tracked. To improve the Permit to Work system, we are changing the process and providing new training on this in 2024.

A competency program for our offshore personnel commenced this year with the objective to elevate core operating skills. The workforce comprised individuals from across the globe which, while allowing for a breadth of experience, means a variety of different operating backgrounds. Standardized practices and procedures needed to be embedded.

The initial examination of knowledge has been completed, we have had competency mentors in throughout the year, and training is ongoing. Our next step will be to conduct a full competency assessment in 2024 in order to meet the requirements of the internationally recognized OPITO standard.

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



Process safety

Highlights

Inspections of assets, infrastructure and pipelines

Ongoing corrosion monitoring including pigging (pipeline inspection gauges) and cathodic protection

Replace or update of infrastructure as required

Robust oil spill response plans to minimize impact if event occurs

Maintain critical incident response procedures at all locations

In the oil and gas industry, safety is paramount, and this is recognized in our robust approach. Rooted in proactive risk management, our program ensures safety, integrity, and reliability across global operations, adhering to industry best practices and regulatory standards.



▲ Personnel are transported the roughly 275 miles from the shore-base in Port-Gentil, Gabon, to the Etame Marin Permit by helicopter

Our operations in Canada, Egypt and Gabon are all in alignment with the principles of ISO 45001. We are currently developing an integrated Health, Safety, and Environment Management System (HSEMS) that will be modelled upon these global standards.

Our HSEMS includes leadership and commitment, hazard identification, risk assessment, incident investigation, training, emergency preparedness, and regulatory compliance.

“Our commitment to effective process safety management extends beyond mere compliance; it embodies a proactive approach to identifying and mitigating risks to the health and safety of our employees, contractors, visitors, and the surrounding environment. At VAALCO, safety isn't just a priority; it is ingrained into every aspect of our operations, reflecting our unwavering dedication to excellence and responsible corporate citizenship.”

Thor Pruckl

Chief Operating Officer

Central to our HSEMS is the integration of a Process Safety System. This system is designed to address the intricate details of our operations, focusing on the design, operation, and maintenance of processes and facilities. Its primary objective is to ensure the integrity of our systems, equipment, and procedures to prevent catastrophic incidents.

Our Process Safety System is both comprehensive and meticulous in considering all key elements of our operations. This includes risk assessments, process design, equipment integrity checks, maintenance practices, emergency preparedness protocols, and management of change procedures.



Process safety / continued

By integrating these elements into our operations, we not only ensure the safety and wellbeing of our workforce and stakeholders but also uphold our commitment to environmental stewardship and sustainable practices, while achieving operational excellence.

Leadership and Governance

Senior leadership sets the tone for safety, ensuring it is a top priority throughout the organization. It establishes goals and performance measures, ensures there is accountability for implementation, regularly reviews the performance of the Group's PSM program, including changes to policy, objectives and elements in the program identified during routine auditing.

Management across the Group is responsible for establishing a management system to eliminate or minimize risk to all employees and others who have exposed hazards associated with our activities or operations. This includes implementing, maintaining and continually improving VAALCO's management system.

Line managers are responsible for activities which include assuring that individuals are qualified for their specific role, properly trained, fit for their specific assignment, are monitored routinely to ensure safe work and practices are followed.

Employees and contractors are individually responsible and accountable for following safe work practices, notifying management of unsafe conditions, (including personal fatigue) that would prevent them from performing their duties safely, and any other possible Stop Work issues.

VAALCO is committed to ensuring clarity and coherence in policies and practices.

Risk Management

We employ rigorous methodologies, such as Hazard and Operability studies and Layers of Protection Analyses, to identify and mitigate process safety hazards.

Risk Control must include the implementation and verification of appropriate prevention and mitigation measures. When determining controls or changes to existing controls, consideration shall be given to reducing the risk according to the following hierarchy:

Elimination

Substitution

Engineering Controls

Administrative Controls

Personal Protective Equipment (PPE)

Process Safety Information

Accurate documentation provides essential knowledge for safe operation and maintenance. Processes and procedures are defined, established, and consistently maintained to facilitate continuous hazard identification and risk assessment. This is crucial to ascertain the necessary controls for ensuring safety and quality in operations. These processes include:

Identification of Hazards

Identification of Potential Quality Degradation

Risk Assessment

Application of Prevention and Mitigation Measures

Process Hazard Analysis (PHA)

Regular PHAs evaluate potential hazards, enabling effective risk mitigation.

Mechanical Integrity

We prioritize rigorous inspection and maintenance to prevent equipment failures. Senior Leadership ensures that management of safety hazards and environmental impacts is an integral part of the design, construction, maintenance, operation, and monitoring of each facility.

Our Engineering team is charged with generating and maintaining process design information, which includes various process, technical, control and alarm systems amongst many others. The team also ensures the design, procurement, fabrication, installation, calibration, and maintenance of equipment and systems in our operations are in accordance with the manufacturer's design and material specifications.

Management of Change (MOC)

Changes are managed systematically to ensure safety is maintained. Senior Leadership is accountable for ensuring the development and implementation of written management of change procedures for modifications associated with the following: equipment; operating procedures; personnel changes (including contractors); materials; and operating conditions. Such procedures also must include the technical basis for change, impact on people and coastal and marine environments, time needed to implement, and management approval procedures for the change.

Our system requires that employees, including contractors whose job tasks will be affected by a change, must be informed of, and trained in, the change prior to startup of the process or affected part of the operation.

Emergency Preparedness and Response

Comprehensive plans and training ensure swift and effective responses to incidents. Our PSM program ensures that emergency action plans exist and are reviewed regularly to assign authority and responsibility to the appropriate qualified person(s) for initiating effective emergency response and control, addressing emergency reporting and response requirements, and complying with all applicable governmental regulations.

Due to its importance, our training and drills, based on realistic scenarios, incorporate emergency response and evacuation procedures that address all personnel (including contractor's personnel) and seek to identify and correct any weaknesses in our plans.

Safe Work Practices

Our PSM program establishes and implements safe work practices designed to minimize the risks associated with operations, maintenance, modification activities, and the handling of materials and substances that could affect safety or the environment.

In addition to specifying contractor selection criteria, our program ensures there are written operating procedures that provide instructions for conducting safe and environmentally sound activities, covering normal operations, emergency operations, weather-related evacuations, startup following an emergency shutdown, and procedures to ensure protection of human safety and the environment from chemicals used in operations.

Since work by contractors is essential in our industry, our program ensures that we obtain and evaluate information regarding the contractor's safety record and environmental performance, and that contractors have their own written safe work practices.

Process safety / continued

Control of Work

The PSM system also addresses Control of Work, which is the management of business-critical maintenance processes, to ensure tasks are carried out safely and without environmental impact.

Our procedures provide clear guidance on topics such as Hazard Identification and Risk Assessment, Permit to Work, and Isolation Management.

Altogether, our procedures ensure that hazardous job tasks, such as confined space entry or “hot work”, do not take place unless and until they have been reviewed and authorized.

Control of Work is a critical component of managing operational risk at every level of the organization, required whenever specifically defined hazardous tasks are performed or a contractor has been hired to work on-site.

Canada

Asset integrity

Following the rationalizing of our teams, the office in Canada is now focused solely on Canadian operations and an Operations Manager was appointed to oversee all activities in the field. Our asset integrity program is reviewed by an external third party which provides us with an annual report card recommending any changes or improvements to the program. Each pipeline must be surveyed every year in accordance with the regulator.

The approach taken is that of preventive maintenance with an eye for continuous improvement. Spill prevention comprises corrosion mitigation, corrosion monitoring, repairs, following proper work procedures, and monitoring internal pressures to prevent over-pressuring of facilities.

Externally, for pipelines, corrosion is mitigated by proper external coating design and proper installation. Cathodic protection (both sacrificial and impressed current) also mitigates external corrosion by making the metal of the protected facility a cathode of an electrochemical cell.

Internally for pipelines, piping, equipment, and vessels, corrosion mitigation is completed by proper design (for example, to prevent dead legs in the case of piping) and injection of corrosion inhibitor.

Corrosion monitoring is completed via corrosion coupons (as necessary) and pipeline and vessel inspections. Inspections can be done with NDT (typically ultrasonic) on a regular basis on above ground pipelines and vessels, with internal vessel inspections during plant turnarounds, and with inspection pigs (smart pigs) in pipelines.

