



VAALCO ENERGY, INC.



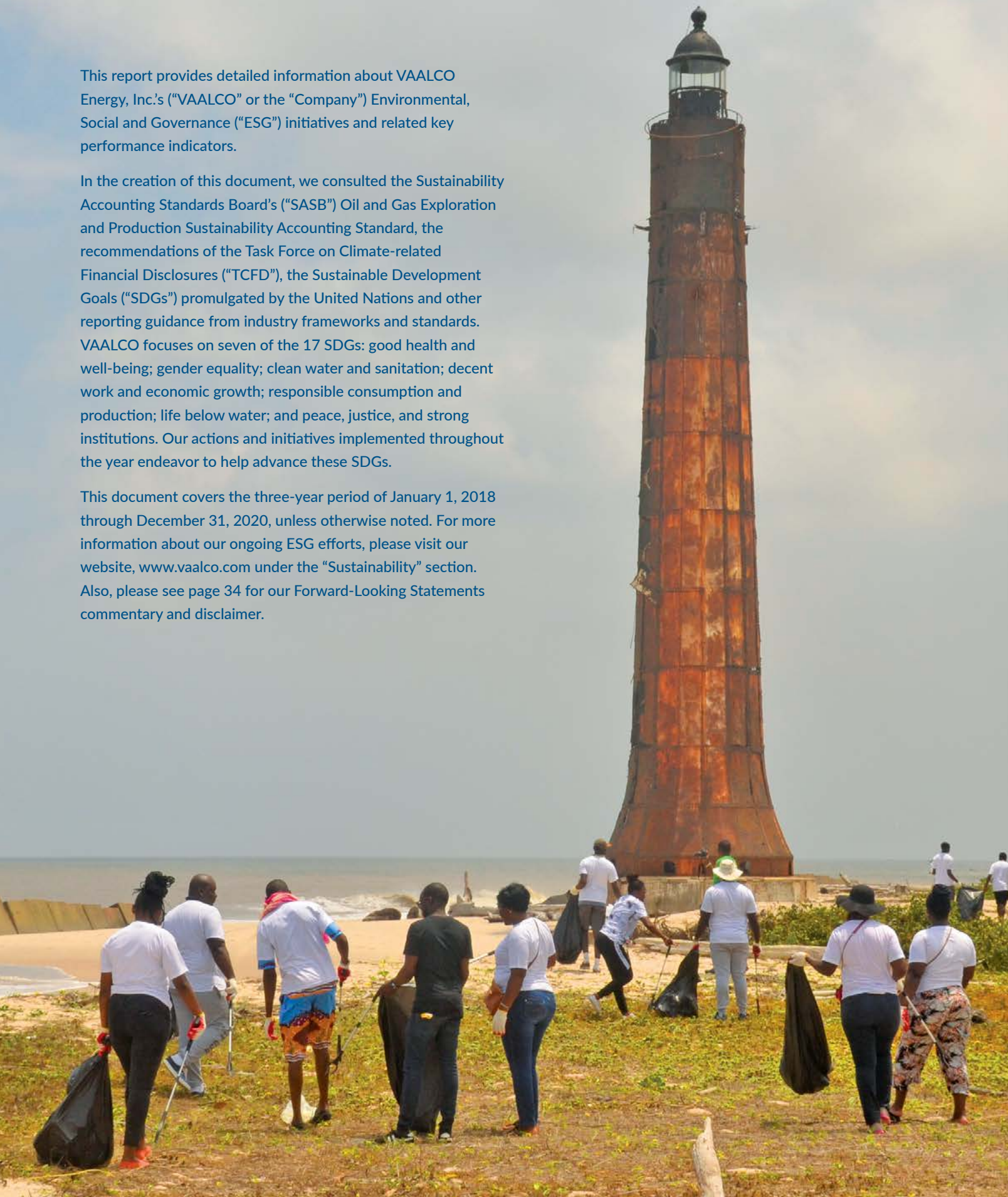
SUSTAINABLY AND PROFITABLY GROWING IN WEST AFRICA

2020 Environmental, Social and Governance Report

This report provides detailed information about VAALCO Energy, Inc.'s ("VAALCO" or the "Company") Environmental, Social and Governance ("ESG") initiatives and related key performance indicators.

In the creation of this document, we consulted the Sustainability Accounting Standards Board's ("SASB") Oil and Gas Exploration and Production Sustainability Accounting Standard, the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), the Sustainable Development Goals ("SDGs") promulgated by the United Nations and other reporting guidance from industry frameworks and standards. VAALCO focuses on seven of the 17 SDGs: good health and well-being; gender equality; clean water and sanitation; decent work and economic growth; responsible consumption and production; life below water; and peace, justice, and strong institutions. Our actions and initiatives implemented throughout the year endeavor to help advance these SDGs.

This document covers the three-year period of January 1, 2018 through December 31, 2020, unless otherwise noted. For more information about our ongoing ESG efforts, please visit our website, www.vaalco.com under the "Sustainability" section. Also, please see page 34 for our Forward-Looking Statements commentary and disclaimer.



20 YEARS OF OPERATING SUCCESSFULLY AND SAFELY IN WEST AFRICA

VAALCO was founded in 1985 and is a public company, with our common stock currently trading on both the New York Stock Exchange ("NYSE") and London Stock Exchange ("LSE") under the symbol "EGY". We recognize that operating safely for the protection of our employees and for the environment is of paramount importance. Our operations are located offshore primarily in Gabon and Equatorial Guinea in West Africa, so our actions not only impact our employees but the lives of thousands of people who live along its shores and depend on it as a source of food and a basis for their livelihood.

We have an ESG Task Force that is comprised of management representatives from Operations, Health, Safety, Security and Environment ("HSSE"), Regulatory, Legal, Human Resources, and Finance that is charged with the responsibility to monitor our adherence to our ESG standards and formally communicate their findings on an ongoing basis to our CEO and Board of Directors (the "Board"). This report is the result of VAALCO's efforts to provide detailed ESG performance records over the last three years and discuss our plans to continue to address these key issues in the future.