These inspection pigs can detect corrosion and corrosion growth in the interior of pipelines, as well as other internal imperfections. Internal inspections on vessels and inspection pigs on pipelines are scheduled as required using a risk matrix.



We do an audio, visual, olfactory (AVO) inspection of the pipelines annually, as well as regular site screenings and surveys, with a specific focus on emissions. The aerial pipeline inspection has previously been completed via plane flights over the lines taking images of any anomalies. In 2023 we conducted a more in-depth screening, through investment into a drone survey, in order to generate more detailed imagery; there were no actionable items as a result of the survey.

If we have indications of internal or external corrosion on our pipelines, piping, and vessels, repairs are completed if wall thickness is no longer in tolerance.

Critical to spill prevention is the following of work procedures. For example, in Canada, we have work procedures that are followed for all fluid trucking operations. In addition, all drilling, completion, and workover operations adhere to proper procedures to mitigate spills. Isolation procedures are completed during maintenance and repairs to ensure spills do not take place. Other work procedures include preventive maintenance on pumps and equipment to ensure corrosion is mitigated, and to ensure seals and packings are robust and spills are prevented.

Pressures are monitored to ensure operating pressures of pipelines, piping, and vessels stay within design tolerance. If pressures are exceeded, automatic shutdowns take place, and de-pressuring of pipelines, piping, and vessels takes place. This allows the team to determine the source of over-pressuring, and to repair prior to restarting operations.



◀ Employees at our Canadian office.

Process safety / continued

Canada (continued)

Oil spill response

In the event of a loss of primary containment (LOPC), our objective is to ensure any spills that do occur stay on lease, stay on surface, and are cleaned up immediately. This is done by ensuring all emulsion, oil, and water tanks have a berm and are diked and lined.

All leases are clay-lined and are diked to ensure no drainage takes place off lease. Pipeline rights-of-way are inspected on a regular basis in compliance with the regulator, AER. Lastly, in the event of a spill, cleanups are immediate to contain the spill as well as the impact of the spill.

Following a spill, an internal report is completed to understand the reasons for the spill and mitigate the likelihood of this type of event happening in the future. This report is reviewed by the Operations Manager and Country Manager and is forwarded to the corporate office. The spill is also reported to the AER if the spill threshold is exceeded.

In Alberta, we are required to hold membership in the local spill cooperative, the Western Canada Spill Service, facilitating knowledge sharing and industry cooperation. We send two of our operators to training exercises every year and we follow industry procedure on spill prevention and response.

Critical incident risk management

In order to ensure preparedness in the event of a critical incident, we do annual Emergency Response Plan (ERP) drills. We also review the ERP on a yearly basis. All of our operators have fire extinguishers on their trucks and most of our larger sites in Canada have flame safeguard and combustion controls, such as fire-eyes, as well as fire extinguishers.



▲ Sales oil tanks and crude truck at 12-18-31-2W5 in Canada.



Egypt

Asset integrity

Oversight from the new management team in Egypt gave a fresh perspective on operations. Site visits by the team in Egypt, as well as the COO and Director of HSSE, led to the identification of areas for improvement. A review of the approach to process safety has been undertaken, in both culture and process, and we have bolstered our representation through secondment into the JV, in order to better influence change.

The principal issue identified was the aging flow lines. An extensive program of replacement is currently underway, with almost 37 kilometers of flow lines upgraded to Spoolable Composite Pipe so far. We have adopted a risk-based approach, prioritizing replacement where thinning pipe and pinhole leaks have been detected. Additionally, options such as glass reinforced epoxy (GRE) and HDPE pipe lining are utilized. The new pipeline is laid out alongside the existing pipeline, and we conduct hydrotesting on it; this minimizes downtime during the replacement process.

A review has commenced of the chemicals used to prevent buildup and corrosion in the pipelines, as blockages can cause pinhole leaks. As a result, we will ensure the most effective compounds are being utilized to clear the lines, minimizing cost and maximizing asset integrity.

Another area of investment has been the replacement of some of the aging GenSets with far more fuel-efficient and reliable generators. Downtime from the generators reduces production, so the replacement program has been critical in improving our uptime.

The water pits are rubber-lined to prevent leakage. The lining is routinely inspected and repaired as required.

There are up to 500 personnel in the field who carry out visual inspections of the pipeline and facilities as they go about their duties and report any anomalies that they observe.

Process safety / continued

Egypt (continued)

In the production facilities, all tanks are on a routine cleaning and inspection program to maintain asset integrity, some covered by cathodic protection, with all flow lines protected by routine injection of corrosion inhibitor.

Oil spill response

With operations covering a large geographical area, any LOPC would be limited to a flow line issue or leak at a facility. No wells have sufficient motive pressure to produce in an unconstrained way, all having to be fitted with Artificial Lift Systems.

Within the production facilities all tanks are fitted with bund walls to ensure containment of any release and are manned 24 hours a day with facility operations staff. Field facilities are operated and monitored by operations staff who attend each well site four times a day. Any flow line issue that was not detected by the field teams would be observed at processing facilities by flow variances.

Critical incident risk management

With over 125 operating wells, critical crisis management is primarily focused on the operating primary treatment facilities. Individual well sites, for example, are equipped with manual firefighting equipment such as portable fire extinguishers. Main accommodation areas are individually equipped with smoke detectors, which are monitored centrally 24 hours a day.

Each primary treatment facility is equipped with its own dedicated firefighting equipment, ranging from portable fire extinguishers to full foam equipped deluge systems, water cannons, and FM 200 fire extinguishant systems in control rooms. Firefighting systems can be operated manually or via detection devices and over individual storage/treatment tanks. All equipment is maintained by specialist contractors and routinely tested by the field HSE team to ensure functionality and fire pump performance.



▲ Operations in Egypt.

Incident management is controlled from a central management team in Cairo made up of experienced field personnel, with the field team forming the on-scene commander role. A group of 18 other operating companies are supported for “mutual aid” via a dedicated command center ensuring any additional support is made available.

Within the field operational area there is a fully equipped medical facility and ambulance manned by a doctor who has direct communication links to local hospitals should additional care be required. Annually, all facilities are inspected by the Egyptian Civil Defense organization with recommendations being implemented to ensure the adequacy of firefighting in comparison to international standards.

The Business Continuity Plan which governs crisis management is written to align with the following standards: the Egyptian labor law article 215; the Minister of Labor Decree # 211 / 2003 Article 3, 4th chapter; the Egyptian Fire Protection Code; the general emergency plan of the Geographical Committee for petroleum companies in the northern and eastern Gulf of Suez and the Red Sea; the Incident Command System (ICS), a standardized organizational structure used to manage emergency incidents, ICS provides a common language that allows different organizations to work together effectively during an emergency; the OSHA Emergency Action Plan standard, a written document required by particular OSHA standards [29 CFR 1910.38(a)]; ISO 22320:2018—it provides a framework for emergency management that includes planning, coordination, communication, and evaluation; NFPA 1600:2019, a standard that provides guidance on how to develop, implement, and maintain an emergency management program; Emergency Response & Preparedness Plan—General ERP; and EGPC-PSM-ST-001 (Risk Management Standard) which is an EGPC document.

Gabon

The Person in Charge (PIC) on each platform has overall responsibility for daily, safe operations on their respective 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 centralized 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.

We engaged underwriters to conduct a third-party asset assessment of Etame. This led to a report that allowed us to reduce our insurance costs due to the perceived quality of the assets.

Asset integrity

A proactive approach to asset maintenance minimizes environmental impact. By monitoring integrity and efficiency testing of our equipment, we can ensure efficiency and continuity in our operations.

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.

Process safety / continued

Gabon (continued)

Fabric maintenance testing of all the facilities on all the decks is carried out regularly. We have a six-monthly preventive 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 integral to minimizing the risk of an LOPC. We utilize pigs to inspect and clean our pipelines. Pigging is pre-scheduled, conducted regularly, and managed through our maintenance management system to minimize disruption to production. The routine pigging removes buildup in the pipelines, while the smart pigging program, which is done every two years, inspects for signs of corrosion.

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 by the engineering department; if there is an issue, they will alert the team in Gabon who will take action to rectify the problem.

A program for topside piping inspection based on criticality is scheduled for 2024, this is in conjunction with the Corrosion Coupon program. This program will perform ultrasonic thickness (UT) readings on piping to determine wall thickness. Comparing this to previous UT readings will determine corrosion rates, lifespan, and any concerns that may affect the pressure rating (LOPC concern) of the pipework.

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

Remotely Operated Vehicle (ROV) inspections are conducted for subsea systems. Routine inspections are every five to ten years per American Petroleum Industry (API) 2SIM recommended practice.

Oil spill response

In the event of an incident resulting in an LOPC, we have robust response procedures. Our detailed Oil Spill Contingency Plan (OSCP) is reviewed annually. The OSCP includes modeling as to the potential geographical spread of a spill and the measures that would need to be taken to combat the spill.

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 organization, 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 have access to their CAP & STACK technology, a device that is capable of sealing off a well in the highly unlikely situation of a loss of well control. OSRL also provide our Tier 1 oil spill response equipment, which is located centrally in the field for rapid deployment.

If an LOPC 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 cleanup.

Critical incident risk management

Operating offshore, fires and explosions are major potential risks, and effective prevention and mitigation measures must therefore be utilized. 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.



◀ The Teli FSO was installed in 2022 to serve as the storage and offloading facility for all Etame Marin Permit production, offshore Gabon.

Process safety / continued

Gabon (continued)

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 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 conduct drills every two weeks. 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. Incident management drills were also conducted throughout the year for onshore personnel, to ensure the incident command structure is robust and able to respond effectively and efficiently in the event of an incident.



◀ VAALCO regularly contracts several vessels to support Field operations, such as a Anchor Handling Tug Supply (AHTS) unit, which is used to transport equipment between the shorebase and the Field as well as assist in oil export activities, and a personnel transportation surfer.

Resource management

Highlights

Responsible resource use, minimizing use where possible

Monitor all produced water

Ensure proper disposal of all waste

Canada

Water management

All fracking activities in Canada are in line with regulatory requirements. We have a third party that tracks every cubic meter of water that we use, and this is reported to the regulatory body. Produced water is sent to licensed area injection wells for compliant disposal.

Waste management

Waste generation is relatively minimal in our operations, as attempts are made to recycle and reuse as much material as possible. Waste is collected as required, and is disposed to licensed and regulated disposal sites.

Q&A

Discussion with Kevin Rueve, Canada Country Manager

What are the key challenges from a water management perspective in Canada?

We require water for our fracking activities. And so we are very cognizant of risks around water scarcity and how that might impact our operations. In the medium to long term, we expect regulation to be introduced that will affect our current use of water. We will continue to monitor this situation and develop mitigation actions.

How are you positioning the business to mitigate this risk?

While we know that this is not a short-term risk, we want to be prepared and are already considering alternative water sources. We engage a third-party environmental company to source our water, and they will also keep us informed of regulatory changes. Working with our peers is key to creating beneficial outcomes for all, and we expect a collaborative effort with producers in the area to reach a solution.

Resource management / continued

Egypt

Water management

Unsurprisingly, we consider water to be a precious resource in Egypt, not only for our operations, but for the wider country. We only draw fresh water for potable use and sparingly for well treatment.

Produced water is naturally occurring water that is extracted through our production processes. This water comes from deep underground reservoirs and is not fit for human consumption. We closely monitor our produced water management cycle and all produced water is reinjected into reservoirs for pressure maintenance or disposal in line with EEAA permits.

Metering of produced water to reinjection wells is in place with volumes reported within the daily production reports. Injected water is chemically treated to prevent reservoir souring, mitigating the risk of H₂S gas in produced fluids.

Waste management

Waste disposal processes are managed in compliance with Egyptian regulation. The waste management procedure details the responsibilities of personnel for managing waste, and includes direction on waste minimization, storage and labeling, transportation, and disposal. We also maintain a Hazardous Material and Waste Management register.

We have an agreement, No. 266/2022, with Petrotrade Co. for the safe disposal of solid and liquid hazardous waste. Medical waste disposal is contracted to a health authority-approved incinerator, and sewage waste to the Environmental Protection Association in Ras Gharib. Non-hazardous waste is managed by the Ras Gharib Council.

Gabon

Water management

In late 2022, we conducted two small scale hydraulic fracs to confirm the validity of the technology. Our operations do generate produced water, and the water that is produced is strictly managed and disposed of responsibly to minimize 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 28 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 oil in 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. There are sensors on board the FSO that close the overline if water passes the acceptable threshold.

Waste management

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 labeled 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 center.

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 upskilled the team to manage this hazardous waste in line with regulations, including segregation, proper treatment, and correct labeling on the waste transfer notes. With the decommissioning of the FPSO, there was naturally occurring radioactive material (NORM) found at the bottom of the cargo tanks. This was safely and securely transferred onshore to an approved location under the supervision of the proper government authorities, awaiting transportation to a disposal facility.

Biodiversity

Highlights

Respect the environments we operate in

Consider environmental impact in planning new projects

VAALCO is committed to the conservation of biodiversity. We recognize our responsibility to protect the unique ecosystems we operate near in Gabon.

The assets in Egypt are located in areas of limited biodiversity and, in Canada, daily operations have little interface with wildlife. Our ability to impact biodiversity in these countries is therefore negligible; nevertheless, we follow regulatory requirements and ensure we carry out operations responsibly.

Canada

Our approach is to follow the environmental regulations for local jurisdictions and ensure we are prepared to demonstrate how we are following the guidelines set. In the course of our operations, anything we touch we return to the way it was. The drilling of wells from drilling pads and the drilling of longer wells minimizes the leases required for our operations. After wells are abandoned, leases are reclaimed, and we work with the regulator and with lease owners to ensure that these areas are returned to the state they were in prior to use.

Egypt

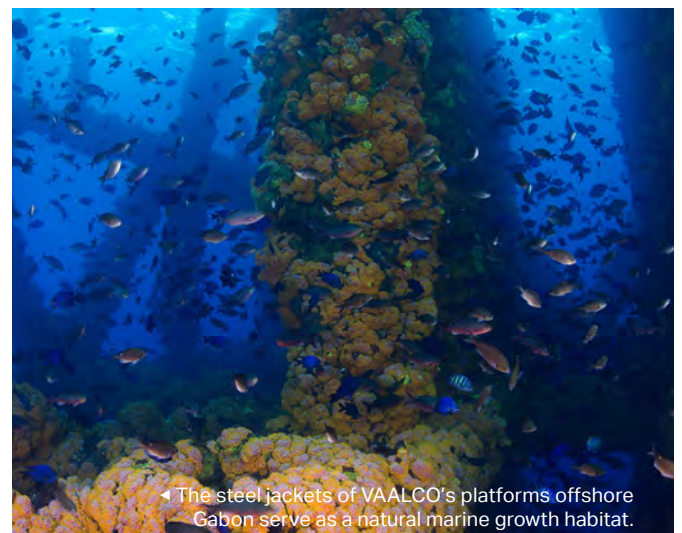
We have done an Environmental Impact Assessment (EIA) for every well pad, which each required sign-off from the EGPC. The EIA includes the following key principles: type of activity performed by the establishment, extent of natural resources exploitation, location of the establishment, and type of energy used to operate the establishment.

We develop an Environmental Management Plan (EMP) to ensure that the commitments in the EIA, subsequent assessment reports, approval, or license conditions are fully implemented. The EMP includes the following: waste management procedures (for both solid and liquid waste); monitoring outline (biological features, air quality, waste management, and operational leaks and spills); and the Emergency Response Plan.

Gabon

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.

For the next phase of drilling in Gabon, we are undertaking a large-scale EIA. We have contracted a credible third party to carry out the assessment. Part of this study looks at biodiversity, including potential impacts on the local fishing industry and marine ecosystems.



◀ The steel jackets of VAALCO's platforms offshore Gabon serve as a natural marine growth habitat.

Decommissioning

Highlights

Minimizing impact to the environment

Return sites to prior condition

Canada

As wells become non-productive, they are abandoned. Abandonment procedures comply with regulatory requirements, and ensure that lower hydrocarbon-bearing zones are isolated, and upper water-bearing zones are protected. Abandonment complies with gas migration testing, ensuring that all gas zones are isolated. All abandonment operations are submitted to the

AER (regulator) and they visit operations and sites routinely. Final abandonment certificates are ultimately signed off by the regulator. Leases are then reclaimed with authorized reclamation practices. The regulator approves lease reclamations after it is established that leases are reclaimed to the state they were in prior to use.

Egypt

We have a recovery program for all our drilling pits, and once they reach the end of their life, we follow a procedure of rehabilitation to return the environment to its previous state.