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An aerial photograph of an offshore oil rig deck. A large, complex lattice structure made of red and white tubular members dominates the left side of the frame. The deck is covered with green safety netting and yellow safety railings. Various pieces of equipment, including a large white spherical storage tank, satellite dishes, and yellow storage containers, are visible. Several workers in orange safety gear are seen on the deck. The background shows the blue ocean under a clear sky.

A LETTER FROM OUR CHAIRMAN

To Our Fellow Stakeholders

Last year, we issued our inaugural Sustainability report which focused on our community involvement, governance practices and environmental commitment. This year we have taken our commitment even further. Our 2020 report includes three years of key ESG sustainability metrics developed specifically for our industry and gives a more in-depth analysis of our accomplishments and dedication to our people, the environment, the countries in which we operate, and our other stakeholders.

Our long track record of success in West Africa has always been underpinned by our dedication to developing and producing oil resources in a safe and environmentally responsible manner. In 2020, we created a committee consisting of the VAALCO executive team and a cross section of employees from across the Company that is charged with the responsibility of monitoring adherence to our ESG standards and formally communicating findings on an ongoing basis to our Board. Additionally, in 2020, our Board's Nominating and Corporate Governance committee amended its charter to include the oversight of the Company's policies and programs on issues of social responsibility and environmental sustainability. Our Board has empowered all of our employees to create a working environment that assures our success as a trusted operator, a generous partner to the communities where we operate, and as good stewards to the environment.

Looking to the future, we support the move to a lower-carbon world, but also recognize that it will take time and firmly believe that VAALCO can and will continue to play an important role during the transition to alternate forms of energy. In support of our ongoing efforts to reduce our environmental



footprint, we are committed to decreasing our Scope 1 GHG emissions and increasing our use of renewable sources.

We think that VAALCO has a bright future, and we remain committed to maintaining the same high ethical and operational standards that have helped guide us over our past twenty years operating in West Africa. We will sustainably develop our robust asset base and see the opportunity for considerable growth to our production and reserves, but I promise you that we will do it not at the expense of safety, the environment, our partners or the communities in which we operate. We intend to continue building on VAALCO's exceptional reputation as a good corporate citizen and responsible operator.

Andrew L. Fawthrop
Chairman

WHO WE ARE

FOCUSED ON OPTIMIZING PRODUCTION AND INCREASING RESERVES IN A SAFE, PROFITABLE AND PRUDENT MANNER

VAALCO, is a USA registered independent energy company based in Houston, Texas with production, development and exploration assets in the West African region. The Company is a long established operator within the region, holding a 58.8% working interest in the Etame Marin block, located offshore Gabon, which to date has produced over 120 million barrels of crude oil and of which the Company is the operator. Additionally, with a 45.9% working interest in Equatorial Guinea, there are discoveries with development opportunities and exploration potential on Block P. Founded in 1985, we are focused on optimizing production and increasing reserves in a safe, profitable and prudent manner through our low risk, producing assets in West Africa that provide significant cash flow generation.



GABON

Libreville, Port Genji

Etame Marin Permit

58.8%

Working Interest

46,300

Gross Acres

27,200

Net Acres



EQUATORIAL GUINEA

Bata

Block P

45.9%

Working Interest

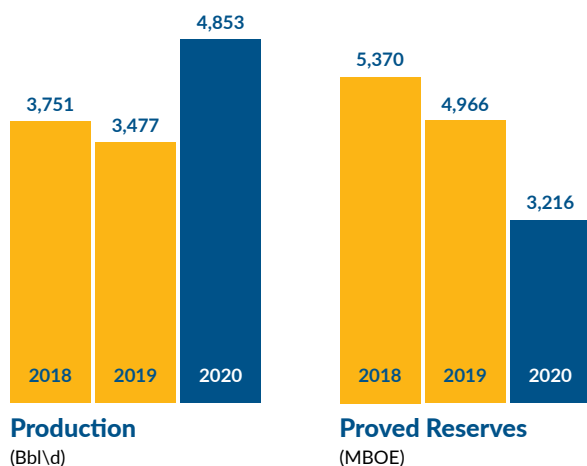
57,300

Gross Acres

26,300

Net Acres

OUR BUSINESS



METRIC		2018	2019	2020
Production	Producing Fields	5	5	5
	SASB EM-EP-000.A			
	Crude Oil, Bbl/d	3,751	3,477	4,853
	NGLs, Bbl/d	--	--	--
	Natural Gas, MCF/d	--	--	--
	Equivalent, BOE/d	3,751	3,477	4,853
Proved Reserves	Crude Oil, MBbls	5,370	4,966	3,216
	NGLs, MBbls	--	--	--
	Natural Gas, MMcf	--	--	--
	Equivalent, MBOE	5,370	4,966	3,216
Number of sites	Gross Acreage	103,200	103,200	103,600
	SASB EM-EP-000.B			
	Gross Productive Wells	12	11	14
	Offshore Structures ⁽¹⁾	4	4	4
Personnel	Employees ⁽²⁾	108	111	109

⁽¹⁾ Includes platforms at Avouma, Ebouri, Etame and SEENT that were commissioned in 2006, 2006, 2012 and 2012, respectively .

⁽²⁾ As of December 31 for respective calendar years. As of December 31, 2020, 31 employees were based in the U.S. and 78 employees were based in Gabon.

Glossary of Terms

Bbl - Barrels	MBOE - Thousands of barrels of oil equivalent
Bbl/d - Barrels per day	NGLs - Natural gas liquids
BOE - Barrels of oil equivalent	MCF - Thousands of cubic feet
BOE/d - Barrels of oil equivalent per day	MCF/d - Thousands of cubic feet per day

OUR VISION, STRATEGY & VALUES

Our Vision

To become a leading independent African focused E&P company creating shareholder value and furthering stakeholder engagement through responsible operations across our portfolio. We will deliver this value by maximizing our production performance at Etame 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 Gabon resources, assessing our resource potential in Equatorial Guinea and expanding into new development opportunities in West Africa. Our growth will come from a mixture of organic and inorganic opportunities.