Gabon

In 2018, VAALCO engaged a third party to perform a study and compile a report estimate for the decommissioning liability for the platforms, associated pipelines, and wells located in the Etame field offshore Gabon. In 2023, the third party was engaged once more to update the report following the 2021–2022 drilling campaign and the field reconfiguration in 2022. Following the reconfiguration of the Etame field, one of the wells was capped.



▲ Pumpjacks at the 15-11-30-4W4 Pad-site in Canada.



Supply chain management

Highlights

Centralized accountability and setting of global standards and procedures

Prioritizing local procurement

Increasing consideration for sustainability-related impacts, risks, and opportunities in supply chain management

Q&A

Discussion with Darryl Smith, Supply Chain Director

What have been your priorities in establishing this Group-level function?

On joining VAALCO, the first order of business has been laying the foundation for a scalable SCM function. By centralizing leadership accountability, strategy formulation, upskilling the team, and standardizing business process and practices, we are taking the necessary first steps to meet the needs of the enlarged Group.

But while investment in the supply chain team, systems, and supporting resources were needed, I also wanted to make sure the delivery approach taken was strategic.

As an example, by considering sustainability-related impacts, risks, and opportunities (IRO) and rationalizing our supplier base, we are strengthening the resilience and partnering approach within the Group's supply chain over the short, medium, and long term.

How are you strengthening the capabilities of your team across the different operating locations?

We are investing into the team to set ourselves up to be a dynamic, business-proficient, global supply chain organization. The department now consists of a combined 255 years' worth of industry experience. 82% of our global team have bachelor's degrees and over half have master's degrees, with studies having been completed in 11 countries.

We pride ourselves on diverse representation: across the function six languages are spoken, 53% of the organization complement are women, and over 70% of the supply chain organization are hired from the local communities in which we operate.

Holistic talent management is one of our key SCM strategic pillars. For example, in Gabon, an overriding theme identified by the new Supply Chain Manager was that the supply chain organization was lacking understanding of the physical assets (i.e., operational business proficiency).

We quickly acted on this by arranging trips to the offshore platforms, knowing that first-hand experience and understanding means the daily operations become tangible and better understood.

These offshore trips, conducted in 2023 with continuation planned into 2024, were received very well by the team who reported back a much greater appreciation for the offshore requirements and challenges that they support.

Supply chain organization hired from the local communities in which we operate

70%



▲ Darryl Smith, Supply Chain Director, and Aisha Gaber, SCM Contracts & Supply Chain Lead in Egypt.

Group

To improve the efficiency and effectiveness of supply chain management across the Group, in 2022 VAALCO engaged a consulting firm to complete a diagnostic assessment of the supply chain organization and ways of working. The objectives were to identify any issues or improvement opportunities, conduct a peer assessment, review status of technology and systems in use, and develop a road map for improvement.

A critical recommendation from the assessment was Group centralization. As such, in early 2023, the supply chain organization underwent a comprehensive restructuring. There is now a centralized global supply chain function led by a Supply Chain Director. The global team reports into the Supply Chain Director, who in turn reports directly to the COO. This has created clear reporting lines, roles, and responsibilities, as well as a single point of accountability.

To bring the integrated business under a single way of working in the delivery of supply chain services, we require universally applied processes. We have now finalized a global system for SCM, the Business Process Management Framework (BPMF), which was completed in Q1 2024. To support the development of this framework, we hired a Global SCM Business Process and Governance Lead, with a remit for leading the creation and implementation of Group-based supply chain policies, procedures, and procedural aids.

Once the rollout of the framework is complete, there will be a repository of standardized supply chain management documents and principles which can be referenced by all the business units. As an example, everyone will be operating in accordance with the same high standards in screening, onboarding, and auditing third parties. This will be complemented by continuing SCM training for all supply chain personnel.

Supply chain management / continued

Group (continued)

Further harmonization will be achieved through the recent procurement of an Enterprise Resource Planning (ERP) tool. This technology, applied across all functions, Group-wide, allows operation under a single software solution that fully integrates Plan-to-Pay (P2P).

Governance of thousands of suppliers can be a challenging undertaking. With implementation of a single Group ERP solution, demand planning and historical spend segmentation will permit better understanding and management of our key global spend categories and suppliers. This in turn will allow rationalization of our low value and low risk tail end spend supply providers. Prioritizing strategic supply partners will facilitate better post-award relationship and performance management.

Sustainability-related impacts, risks, and opportunities are an increasing focus in supply chain management. During the course of the year, we have been expanding our screening processes for such IRO, and conducting trade-off assessments between sustainability-related concerns and economics. As we continue to develop our decarbonization strategy, sustainability-related screening will be an important channel for engaging with our suppliers.

Canada

Reflecting the smaller scale of our operations in Canada, there is currently no supply chain team based in country. Field operations are conducted via six strategic contractors and capital programs are conducted with the use of three strategic contractors. When contractors are contracted for a specific capital program, they work exclusively with VAALCO.

At this time, our contractors are therefore best placed to manage the supply chain requirements. Nevertheless, the Country Manager retains oversight and approval control and is working closely with the Supply Chain Director to ensure supply chain management practices align with the Group SCM policies, procedures, and procedural aids being rolled out across the Group in 2024.

Egypt

In Egypt, there are teams within the JV that manage the supply chain: Contracts Procurement, Materials Management, and Logistics. Outside of the JV, the Contracts & Supply Chain Lead in the VAALCO team acts as the interface between the JV and the Supply Chain Director in Houston.

One of the near-term objectives identified is improving the screening process for contractors within the JV. The Supply Chain Director and Director of HSSE are supporting our JV partners to strengthen the focus on HSE in due diligence, particularly pertaining to the temporary workers hired by contractors.

Gabon

To improve SCM in Gabon, we introduced a new Supply Chain Manager. Having worked in international contracting and procurement in Port Gentil for 16 years, this strategic hire brings a wealth of experience and an in-depth knowledge of the capabilities in the local market. Thus, the team in Gabon is increasingly able to source suppliers locally, rather than relying on a sourcing team in Houston to find international vendors to fulfill contracts which also incur withholding taxes.

To achieve consistency with the Group approach to SCM, improving and standardizing how contracting and procurement is delivered has been a principal focus in Gabon. This includes developing an annual Contracting and Procurement Plan, from which technical scope of works are created and provided to the Gabon sourcing team to obtain requests for quotes, and seeking bids from multiple sources as standard.

Successfully driving progress and implementing change requires the buy-in of all colleagues. The Supply Chain Director and Gabon Director of Operated Assets therefore communicated these changes across all departments, explaining the value of following standardized processes for improving operational outcomes and reducing cost.

This has resulted in greater understanding between commercial and technical teams and better integration of the supply chain function into the business unit.

Improving engagement and upskilling was also required in order to equip supply chain team members with the tools to meet the new standards of working. Weekly team meetings were introduced to facilitate greater departmental communication and provide an open forum for asking questions or raising concerns.

Offshore trips commenced for team members to improve their understanding of the assets. Further visits will be conducted in 2024, and we have also planned a workshop on negotiation to create win-win partnerships with suppliers.

A main focus for 2024 is business performance reviews (BPR) with identified strategic supply partners. While service quality meetings are conducted with these key contractors, we aim to enhance governance and assessment of a greater number of suppliers.

Furthermore, effective working relationships generate beneficial outcomes for all parties, hence these BPRs will also offer our suppliers the opportunity to give feedback on VAALCO's performance.

//

The most important thing for me is to drive value and change, as we want to demonstrate how important effective SCM can be to an organization. By taking a consistent approach to procurement, we are mitigating risks around contractors, costs, and supplier quality. Effecting and embedding these changes completely will take time, but we are confident we will get there."

Allan Blair

Supply Chain Manager, Gabon

People and communities



▲ Getting ready to make a connection: Tripping pipe on Savanna 655 at 14-25-29-4W5 in Canada. Tripping is the process of going in or out of the well with drill pipe.



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Our aim is to create an environment where people are excited to come to work. Following the merger with TransGlobe, focus has been on strengthening the HR function to be able to manage a global workforce. At the beginning of the year, we hired a new VP of HR to deliver on this aim.