Our Values

- **Corporate Transparency** – We operate at the highest standards of corporate governance and act in a transparent and open way across our operations, and throughout our corporate structure;
- **Stakeholder Engagement** – We believe in constantly communicating with all of 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;
- **Responsible Operations** – We have created an operation that is responsible to not only the environment, but also the local stakeholders who we work with every day and allow us to create a positive impact in the communities where we work; and
- **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.





ENVIRONMENTAL

COMMITTED TO RESPONSIBLE ENVIRONMENTAL STEWARDSHIP AND PROTECTION OF NATURAL RESOURCES

We are committed to responsible environmental stewardship and seek to manage our operations accordingly. As a business operating in an extractive industry, we take precautions to protect the surrounding natural resources and environments and also to prevent incidents from occurring. As a trusted operator, our stakeholders expect us to protect these resources and set strict and high standards of adherence. This commitment is shared by all employees, including contractors and the third parties with whom the Company works. Supporting our efforts is a robust program of policies, procedures and continuous training that meets or exceeds all regulatory requirements, and we expect our contractors to have similar programs in place. We are proud of our zero environmental incidents record and will continue to pursue strict compliance with all applicable standards.

VAALCO's operations are subject to various national and international laws and regulations and we seek to strictly abide by them through their integration into our Internal Resources for Adminstrating Safety ("IRAS") safety management system.

Having established policies, programs and procedures provides VAALCO the foundation for our Company safety culture development. Our approach is to manage risk in all aspects of our business, including interaction with community stakeholders, maturing vendor relations, and projecting a companywide approach of environmental stewardship all while encouraging our workforce to meet challenges knowing that the Company has equipped them with the tools necessary to get the job done. The continued maturation of our safety management system brings a consolidated strategy that drives systematic processes that allow the business to run smoothly and effectively.

IRAS



Health, Safety and Environmental Management System (IRAS)

SASB EM-EP-160a.2



To effectively communicate safety and environmental objectives, goals, and performance measures set by management between the various levels and functions within VAALCO, we have created our IRAS system. The IRAS Portal Home Page is where safety and environmental objectives, goals, and performance measures are housed and available for each relevant function and level within our organization. In addition, IRAS information will be communicated internally utilizing the following multiple methods including: annual management plan reviews, HSSE and regulatory quarterly performance reports, safety and regulatory alerts, safety meetings, scheduled webinars and computer-based training.

Our IRAS system has been designed to align with International Organization for Standardization (“ISO”) 45001. The IRAS system has an elemental building block approach to handling safety and has been right sized to fit and meet our requirements, which is focused on workforce safety and minimizing our environmental impact. Our program incorporates numerous elements in order to achieve the highest level of risk mitigation possible, including:

- Comprehensive regular detailed review of the program, including implementation of corrective actions that are applicable to audit findings;
- Incorporating environmental management issues and results to annual incentive;
- Quarterly management auditing of offshore platforms and one HSE competent compliance employee offshore on the platforms at all times;
- Establishment of quantifiable goals with deadlines for continuous improvement of environmental protection and worker safety;
- Collecting, monitoring, measuring and trending of key environmental and safety data;
- Robust safety and environmental training programs and requirements for employees and contractors;
- Leveraging a Regional Head of HSSE that reports directly to our Executive Vice President of International Operations and is in charge of safety and environmental, and assignment of roles and responsibilities for safety and environmental protection, for all of the Company's assets;
- Development of an evaluation program of our suppliers on managing our environmental footprint; and
- Achieve or exceed all applicable local environmental regulations and industry standards.

As an offshore operator, we manage our operations and have policies and procedures in place to ensure we minimize the risk of uncontrolled releases or spills. We conduct regular asset integrity assessments and have strict systems in place to manage our operations.

In the unlikely event of an incident and release of hydrocarbons into the environment, our operation is supported with a dedicated Tier 1 spill kit that ensures a rapid response in the event of an emergency. We hold training sessions to ensure that operational staff are adequately prepared and hold emergency drills routinely at our facilities.

VAALCO is a member of Oil Spill Response Limited (“OSRL”), a global emergency and oil spill response organization. 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.

In addition, OSRL can provide additional communications equipment, safety equipment, transfer pumps, dispersant application systems, temporary storage equipment, generators, boats and vessels, and wildlife equipment. Through our OSRL membership we have access to CAP & STACK technology.

We are proud that we have operated for nearly 20 years and never had any reportable spills, including spills affecting any shoreline or environmentally sensitive areas.

	Total Reportable Hydrocarbon (Oil)	
	Number of Spills	Total Related Volume (Bbls)
2018	0	0
2019	0	0
2020	0	0

Greenhouse Gas (“GHG”) Emissions

SASB EM-EP-420a.4

VAALCO is committed to managing its emissions and seeks to identify, evaluate and measure climate-related risks by incorporating them in its management process. We are committed to reducing emissions across our operations and engaging with all stakeholders on this important issue.

During 2020, we undertook a comprehensive baseline study to more fully understand and manage our carbon footprint. This baseline will allow us to make better and more informed decisions that will shape our carbon reduction strategy and refine targets. The baseline study comprised building a complete GHG emissions inventory and diagnostic across the entire operating base and asset integrity audits.

The oil and gas industry uses operational flaring and venting techniques in order to protect stakeholders from potentially hazardous events. We conducted a series of studies and engineering works so that we can fuel certain offshore energy requirements with natural gas that is captured. We are also evaluating other initiatives to mitigate/eliminate flaring from our operations.

The figures in the tables below show the reportable facilities’ carbon dioxide equivalents (“CO₂-e”). Unless otherwise stated, CO₂-e emissions in this report include carbon dioxide, methane and nitrous oxide (CO₂, CH₄, N₂O, respectively), which were consolidated and calculated according to the methodology contained in The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (“GHG Protocol”), Revised Edition, March 2004, published by the World Resources Institute and the World Business Council on Sustainable Development (“WRI/WBCSD”). We focus on CO₂, CH₄, and N₂O GHG emissions because these are the most prevalent GHGs emitted from oil and natural gas industry operations. We have separated Scope 1 emissions for our stationary facilities from our mobile equipment (including Platform Supply Vessels (“PSV”), helicopters and trucks used in field operations) because of the contrast in carbon intensities. We have also provided Scope 2 emissions associated with our purchase of electricity for our field operations. Since 2016, approximately 40% of Gabon’s electricity needs have been sourced from renewables. We use substantially all of the natural gas we produce as fuel for our operations but are including natural gas production in the calculation of our GHG emissions.

Total Scope 1 emissions grew approximately 23% from calendar year 2019 to 2020. However, this level of increase was substantially lower than the approximate 40% increase in production year-over-year primarily as a result of our successful drilling campaign in 2019/2020. On a megajoule per barrel of oil equivalent ("BOE"), we actually saw an approximate 12% decrease in our total Scope 1 emissions in calendar 2020 compared to the prior year. VAALCO has built out the infrastructure at the Etame field, which allows for increased production using the same facilities, platforms and the Floating Production Storage and Off-loading ("FPSO"). This allows for increases to production with incrementally less emissions on a per barrel basis.

METRIC	2018	2019	2020
Stationary Facilities Scope 1 emissions, percentage methane (in metric tons CO ₂ -e)	95,476 7% methane (CH ₄)	88,406 7% methane (CH ₄)	109,505 6% methane (CH ₄)
SASB EM-EP-110a.1			
Mobile Equipment ⁽¹⁾ Scope 1 emissions, percentage methane (in metric tons CO ₂ -e)	11,608 0% methane (CH ₄)	10,805 0% methane (CH ₄)	12,233 0% methane (CH ₄)
SASB EM-EP-110a.1			
Total Scope 1 emissions	107,083	99,212	121,738
Total Scope 1 g CO ₂ -e/MJ (BOE) ⁽²⁾	3.24	3.26	2.88

Amount of gross global Scope 1 emissions from:

(1) flared hydrocarbons	49,784	44,057	57,433
(2) other combustion	51,113	48,968	58,102
(3) process emissions	0	0	0
(4) other vented emissions	0	0	0
(5) fugitive emissions	6,186	6,186	6,203

(in metric tons CO₂-e)

SASB EM-EP-110a.2

Stationary Facilities ⁽³⁾ Scope 2 emissions (in metric tons CO ₂ -e)	179	195	170
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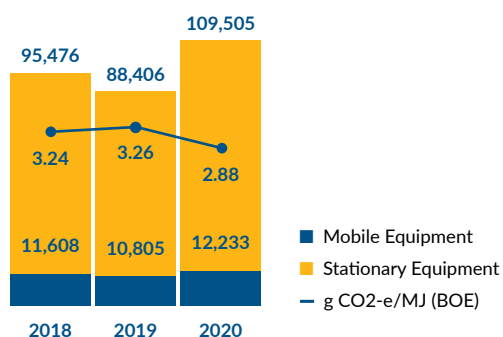
⁽¹⁾ Includes emissions associated with Platform Supply Vessels ("PSV"), helicopters and trucks used in the service of our field operations.

⁽²⁾ Boe is determined using the ratio of six Mcf of natural gas to one Bbl of oil. One Boe converts to 6,100.00 megajoules (MJ) in energy.

Oil Production (MBbls)	5,014.594	4,645.293	6,517.366
Gas Production (MMscf)	2,382.9870	2,027.706	2,504.366
MBoe	5,411.759	4,983.244	6,934.760
MJ (BOE)	33,011.727	30,397.788	42,302.038
g CO ₂ e/MJ (BOE)	3.24	3.26	2.88

⁽³⁾ Represents purchased electricity for field operations. Since 2016, approximately 40% of Gabon's electricity has been from renewables

Purchased electricity (in kilowatt hours)	349,568	380,716	333,028
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Scope 1 GHG Emissions

(in metric tons of CO₂-e)

Our exploration and development activities, as well as our active pursuit of complementary opportunistic acquisitions, are capital intensive. To replace and grow our reserves, we must make substantial capital expenditures for the acquisition, exploitation, development, exploration and production of crude oil and natural gas reserves. From 2018 through 2020 we financed these expenditures primarily with cash from operations.

The relative working interest in our Gabon and Equatorial Guinea operations as of March 31, 2021 was:

- Etame (Gabon) > VAALCO (operator) 58.8%, Addax (Sinopec) 31.4%, and PetroEnergy 2.3%; and
- Equatorial Guinea > VAALCO (operator) 45.9%, Atlas 34.1%, and GEPetrol 20.0% (carried interest through first production).

Air Emissions

SASB EM-EP-120a.1

Air emissions from our platforms were calculated using guidance from U.S. regulatory agencies such as the Bureau of Ocean Energy Management ("BOEM") / Offshore Operators Committee ("OOC") spreadsheet that uses the distance of the facility to the shoreline as a limiting factor. Based on this distance, an allowable tonnage of certain air emitters is noted.

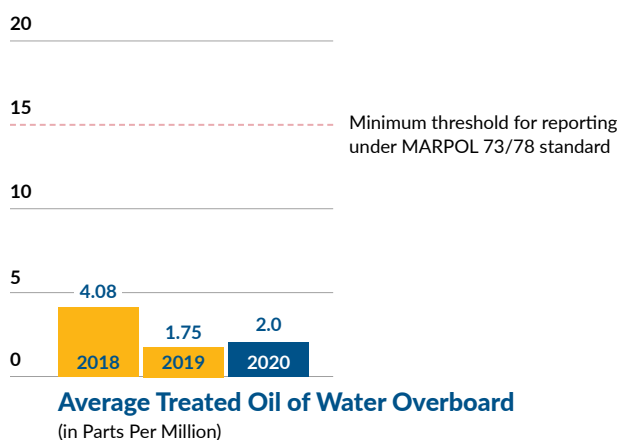
AIR EMISSIONS (IN METRIC TONS)	2018	2019	2020
Nitrogen Dioxide (NO _x)	625	582	688
Sulfur Dioxides (SO _x)	83	77	89
Volatile Organic Compounds (VOCs)	195	191	211
Particulate Matter (PM ₁₀)	16	16	19

Water Management

SASB EM-EP-140a.2



Since we operate offshore, we have a limited impact on water availability. We do not perform hydraulic fracturing in our operations, which has shown to be a significant use of water in onshore plays in the U.S. and international locations. Our operations 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 treated to meet or exceed International Convention for the Prevention of Pollution from Ships (“MARPOL”) 73/78 standard requirements, which includes a minimum threshold reporting requirement of an average treated oil in water overboard (“Ave. OIW”) of 15 parts per million (“PPM”). As shown in the following chart, our Ave. OIW for 2018 through 2019 was significantly below the reporting threshold.