Foremost, with the merging of two companies, there were different standards and systems in place across the Group. The first step has therefore been standardization and harmonization. We have commenced a review of all policies to ensure they are consistent and fit for purpose. To embed these policies into the culture of the Group, we launched a global compliance training initiative in 2023. In the post-merger environment, we have also identified the need for a global system to help automate HR processes, workflows and be a main repository of HR data. We are therefore taking steps to identify a Human Resources Information System (HRIS) with the intent to be fully functioning in early 2025.

We are in the implementation stage for a new Enterprise Resource Planning (ERP) tool. The ERP will support in streamlining and automating processes that are currently manual and time-consuming. As a financial tool it will also be utilized from an inventory perspective. This will bring everyone across the Group into the same systems and planning.

While Group-level standards and systems support fair and effective people management, we appreciate that there are differences between each operating location. We therefore encourage a bespoke approach to employee development and engagement.

Our VP of HR has overseen the finalization of onboarding processes in every locale. While distinct, each process is designed to welcome new employees into the business and equip them with the right tools and understanding to succeed in their roles.



▲ Operators at 12-18-31-2W5 Battery in Canada.

Training and development

Highlights

Analysis of training needs and competency gaps

Providing requisite skills training

Offer development opportunities to support career progression

Canada

In Canada we are proud that ours is an industry which many people aspire to work in. While our operations only require a small number of personnel, we are committed to providing rewarding employment opportunities. As the office staff is small, individuals have a wide range of responsibility and must work with each other closely to ensure that required work is completed. In the field, our Operations Manager has completed a succession planning exercise. This allows adequate vacation coverage and, in the event of an emergency, ensures operations are appropriately covered.

Egypt

To assist employees in their professional development, Individual Performance Plans (IPPs) are in place for every individual. These are dynamic plans, designed to get the best outcomes for employees.

Two formal one-to-one meetings are held each year; the first gives employees the opportunity to discuss their performance in the past year and set objectives with their managers, while the mid-year review allows consideration for progress. Outside of these check-ins, we stress that development conversations must be ongoing so that employees can seek and receive guidance and feedback as needed.

As part of the IPP, managers will discuss with individuals what training they require. We have a partnership with the American Chamber of Commerce, through which our employees have access to a range of training courses to develop their soft skills. We are also exploring opportunities to offer more technical training programs.



Training and development / continued

Gabon

For our onshore colleagues, we introduced a Training Needs Analysis Form. Every individual was required to complete the form with their manager, determining their needs for development.

The HR Coordinator for Training then reviewed the needs captured, and assigned courses to each person. External training can also be provided depending on the needs of the individual.

In accordance with Gabonese law, we ensure that we offer trainee placements in our workforce and have a platform through which people can apply. We also offer internships and have had three in the Gabonese offices this year. English lessons are offered to all employees as standard.

United States

For our Houston-based employees, a more consistent approach to performance reviews was identified and efforts have been taken to ensure that all employees receive a comprehensive appraisal along with constructive feedback via the review process.

Managers will be required to discuss performance with each of their employees, as well as development areas, and finalize goals for the upcoming year.

Houston executives will be finalizing a succession planning exercise to provide a road map for future workforce planning and development.

Training is a high priority and HR will continue to partner with management on training opportunities for their teams.



▲ Employees at our Canadian office.

Engagement and wellbeing

Highlights

Offer attractive compensation and benefits packages

Regular team and departmental meetings

Executive engagement with workforce through Town Halls and site visits

With the integration of the TransGlobe employees into the Group, we have a larger employee base over several more locations. Strong communication is therefore instrumental in maintaining engagement.

Group-wide Town Halls are hosted on a quarterly basis throughout the year. They are attended by the Executive Team and include an overview of the Group, financial and operational updates, and spotlight certain topics such as data security or health and safety.

These sessions give employees the chance to ask any questions of management and understand the direction of the Group.

A significant focus for our leadership this year has been visiting the assets in person. Members of the Executive and various Group function heads have visited all three countries of operation throughout the year, meeting employees and contractors on the sites and the teams in the offices. This has been well received, especially from the former TransGlobe operations, where they appreciate the step change in engagement from their new management.

To meet the needs of our employees across the globe, we have bespoke benefits packages in each locale. The location-specific Employee Assistance Programs (EAPs) offer health and wellbeing support to our colleagues. We review benefits and conduct benchmarking surveys periodically across all locations.

We offer several avenues for reporting unethical behavior, all of which are outlined in detail within our Anti-Bribery and Anti-Tax Avoidance Compliance Policy. Employees have the option to approach their immediate supervisors or contact the General Counsel directly.

For the General Counsel, we provide a phone number that employees can call anonymously and an address to write to confidentially.

Alternatively, employees can choose to submit a report through the Ethics Point platform, which can be accessed via a link provided in the policy and on our whistleblowing page.

We believe in fostering an environment where concerns about unethical behavior can be reported safely and effectively, ensuring that our organization continues to uphold the highest standards of ethics and compliance.



Engagement and wellbeing / continued

Canada

We are in regular contact with our contract operation staff in the field and conducted an employee engagement survey to gauge satisfaction across the team in Canada. Transparency and honesty are integral to creating a safe and supportive working environment.

During the monthly safety meetings, the Operations Manager attends and facilitates open discussion and encourages colleagues to raise any concerns they have. Possible solutions are discussed, and issues are resolved immediately or are followed up prior to the next safety meeting.

For both office staff and field staff we regularly review our overall compensation package for competitiveness. The industry is considered to be an attractive one to work in.

Egypt

The Country Manager has established an open-door policy in Egypt, with colleagues encouraged to approach management with any concerns or questions they have. He holds a weekly—or even bi-weekly, as required—team meeting for all personnel. This includes an update on production, drilling, work with the Ministry or EGPC, and any other pertinent matters, enabling a shared understanding of current priorities and workstreams.

The formal grievance procedure is managed locally by the HR & Administration Manager, including detailed information on how to raise an issue, and the alternative channels to go through if preferred.

Creating a healthy work-life balance for our teams is important, and we emphasize the need to take annual leave.

We offer an attractive benefits package including medical insurance for employees and their spouses and children, life insurance (which includes death, partial disability, and total disability), leisure allowance, transportation allowance, meal allowance, and a pension savings plan.

Employees also receive a performance-based bonus annually which is determined by their Individual Performance Plans.



I think that VAALCO have been very proactive in engaging with us. Their presence is really felt; it's been good to have a number of the Executive Team visit us in country, and I feel the communication between Houston and ourselves is strong."

Shaymaa Elhamy

HR & Administration Manager, Egypt

Gabon

To strengthen cohesiveness and motivation among our team in Gabon, focus has been on fostering a culture that is more supportive and open. The new HR Director in country has established an open-door policy for anyone to approach her team, while also maintaining the channel for employees to write formal letters to HR if they prefer.

An employee engagement survey was launched in November 2023 to gather feedback. The survey was critical for opening up discussion and the resulting plan of actions will be communicated to staff and implemented in 2024. The College of Delegates is a forum through which employee representatives meet monthly. The forum also enables management to clarify communications that may have been misunderstood and dispel any concerns.



◀ Gabon SCM Team at team building event, in Port Gentil, Gabon

We are currently working with a psychologist who specializes in corporate engagement and will run a number of initiatives including supervisory skills training and cultural training.

To bring the teams together we host social events. We have instigated a monthly celebration for team members' birthdays and took part in a parade for Gabon Independence Day. In June, we organized a teambuilding day of paintballing, which the team thoroughly enjoyed.

We offer a range of benefits including medical insurance for employees and their dependents, as well as dental and vision coverage, vacation and sick pay, employee loans, short- and long-term disability insurance, life insurance, 401k savings plan. Employees can book appointments with a psychologist as well through VAALCO.

United States

In our Head Office in Houston, we conducted an employee engagement survey to assess sentiment and gather feedback from colleagues. We are pleased to have had a 75% response rate. As part of the survey, we gave an opportunity for additional comments or suggestions, and an overarching theme was that many processes are manual, which slows efficiency.

We have responded to this feedback by procuring a new Enterprise Resource Planning (ERP) platform, which will result in more automation of processes. Our ongoing efforts to standardize and harmonize policies and systems will also improve efficiency in working for our employees.

Diversity and inclusion

Highlights

Committed to promoting equality and diversity across the Group

Raise awareness for diversity in the workforce

Zero tolerance for discrimination in any form

VAALCO is committed to the principles of equal opportunity. This includes making sure 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, color, 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.