Waste Management

We generate waste from production platforms and have developed a waste management procedure that provides guidance to assist personnel in the proper identification, storage, manifesting, handling, disposal, transporting, and recycling of wastes. Our waste management plan was prepared in accordance with all applicable laws and regulations. Additionally, VAALCO is committed to waste minimization, therefore, minimization efforts are pursued where economically feasible. The hierarchy of disposal options, listed from most desirable to least desirable, includes: reduction, reuse, recycling, recovery, treatment and residual disposal. Advancements in regional waste recovery methods including recycling and reclamation have been assessed by VAALCO and we seek to partner with waste management providers that participate in these programs.

Below shows Company figures for Tier 1 process safety events (“PSE”) rates, as defined by the International Association of Oil & Gas Producers (“OGP”), for instances of loss of primary containment (“LOPC”). LOPC is defined as an unplanned or uncontrolled release of any material from primary containment, including nontoxic and non-flammable materials (e.g., steam, hot condensate, nitrogen, compressed CO₂ or compressed air). For drilling operations, any unplanned or uncontrolled release to the surface (seabed or ground level) should be included.

TOPIC	2018	2019	2020
PSE rates for LOPC of greater consequence (Tier 1 & Tier 2)	0.0	0.0	0.0
SASB EM-EP-540a.1			



Biodiversity and Decommissioning

At VAALCO, conservation of biodiversity is an integral part of our commitment to the communities we work with and overall environmental protection aspirations. Understanding the need to play our part in the conservation of Gabon's unique ecosystems and natural beauty, we not only operate responsibly in our production areas, but also look for opportunities to reduce our environmental impact. Through best available technologies we educate our workforce on strategies to minimize our carbon footprint.

Operating within a Marine Conservation Zone is an extraordinary experience, where we work to fulfill our commitment to manage and reduce potential environmental impacts. We are proud that over the past two decades, there have been no incidents of environmental damage and we remain a trusted operator in Gabon.

Gabonese coastal waters are affected by the nutrient-rich outflow of several large rivers including the Ogooue, which is Gabon's principal river and the 4th largest in Africa by volume of discharge. These outflows of nutrient-rich waters mix with oceanic currents which generates a rich marine flora and fauna.

Gabon has the highest density of leatherback turtle and olive Ridley turtle nesting sites worldwide. Gabon's coast is an important seasonal breeding and calving ground for humpback whales, and has five IUCN red-listed whale and dolphin species and over 25 species of sharks and rays. In June 2017, the Gabonese government announced the establishment of a network of 20 marine national parks covering 53,000 Km². Mayumba National Park is one of these and is situated about 20 nautical miles from the Etame Marin Block. We work closely with the Gabonese government to proactively manage our operations to minimize our environmental impact and footprint. For example, we strive to not conduct activities during certain time periods that include the migration of high-risk species such as whales and sea turtles.

Under the Etame Marin Production Sharing Contract ("PSC") terms, VAALCO and its partners have agreed to a cash funding arrangement for the eventual abandonment of all offshore wells, platforms and facilities on the Etame Marin block. Pursuant to the Etame PSC we conduct abandonment studies to update the amounts being funded for the eventual abandonment of the offshore wells, platforms and facilities on the Etame Marin block. The most recent abandonment study was completed in November 2018 and resulted in estimated gross abandonment costs as of December 31, 2020 of approximately \$61.8 million (\$19.2 million, net to VAALCO) on an undiscounted basis. Through December 31, 2020, \$40.2 million (\$12.5 million, net to VAALCO) on an undiscounted basis has been funded.

We continue to work with the government of Gabon in association with all abandonment liabilities and we have fully accrued for our asset retirement account under the terms of the PSC. With that said, the ultimate decommissioning of all the structures on the Etame Marin block are under the control and responsibility of the government.

Conserving Gabon's Unique Ecosystems and Natural Beauty

Source: RPS Group

		COASTAL OCCURENCE						ACTIVITY IN AREA					
		H High		L Low		P Peak		H High		L Low			
COMPONENT	ABUNDANCE/ ACTIVITY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Plankton	Phytoplankton and Zooplankton	H	H	H	H	H	H	L	L	L	H	H	H
Benthic Fauna	Benthic faunal communities	H	H	H	H	H	L	L	L	L	H	H	H
Commercial/ Threatened Fish		L	L	L	L	L	L	L	L	L	L	L	L
Birds	Offshore Seabirds	L	L	L	L	L	L	L	L	L	L	L	L
	Coastal bird populations	H	H	H	H	H	H	H	H	H	H	H	H
Marine Mammals	Ceteceans	L	L	L	L	L	H	P	P	H	H	H	L
	Coastal Mammals	L	L	L	L	L	L	L	L	L	L	L	L
Turtles	Nesting Season	H	H	H	L	L	L	L	L	L	L	H	H
Protected Sites	National Park and Coastal Resources	H	H	H	H	H	H	H	H	H	H	H	H
Resource Users	Commercial Fishing in General	L	L	L	L	L	L	H	H	H	H	H	H
	Small-scale Fishing	L	L	L	L	L	H	H	H	L	L	L	L
	Shipping and ports	L	L	L	L	L	L	L	L	L	L	L	L
	Oil and gas activity (incl. pipelines/ cables)	L	L	L	L	L	L	L	L	L	L	L	L
	Archaeology	L	L	L	L	L	L	L	L	L	L	L	L
	Tourism, recreation & leisure activities	L	L	L	L	L	L	L	L	L	L	L	L

CASE STUDY / 2020 SEISMIC PROGRAM

COMMITTED TO TAKING ENVIRONMENTALLY CONSERVATIVE APPROACHES TO OUR ACTIVITIES

In October and November 2020, VAALCO performed a three-dimensional ("3D") seismic survey of approximately 1,000 Km² over the Etame Marin Block about 25 nautical miles offshore Gabon. The project-specific marine fauna protection guidelines adopted for this survey were composed of Joint Nature Conservation Committee ("JNCC") Guidelines for the mitigation of seismic activity to marine mammals with one amendment to include marine turtles. Two Marine Fauna Observers ("MFOs") and one Passive Acoustic Monitoring ("PAM") operator were present on board at all times between mobilization in Port Gentil on October 1, 2020 until the completion of the survey on November 29, 2020. During seismic operations, visual watches for marine mammals were carried out continuously during daylight hours, covering both periods of seismic source activity as well as line changes. Watches were also undertaken during transit and phases of deployment and recovery. PAM was used as a mitigation tool in line with the VAALCO/JNCC guidelines throughout the duration of the survey. PAM monitoring for marine mammals was carried out for the duration of the project during darkness and low visibility with exception for breaks taken at times when no pre-watch was required.

Two MFOs were deployed to the survey vessel and covered all daylight hours in order to carry out visual observations and to advise on the implementation of mitigation actions. In addition:

- A PAM Operator was onboard at all times to conduct acoustic monitoring during hours of darkness or low visibility;
- A minimum 30-minute pre-watch was required prior to all source operations as water depths were 200 meters or less; and
- A soft-start procedure was used that involves the gradual increment of source volume over a minimum of 20 minutes, and that the soft start to start of line time should not exceed 40 minutes.

Delays to commencing any seismic source activity included:

- Whales: 20-minute delay from the time when last seen inside the 500-meter mitigation zone;
- Dolphins: 20-minute delay from the time when last seen inside the 500-meter mitigation zone; and
- Turtles: 20-minute delay from the time when last seen inside the 500-meter mitigation zone.

The 500-meter mitigation safety zone started approximately 130 meters forward of the vessel bow and extended to just outside head float two on the starboard side and head float nine on the port side.

The MFOs and PAM Operators had full authority to implement soft start delays or delays to the start of the seismic array in accordance with the adopted marine fauna mitigation plan. At the beginning of the survey humpback whale sightings were made almost daily basis, 97.37% of all baleen sightings were recorded during the first four weeks of the survey. Communication between the seismic crew and the MFO/PAM operators resulted in an excellent working relationship. This meant that the VAALCO/JNCC Marine Fauna Mitigation Plan was implemented without fault and no non-compliance issues arose. VAALCO is proud to be a good steward to the environment and understands the responsibility we have to maintain the waters and marine life in the areas where we operate.

During the VAALCO Etame Field 2020 Seismic campaign, the project team successfully removed 16 Drifting Fish Aggregate Devices ("FADs") within the Etame acquisition area at an approximate length of 160 meters and an estimated 2024kg of material from the Gabonese territorial waters.

FAD's are used by the fishing industry to attract marine life allowing the owner to monitor their position via GPS and then harvest marine life for commercial purposes. While these devices assist the commercial fishing industry, which at times are conducted illegally in remote waters, they also have been recorded to entangle sea turtles, porpoises and whales resulting in death. The recovery of these devices will help ensure that these sensitive species are able to safely transit to nesting areas in Gabonese coastal waters as well as the nationally protected waters of the Mayumba National Marine Park.

Throughout the operating life of the Etame field, VAALCO has consistently taken environmentally conservative approaches to our activities. Our personnel are trained in marine mammal observations and to the detection of special species, marine debris awareness and actively participates in removal opportunities of marine debris. Consulting with local fishing communities, VAALCO provides educational and safety resources to artisanal populations assisting with the sustainable fishing opportunities of the Gabonese.



SOCIAL

FOCUSING ON CONTRIBUTIONS MADE TO SOCIETY THROUGH CORE BUSINESS ACTIVITIES, SOCIAL INVESTMENTS AND PHILANTHROPIC PROGRAMS

VAALCO's corporate citizenship goes beyond promoting the rule of law, transparency, good governance, fighting corruption and responsible environmental practices. It is about the contributions we make to society through our core business activities, social investment and philanthropic programs. We strive to communicate and advocate in principle and practice with all of our stakeholders VAALCO's core values that support and develop our employees and the communities in which we operate, promote the sustainability of the environment, and improve the quality of life of every person we interact with.

For over 20 years of operations, we have remained focused on the health, safety and environment of all stakeholders, and we will continue to promote honesty/integrity, treating people fairly, high performance, efficient and effective processes, open communication and being respected in our local communities. These values establish the foundation on which our culture has been built and represent the key expectations we have of our employees. Our principles and commitment to our employees creates an environment that allows us to attract and retain qualified talent, while simultaneously providing significant value to the Company and all of its stakeholders by helping our employees attain their highest level of creativity and efficiency.



Workforce Health & Safety

SASB EM-EP-320a.2

Our operational culture is built around the continued health and safety of our employees and contractors. In response to the World Health Organization's declaration of a global COVID-19 pandemic in early March 2020, we put into place U.S. Center of Disease Control and state and local suggested measures at our work sites and began to actively screen and monitor employees and contractors that entered the Company's Gabon facilities, including testing and quarantine periods with onsite medical supervision. Our dedicated HSSE and Operations teams built an exemplary safety protocol of procedures that lead to zero positive cases being reported at our offshore facilities during 2020 and we had no interruption in our operations. In addition, a weekly Company-wide COVID-19 update and online training was established to keep employees informed of key developments.

We will continue to take proactive steps to manage any potential disruption in our business caused by COVID-19 and to protect the health and safety of our employees and contractors. As of the date of the release of this report, we are pleased to have experienced no material impact on our corporate or Gabon operations directly associated with COVID-19, although the Company has incurred higher costs related to proactive measures taken in response to the pandemic. These costs were approximately \$1.6 million for the full year 2020 and were primarily related to additional personnel-related costs to support enhanced health and safety measures.