Percentage of our workforce that is local

96%

Canada

We follow the Canadian regulations on maternity and paternity requirements. As of year-end 2023, 50% of our office staff are women (four of eight total staff positions).

We also have one contract position in the Calgary office who is female. Additionally, three of our eight staff positions are filled by individuals of ethnic minority descent. Our office and work product benefits from this diversity.

Spotlight on Egypt

Women in the oil & gas industry – Rania Shurrab, HSE Advisor

What path has your career taken?

After I graduated with a BSc in chemistry, I secured a position at an international company in an administrative role, but was able to develop my skills and experience and progress within the company to a Project Coordinator position.

I decided to further my qualifications by studying for my master's degree in project management. At this point, a position became available at TransGlobe. It was a big challenge to start at a new company while still studying for my master's, but definitely worthwhile.

What has your experience been in the company?

I started in the Project Department, but when a position became free in the HSE department in 2020, I decided it was time for a career change.

I evaluated my own qualifications, identified gaps in my knowledge, and put into place an action plan for myself, including gaining certifications required and scheduling additional field visits.

Our Country Manager has always been very supportive when it comes to employee career progression. He was a great advocate and helped me in executing my development plan.

I joined the department as an HSE Coordinator; I'm now an HSE Advisor and will continue to progress. I have an open line of communication with the Director of HSSE who is very responsive and provides support as required.

Do you feel there are good opportunities for women in the O&G industry?

There is a cultural problem in much of the industry in Egypt where women are perceived as less capable than men. This is not the case; if someone is given the right training, they can succeed whatever their gender is, and if they get the support of their company as well, you will get the best from that individual.

I feel that this inclusive view is very apparent within VAALCO. I'm pleased that four of our departments are led by women. HSE is often monopolized by men, so I am proud to represent women in this field.

My advice to anyone who is thinking of making a career change is to join the market you are aiming for and be prepared to do the hard work to progress within it. It's going to be a challenge, but it's not impossible!

“

Be prepared to do the hard work to progress within it. It's going to be a challenge, but it's not impossible!”

▲ Senior Geologist at Canadian office.

Gabon

In October we celebrated Pink October, which aims at raising awareness for breast cancer. We invited all the women in the office and the wives of colleagues to take part in a day of activities including personal coaching, a fitness class, and a celebratory lunch.

For Blue November, raising awareness for prostate cancer, employees were asked to form a committee to plan celebrations. The committee included both local employees and expatriates with the goal of fostering more camaraderie between the team.



Community engagement

Highlights

Delivering the value that is needed in local communities

Providing funding for education and capacity-building projects

Canada

As part of the community, we engage with local groups and charities, providing sponsorship, funding and support. In 2023, a tornado occurred very close to our areas of operations, and a number of local residences were affected. We made a donation to a fund that was assisting these affected neighbors.

Egypt

Operating in the desert, we are in a remote location and have little interaction with communities. However, the Bedouin people do have a presence in the desert, and we have invested in shelters, medical care and water supply, and provide them with a stipend.

In the nearest town of Ras Gharib, occasional storms have resulted in flash floods. We have provided the community with heavy equipment to support recovery efforts.

Gabon

With an over two-decades-long presence in the Gabon, and an in-country team consisting predominantly of Gabonese nationals, we have a strong connection with the country.

We have a clear understanding of the challenges that local communities are grappling with. Our dedicated VAALCO CSR Fund was set up with the purpose to support projects that will provide tangible benefits to those communities.

There are a number of sources that inform the projects we select to provide funding to. We actively engage with non-governmental organizations (NGOs) that approach us with requests to support various projects. Colleagues also have the opportunity to present project proposals to senior management. Additionally, we hold meetings with community leaders in Mayumba, which is the nearest onshore town to our operations, to understand the need in the community.

In 2023, we provided monetary support to a number of organizations including CEMI (an orphanage in Port Gentil), NISSI House (a shelter for young girls), and 3S (an NGO protecting and educating young women).

Gabon is known for its rich biodiversity, with vast rainforests and diverse ecosystems that are home to a wide range of unique and endangered species.



We have previously supported a variety of environmental projects, and this year provided funding to the Giant Pangolin Project, focusing on the conservation of a species facing the threat of extinction.

To further support socioeconomic progress, oil and gas companies are required by the Gabonese government to contribute to development funds.

Under the terms of our Production Sharing Contract (PSC), both VAALCO and our joint owners at Etame contribute to the 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 Country Manager, Senior Finance and Commercial Manager, and the Government Affairs Manager meet regularly with the Ministry of Hydrocarbons staff, including the Minister, to discuss the social investment projects that the government would like the Group to support. These meetings are also used as an opportunity to advocate for the programs that we would like our funding to go toward.

We strongly support projects that promote education and community capacity building. We are pleased that funding we provided in 2023 contributed to the refurbishment of schools and universities and, in Mayumba, to the medical ambulance, professional training center, and refurbishment of the central market.



◀ A helicopter view of the landscape just south of Port-Gentil, Gabon, en route to the Etame Marin Permit.

Governing our operations

A nighttime photograph of an offshore oil pumpjack platform. The platform is illuminated with various lights, including a prominent green and red helipad with a glowing 'H' in the center. A large white structure with a black 'X' logo is visible on the right side. The background shows a dark sea with some distant lights.

▲ Pumpjacks at the 15-11-30-4W4 Pad-site in Canada.



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Business ethics and transparency

Highlights

Maintain high standards of business ethics

Refresher training for employees annually

Hotline to report any instances of unethical behavior

VAALCO remains committed to cultivating a culture anchored in the highest ethical principles, insisting on not just adherence to the legal requirements in the regions where we operate, but also on personal accountability and ethical conduct in all engagements with governments, contractors, business partners, and among ourselves.

We are steadfast in our commitment to prevent corruption and bribery throughout our operations. 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.

The Group's Code of Business Conduct and Ethics defines the expectations for ethical behavior and applies to every employee, officer, and director.

The Group-wide Anti-Corruption Policy emphasizes the necessary actions that employees and business partners are required to undertake in order to maintain compliance with anti-corruption laws and regulations. Our internal audit team oversees compliance with anti-corruption policies and practices.

While it is not expected for every employee, officer, and director to be fully versed in all relevant laws, each individual should have sufficient knowledge to recognize when to consult with supervisors, managers, other appropriate personnel, or the Group's legal counsel as needed. We hold our vendors and partners to the same high standards.

We provide anti-corruption training to employees to ensure that they understand their obligations under anti-corruption laws and regulations. VAALCO intends to provide the Anti-Bribery and Insider Trading Policy training on an annual basis. Completion of the training and overall compliance is tracked on a weekly basis using an online platform.

The following training was assigned to all employees in 2023 and the majority of employees completed all courses: Avoiding Insider Trading; Drug-Free Workspace; Ethics & Compliance Essentials; Foreign Corrupt Practices Act (FCPA); Preventing Discrimination & Harassment for Employees (US).

All vendors are subject to VAALCO's due diligence process which includes running third-party reports identifying potential corruption risks. This year, we reviewed and updated our Insider Trading Policy alongside the Anti-Bribery and Tax Avoidance Policy.

The policy changes were made Group-wide and communicated to every employee as part of a training campaign. With the Insider Training Policy, our standard protocol stipulates that every employee must be cleared for trades of company stock. We also make regular announcements including blackout periods which are communicated to every employee prior to their occurrence. The General Counsel and legal department are responsible for overseeing this process.

It is important for individuals to have the ability to report complaints or concerns regarding the Group's behavior. Such reports can be made anonymously and confidentially to an independent service provider, EthicsPoint, at any time, either by phone through their toll-free helpline at (503) 444-4975 or online.

All hotline reports are received by the General Counsel and the Chairperson of the Audit Committee to assess the need for an investigation.

The General Counsel is responsible for conducting the investigation or may delegate it to an external counsel. The findings from any investigation are then presented to the Audit Committee. We enforce a zero-tolerance policy against any form of harassment or retaliation toward employees arising from any complaint regarding harassment or discrimination.



◀ Kevan Newman, Operations Manager (right), speaking with local landowner near Cremona, Alberta, Canada.

Legal and regulatory environment

Our current business operations are subject to the laws and regulations of Canada, Egypt, Equatorial Guinea, Gabon, the United Kingdom, and the United States. The regulatory bodies in each jurisdiction hold the authority to influence our ability to conduct operations.