We strive for world-class HSSE performance, with our culture directed by the following principles:

- **Commitment:** All of our employees are expected to demonstrate a strong commitment to high standards of HSSE performance;
- **Trust:** We conduct our operations in a manner of building trust on HSSE issues with our employees, governments, and the public;
- **Accident Prevention:** Our goal of zero accidents, injuries, unsafe work practices, or unsafe conditions is the goal of all employees;
- **Compliance:** We comply with all applicable environmental, health, and safety laws and regulations;
- **Training/Education:** We proactively assure that employees are adequately trained and educated on HSSE issues;
- **Measurement of Performance:** HSSE performance is measured and communicated Company-wide. Compliance reviews and audits are periodically conducted; and
- **Effectiveness of HSSE:** Our intent is to achieve continual improvement in the effectiveness of our HSSE efforts.

Our commitment to our stakeholders is to manage our operations in a safe, reliable and environmentally responsible manner to prevent major accidents and to provide a high level of protection to our employees and contractors. Given the potential hazards involved in offshore oil and gas operations, it is essential that we continuously adhere to strict health, safety and security practices.

The health and safety of our employees, contractors, and other stakeholders is critical to VAALCO as an employer and central to our success as an operator. We aim to drive improvements every day, empowering employees to adopt a culture that places great emphasis on health and safety. We have designed health and safety training programs to reduce risk across our operations. We have also established high safety standards and expectations of our partners and developed systems that support their conformance.

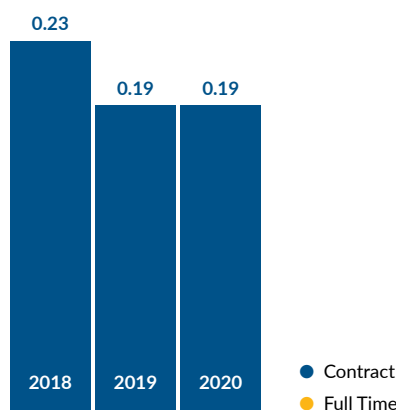
As part of our culture of trust, we developed the Safety Observation System (“SOS”) Card system, a behavior-based safety observation process that empowers employees to accept accountability in the places and the way they work. This is a key component of the ‘no blame, no shame’ policy that ensures safety development is driven from within and in a responsible way.

The following safety metrics may vary depending on the work activities and operational output in a given year. While we are proud of our historically low rate of safety incidents, our goal is zero recordable events.

METRIC	2018	2019	2020
Total recordable incident rate (TRIR) for (a) full-time employees, (b) contract employees, and (c) short-service employees SASB EM-EP-320a.1	(a) Full-time: 0.00 (b) Contract: 0.23 (c) Short-service: 0.00	(a) Full-time: 0.00 (b) Contract: 0.19 (c) Short-service: 0.00	(a) Full-time: 0.00 (b) Contract: 0.19 (c) Short-service: 0.00
Fatality rate for (a) full-time employees, (b) contract employees, and (c) short-service employees SASB EM-EP-320a.1	(a) Full-time: 0.00 (b) Contract: 0.00 (c) Short-service: 0.00	(a) Full-time: 0.00 (b) Contract: 0.00 (c) Short-service: 0.00	(a) Full-time: 0.00 (b) Contract: 0.00 (c) Short-service: 0.00
Near miss frequency rate (NMFR) ⁽¹⁾ SASB EM-EP-320a.1	0.00	0.00	0.00
Average hours of health, safety, and emergency response training ⁽²⁾ for (a) full-time employees, (b) contract employees SASB EM-EP-320a.1	(a) Full-time: 40.00 (b) Contractors: 40.00	(a) Full-time: 40.00 (b) Contractors: 40.00	(a) Full-time: 40.00 (b) Contractors: 40.00

⁽¹⁾ The Company reports one combined metric for near miss frequency rate for full workforce. The near miss frequency rate is calculated as the number of near miss incidents reported multiplied by 200,000 divided by total man hours.

⁽²⁾ The Company reports the average hours of health, safety and emergency response training for full-time and contract employees.



TRIR

Total Recordable Incident Rate (“TRIR”) is measured as the number of recordable incidents per 200,000 work hours (as defined by the reporting rules of the United States Department of Labor – Occupational Safety and Health Administration, or OSHA).



Employee Recruitment, Engagement & Retention

We operate on the fundamental philosophy that people are our most valuable asset, as every person who works for us has the potential to impact our success. We strive to attract and retain the most talented employees in the industry by offering competitive compensation and benefits. Our pay-for-performance compensation philosophy is based on rewarding each employee's individual contributions and paying for equal work regardless of gender, race or ethnicity. We use a combination of fixed and variable pay including base salary, bonus and merit increases, which vary across the business. In addition, as part of our long-term incentive plan for executives and certain employees, we provide share-based compensation to foster our pay-for-performance culture and to attract, retain and motivate our key leaders and better align their interests with our stakeholders.

We strongly believe that our success depends on employees understanding how their work contributes to VAALCO's overall strategy. To this end, we communicate with our workforce through a variety of channels to keep them engaged and encourage open and direct communication, including:

- Quarterly Company-wide CEO updates;
- Regular Company-wide calls with management;
- Online trainings on how COVID-19 affects our Company operations and employees;
- Various mental support programs were introduced to help our team members cope with the stress associated with the pandemic;
- Frequent corporate email communications;
- Annual mandatory human resources and legal compliance trainings;
- Annual HSSE refresher training Company-wide;
- Annual interpersonal and cultural training;
- Encouragement of employees to listen to quarterly earnings calls; and
- Each regular employee undergoes a formal performance review on an annual basis.