In Gabon, our communication of the industry's perspective on proposed laws and regulations is primarily conducted through UPEGA, the local trade association for the industry. We have also engaged with government officials regarding the CEMAC foreign exchange regulations.

National legislation and regulation may mandate us to meet regulatory requirements which vary by jurisdiction. This can range from securing permits for our development endeavors, restricting or banning drilling in designated protected or sensitive regions, to controlling the types of substances that are permissible for release during our operational processes. To stay up to date with the local legislations, both current and proposed, VAALCO uses local counsel who report to the Group on an ad hoc basis. As the Group expands into newer regions, VAALCO is also in the process of establishing new relationships with local counsel.

Furthermore, in cases of environmental damage, VAALCO can be made accountable even if the Group played no role in causing the damage. The liability arises from, among others, past owners or operators of properties we acquire or lease.

Certain environmental statutes impose liabilities for the cleanup of hazardous substance releases, making us accountable for environmental damage regardless of our negligence or fault. As a result, we might face significant liabilities to both third parties and government bodies, and be obligated to bear considerable costs for environmental remediation.

We are making significant efforts to achieve compliance against emerging climate change legislation and regulation across the portfolio. We work with external consultants to ensure we remain informed of the Group's exposure to transitional, physical, and legislative climate risk. For instance, in Canada, we constantly track the development of the carbon tax at a federal and provincial level. Our recent appointment of a Director of Sustainability and Regulatory Reporting is another step in ensuring we maintain constant oversight of all environmental matters at Group level and remain vigilant of our compliance duties.



Data and IT security

Highlights

Ongoing awareness program for employees, including cybersecurity training

Engage industry-leading service providers to manage IT security for the Group

Constant consideration of new and emerging data and IT security risks

Workforce success
rate on phishing tests

95%

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, establishing robust oversight and procedures for cybersecurity issues and implementing efficient control mechanisms is critical.

Our IT Manager maintains Group-wide 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 business, we are expanding the team as appropriate. The IT Manager reports directly into the CFO.



◀ Team meeting in our Canadian office.

Data and IT security / continued

Employee awareness

The IT Security Policy outlines our approach to cybersecurity and the necessary protocols that every individual who is granted access to our network (including contractors) must read, sign, and comply with. We are tracking developments in artificial intelligence (AI) and this year we introduced an AI Policy which sets clear parameters for employee usage of AI tools and software.

We refreshed our Equipment and Internet Use Policy and onboarding policies to enhance their relevance and will continue to work with the new Group-wide Director of HSSE to adapt the IT policies further.

Harmonizing the IT processes from the new offices has been a key focus. We completed migration of all new employees from the TransGlobe acquisition to VAALCO's IT environment. We continue to provide all employees Group-wide with quarterly cybersecurity awareness training. We further reinforced this awareness through Town Hall meetings.

We continue to administer phishing drills monthly among all employees. We track employees who interact with the mock phishing emails, and those who do not successfully identify the fraudulent message are mandated to participate in additional training sessions. The success rate for the workforce not falling prey to phishing attempts in 2023 was 95.19%, which exceeds the industry standard of 94.4% for a similarly situated company.

Management systems

Our ambition is to use the best-in-class technologies that remain resistant to emerging cybersecurity risks. We sign short-term contracts with the managed service providers (MSPs) we appoint and review their performance annually. This allows us the flexibility to switch over to another MSP at any given time if we identify they are providing a better level of service.

The MSP we have partnered with provides us with entry to an extensive international array of cybersecurity tools, along with continuous assistance if issues are encountered.

We have a plethora of security measures including, but not limited to, the following: Endpoint Detection & Response (EDR) system vigilantly scans for intrusions 24/7; the capability to remotely locate and erase data on all devices; antivirus programs and email safeguards; multifactor authentication for employees to gain network access; and systems are backed up in line with regulatory requirements. We also regularly conduct penetration testing of our systems to assess their resilience.

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, there are a variety of different ways that offshore personnel can get in contact with the onshore teams should one system fail.

We conduct thorough due diligence checks on all external parties needing network access, overseen by our procurement department. Should these third parties suffer a breach in their systems, we promptly revoke their network access. In addition to adherence to our IT Policy, external entities are also obligated to enter into a confidentiality agreement. Our systems undergo yearly audits to confirm they align with industry-leading standards.



◀ Operator checking the vapor recovery unit (VRU) compressor at the 12-18-31-2W5 Battery in Canada. We deploy this technology to capture vapor that otherwise would vent to the atmosphere. The recovered vapor is sold as gas for use in home heating or electrical generation.

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A large-scale photograph of an offshore oil rig in Gabon. The foreground is dominated by a massive red metal structure, likely part of a floating storage and offloading vessel (FSO), which is being lowered or positioned by a crane. The rig's complex steel framework and various pipes are visible. In the background, several oil pumpjacks with red counterweights are scattered across a flat, snow-covered landscape under a vast, blue sky with wispy white clouds. The overall scene conveys a sense of industrial scale and remote operations.

▲ The *Teli* FSO (forefront) is located within two km of the Etame Central Processing Facility in the Etame Marin Permit, offshore Gabon.



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Topic	Accounting metric	Unit of measure	Code	2022	2023	
Greenhouse gas emissions	Scope 1 emissions	Stationary Facilities Scope 1 emissions (in metric tons CO ₂ -e)	Metric tons CO ₂ -e and %	255,500	229,113	
		Percentage methane		36%	38%	
	Mobile Equipment Scope 1 emissions (in metric tons CO ₂ -e)	55,306	21,386			
		Percentage methane	0%	0%		
	Gross global Scope 1 emissions (in metric tons CO ₂ -e)	Metric tons CO ₂ -e and %	EM-EP-110a.1	310,806	250,498	
				Percentage methane		34%
	Percentage covered under emissions-limiting regulations			Not available. We continually monitor regulations in our areas of operation.		
	Amount of gross global Scope 1 emissions from flared hydrocarbons	Metric tons CO ₂ -e	EM-EP-110a.2	56,667	41,355	
	Amount of gross global Scope 1 emissions from other combustion			136,836	85,706	
	Amount of gross global Scope 1 emissions from process emissions			0	0	
	Amount of gross global Scope 1 emissions from other vented emissions			84,969	97,183	
	Amount of gross global Scope 1 emissions from fugitive emissions			2,337	2,812	
	GJ (BOE)			64,602,720	69,900,275	
	g CO ₂ e/MJ (BOE)			9.21	6.90	
	Scope 1 emissions intensity kilograms CO ₂ e/BOE			29.44	21.93	
	Global emissions intensity kilograms CO ₂ e/BOE			29.76	22.32	
Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		EM-EP-110a.3		Page 36		
Scope 2 emissions	Scope 2 emissions (Purchased electricity) (in metric tons CO ₂ -e)			3,325	4,793	
	2023 figure includes all VAALCO's offices, the Egyptian office (shared with JV), and Canadian operations. The 2022 figure does not include VAALCO's London, Houston and Equatorial Guinea offices.					
Air quality	Air emissions of the following pollutants:	(1) NO _x (excluding N ₂ O),	Metric tons (t)	EM-EP-120a.1	2,403	1,185
		(2) SO _x ,		2,888	1,742	
		(3) volatile organic compounds (VOCs), and		924	234	
		(4) particulate matter (PM ₁₀)		88	49	
Water Management	(1) Total water withdrawn	Thousand cubic metres (m ³), Percentage (%)	EM-EP-140a.1	93	3,291	
	percentage of water withdrawn in regions with High or Extremely High Baseline Water Stress			44%	3%	

Topic	Accounting metric	Unit of measure	Code	2022	2023	
Water Management (continued)	(2) total water consumed	Thousand cubic metres (m ³), Percentage (%)	EM-EP-140a.1	93	3,291	
	percentage of water consumed in regions with High or Extremely High Baseline Water Stress			44%	0.7%	
	Produced water and flowback generated	Volume of produced water	Thousand cubic metres (m ³), Percentage (%)	EM-EP-140a.2	6,961	6,735
		Volume of flowback generated			-	Not applicable to our business.
		(1) percentage discharged			19%	43%
		(2) percentage injected			32%	16%
		(3) percentage recycled			not reported	34%
	Hydrocarbon content in discharged water			6.5 PPM	2.4 PPM	
	2022 data has been restated due to a previous error in the calculation.					
		Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	Percentage (%)	EM-EP-140a.3	64%	29%
	Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline	Percentage (%)	EM-EP-140a.4	-	Not measured at this time.	
Biodiversity impacts	Description of environmental management policies and practices for active sites		EM-EP-160a.1		Page 61	
	Hydrocarbon spills	Number of hydrocarbon spills	Number, Barrels (bbls)	EM-EP-160a.2	53	53
		Aggregate volume of hydrocarbon spills			39	162.26
		Volume in Arctic				Not applicable to our business.
		Volume impacting shorelines with ESI rankings 8-10			0	0
	Volume recovered			10	162.26	
	Percentage of (1) proved reserves in or near sites with protected conservation status or endangered species habitat	Percentage (%)	EM-EP-160a.3	100%	78%	
	Percentage of (2) probable reserves in or near sites with protected conservation status or endangered species habitat			Not reported	78%	
Security, human rights & rights of Indigenous peoples	Percentage of (1) proved reserves in or near areas of conflict	Percentage (%)	EM-EP-210a.1	33%	39%	
					(Since 2021, any conflict has been isolated to a peninsula hundreds of kilometers from our areas of operation in Egypt.)	
	Percentage of (2) probable reserves in or near areas of conflict			Not reported	39%	
					(Since 2021, any conflict has been isolated to a peninsula hundreds of kilometers from our areas of operation in Egypt.)	

Data tables / continued

Topic	Accounting metric	Unit of measure	Code	2022	2023	
Security, human rights & rights of Indigenous peoples	Percentage of (1) proved reserves in or near indigenous land	Percentage (%)	EM-EP-210a.2	0%	0%	
	Percentage of (2) probable reserves in or near indigenous land			0%	0%	
	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict		EM-EP-210a.3		0% of our operations are in or near indigenous land. Under the UCDP we recognise that Egypt is recognised a state with conflict, but since 2021, any conflict has been isolated to a peninsula hundreds of kilometers from our areas of operation in Egypt; we have therefore not required engagement processes or due diligence practices relating to areas of conflict.	
Community relations	Discussion of process to manage risks and opportunities associated with community rights and interests		EM-EP-210b.1		Pages 12, 14 and 78-79	
	Non-technical delays	Number, Days	EM-EP-210b.2	0	0	
	Number of non-technical delays Duration of non-technical delays			NA	NA	
	Total committed in USD to our Corporate Social Responsibility (CSR) Fund (VAALCO's)			182,731	249,643	
	Commitments in USD to Training Fund			0	720,000	
	As part of our commitment to the state and the embedded commitment to the Training Fund, we make payments on an ad hoc basis when projects are identified, and input is received. These payments may not always align with calendar years and depending on the size and scale of the project, we may see multiple payments occurring within a single year. The 2023 figure represents funds agreed to invest from 2020-2022 but were later consolidated into a single payment in 2023.					
	Commitments in USD to Hydrocarbon Support Fund			0	1,624,942	
	Commitments in USD to Provision pour Investissements Diversifiés - "PID" (Fund for Diversification Investment)			3,178,573	1,077,786.50	
	Commitments in USD to Provision pour Investissements en Hydrocarbure - "PIH" (Fund for Investment in Hydrocarbon)			3,178,573	1,077,786.50	
	The same amount is committed to both the PID and PIH funds.					
Commitments in USD to Local Community Development Fund			356,681	1,120,295		
Business ethics & transparency	Percentage of (1) proved reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception (TICP) Index	Percentage (%)	EM-EP-510a.1	0%	0%	
	Percentage of (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index			0%	0%	
	Description of the management system for prevention of corruption and bribery throughout the value chain		EM-EP-510a.2		All vendors are subject to VAALCO's due diligence process which included running third-party reports identifying potential corruption risks.	
	Equatorial Guinea falls within the 20 lowest ranking in TICP Index, however, is not yet accounted in the 2023 Sustainability report for not being yet operational. Status in 2023 was on Development Plan.					
Management of the legal & regulatory environment	Discussion of corporate positions related to government regulations or policy proposals that address environmental and social factors affecting the industry		EM-EP-530a.1		Page 84 For further information please see 10K.	

Topic	Accounting metric	Unit of measure	Code	2022	2023 Egypt Petrobaker	2023		
Workforce Health & Safety	We do not have a distinction between FTE and contractors for Health & Safety metrics for VAALCO operations, whilst the incorporated joint venture partnership tracks such data.							
	(1) Total recordable incident rate (TRIR) for	(a) full-time employees (b) contract employees, and	Rate, Hours (h)	EM-EP-320a.1	0.487	0.40 0.63	0.362	
	(2) fatality rate for	(a) full-time employees, (b) contract employees, and			0	0	0	
	(3) near miss frequency rate (NMFR) for	(a) full-time employees, (b) contract employees, and			2.185	1.20 0.45	1.08	
	(4) average hours of health, safety, and emergency response training for	(a) full-time employees, (b) contract employees, and			24.2 15.7	7.46 6.63	8.96 9.28	
	Assigned total number of health, safety, and emergency response training	(a) full-time employees, (b) contract employees	Rate, Hours (h)	EM-EP-320a.1			28 29	
	Total man hours	(a) full-time employees, (b) contract employees, All			1,343,579 3,305,413 4,648,992	1,003,118 2,238,844 3,241,962	 1,104,706.73	
	Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifecycle			EM-EP-320a.2			Pages 42-58	
	Critical incident risk management	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)		Rate	EM-EP-540a.1	0	0	0
		Description of management systems used to identify and mitigate catastrophic and tail-end risks			EM-EP-540a.2			Pages 47-58

Data tables / continued

Topic	Accounting metric	Unit of measure	Code	2022	2023		
Diversity and Inclusion	Percentage of our management team that is female			17%	16%		
	For 2022 the company defined management team as Director VP, Senior VP, and Executive. For 2023, the company defined management team is considered to include: Executive, VP, Director, and Manager/Supervisor (by title).						
	Percentage of our workforce that is local			95%	96%		
Personnel	Number of employees			185	196		
	Number of Executive team members				4		
	Number of Executive team that is female				0		
	Number of VP team members				11		
	Number of VP team that is female				3		
	Number of Directors				10		
	Number of Directors that are female				2		
	Number of Managers/Supervisors (by title)				39		
	Number of Managers/Supervisors (by title) that are female				5		
	Number of individual contributors				132		
	Number of Individual Contributor that are female				42		
Activity metrics	Production of:	Oil Production (MBbls)	Thousand barrels per day (Mbb/d)	EM-EP-000.A	10,054	10,908.76	
		Gas Production (MMscf)	Thousand standard cubic feet per day (MMscf/day)		3,012	3,077.15	
		Production MBOE	Thousand barrels of oil equivalent (MBOE)		10,556	11,421.61	
		Crude Oil, Bbl/d	Thousand barrels per day (MMscf/day)		26,810	29,147.28	
		NGLs, Bbl/d	Thousand barrels per day (MMscf/day)		732	739.73	
		Natural Gas, Mcf/d	Thousand cubic feet per day (MMscf/day)		8,252.26	3,077.15	
	The data for 2022 is restated due to incorrect conversion of units.						
		Equivalent, BOE/d		EM-EP-000.A	28,923	31,709	
	Proved Reserves	Crude Oil, MBbls			39,876	40,270	
		NGLs, MBbls			3,436	3,221	
		Natural Gas, MMcf			19,170	18,946	
		Equivalent, MBOE			46,507	46,649	
	Number of offshore sites	Gross offshore Acreage		EM-EP-000.B	187	187	
		Gross Productive Wells			17	18	
		Offshore Structures			4	4	
	Number of onshore sites	Gross onshore Acreage		EM-EP-000.C	127,825	128,472	
		The data for 2022 is restated due to incorrect conversion of units.					
			Gross Productive Wells			210	235
		Gross Acreage offshore and onshore			128,012	128,659	
	Reserves Valuation & Capital Expenditures	Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions		EM-EP-420a.1		Page 34	
		Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves	Metric tons (t) CO ₂ -e	EM-EP-420a.2		VAALCO is not currently calculating the estimated CO ₂ emissions embedded in our proved hydrocarbon reserves.	
		Amount invested in renewable energy	Presentation currency	EM-EP-420a.3		0	
		Revenue generated by renewable energy sales				0	
	Discussion of how price and demand for hydrocarbons or climate regulation influence the capital expenditure strategy for exploration, acquisition and development of assets		EM-EP-420a.4		Page 34		



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