As the success of our business is fundamentally connected to the well-being of our people, we offer benefits that support their physical, financial and emotional well-being. Company benefits vary by geographic area and are designed to comply with local laws and to be competitive in the marketplace. We provide our employees with access to leading medical programs intended to meet their needs and the needs of their families. In addition to standard medical coverage, we offer eligible employees dental and vision coverage, vacation and sick paid time off, employee assistance programs, employee loans, short-term and long-term disability insurance and term life insurance. We also offer a 401(k) Savings Plan and other retirement programs. Additionally, some employees receive additional compensation for working in foreign jurisdictions. The Company uses a professional compensation consultant for annual compensation benchmarking for its U.S. and West Africa teams.

The key factors in employee retention are professional development, safety and training. With that in mind, we offer cross training programs across all levels of the Company to meet the needs of various roles, specialized skill sets and departments. We provide compliance education as well as general workplace safety training to our employees and offer Occupational Safety and Health Administration training.

Given the impact of COVID-19 on face-to-face interaction in 2020, we saw an expected decline in certain training and development activities but look forward to a full resumption of our efforts in the second half of 2021 based on the current outlook for vaccine distribution and related mitigation efforts.

We utilize workforce turnover rates and productivity metrics in assessing our employee programs to ensure that they are structured to instill high levels of in-house employee tenure, low levels of voluntary turnover and the optimization of productivity and performance across our entire human capital. Additionally, we have a performance evaluation program which adopts a modern approach to valuing and strengthening individual performance through on-going interactive progress assessments related to established goals and objectives.

We recognize the importance of investing in our employees' professional development, and we are committed to ensuring that all employees are prepared for every aspect of their day-to-day roles. We strive to develop and retain high-performing, diverse talent, which helps ensure our leadership reflects our workforce. We are focused on growing our leaders from within and training on best practices concerning inclusion and other employee-centric imperatives.

In addition to technical development, we are committed to ensuring that our employees' interpersonal skills develop as they move forward with their professional lives. We conduct annual trainings that include Code of Conduct, Harassment, Bullying, Anti-corruption (FCPA), Insider Trading, Code of Business Ethics, Environmental Safety, and Drugs in the Workplace to all employees.



Diversity & Inclusion

We seek to employ the right people to support our growth and success based on merit and qualification – not race, religion, creed, color, national origin, physical disability, sexuality, sex, or age. We value building diverse teams, embracing different perspectives and fostering an inclusive, empowering work environment for our employees. We have a long-standing commitment to equal employment opportunity as evidenced by the Company's Equal Employment Opportunity policy.

VAALCO is an equal opportunity employer and firmly believes in the benefits that diversity and inclusion bring to an organization. We support diversity of thought, perspective, sexual orientation, gender, gender identity and expression, race, ethnicity, culture and professional experience, among others. We declare as a matter of policy that there shall be no unlawful discrimination among the entire body of employees or applicants for employment based on physical or mental impairments.

Following is the gender and ethnic diversity make-up (based on employee self-identification) of our total workforce as of December 31, 2020:

Gender Diversity	EEO CATEGORY	FEMALE	MALE
	Exec/Sr. Manager	30%	70%
	Mid-Level Manager	38%	62%
	Professionals	26%	74%
	All Other	17%	83%

Ethnic Diversity	ETHNICITY	EXEC/SR. MANAGER	MID-LEVEL MANAGER	PROFESSIONALS	ALL
	Black/African American	20%	33%	75%	100%
	Other	10%	19%	9%	--
	White	70%	48%	16%	--



Philanthropy & Community Development

We also support the communities where we operate and appreciate the ongoing efforts of our employees in their personal commitments from both a time and financial perspective in enhancing the quality of life in our local communities.

We have been operating in Gabon since 1998. During this time, we have actively supported the local communities, our employees and local partners in cooperation with the Government of Gabon. We are proud of our contributions and continue to find ways to make a positive impact on our neighbors.

Every year in Gabon, VAALCO commits funds to help communities develop skills and capabilities, support government efforts to diversify the economy, improve the hydrocarbon industry through knowledge sharing and capacity building to enhance local communities' quality of life. Under the terms of our PSC, VAALCO and its joint owners at Etame contribute to the following funds: Training Fund; Hydrocarbon Support Fund; Provision pour Investissements Diversifiés - "PID" (Fund for Diversification Investment); Provision pour Investissements en Hydrocarbure - "PIH" (Fund for Investment in Hydrocarbon); and Local Community Development Fund. In addition, VAALCO contributes to a Corporate Social Responsibility fund.

Together with our joint owners at Etame, our 2020 commitments included the following (in USD):

Corporate Social Responsibility ⁽¹⁾	\$	180,000
Training Fund		180,000
Hydrocarbon Support Fund		401,000
Provision pour Investissements Diversifiés - "PID" (Fund for Diversification Investment)		1,063,500
Provision pour Investissements en Hydrocarbure - "PIH" (Fund for Investment in Hydrocarbon)		1,063,500
Local Community Development Fund		250,000
	\$	3,138,000

⁽¹⁾ VAALCO 100% funds this commitment, which is based on XAF 100,000,000 per year.



"nous protégeons
la biodiversité"
VAALCO GABON

PARRAINONS UNE PLAGE
ADOPT A BEACH

CETTE PLAGE EST PARRAINÉE
VAALCO Gabon

GOVERNANCE

COMMITTED TO GOOD CORPORATE GOVERNANCE AND ENSURING ALL BUSINESS IS PERFORMED WITH HONESTY AND INTEGRITY

Our Board is responsible for guiding and overseeing the strategy and conduct of the entire business. The Board is committed to operating with good corporate governance practices and holds itself accountable for the way we operate, including striving to ensure all of our business interactions are performed with honesty and integrity. We interact with all stakeholders and parties with the highest legal and ethical standards, which we view as critical to our long-term success as a trusted operator. We expect all employees across all disciplines to exemplify these values as they carry out their work activities and appreciate their collective efforts.



ESG Oversight

To further enhance the Company's and Board's governance of ESG matters, we created a committee comprised of the VAALCO executive team and a cross section of employees from across the Company that is charged with the responsibility of monitoring adherence to our ESG standards and formally communicating findings on an ongoing basis to our Board. Additionally, our Board's Nominating and Corporate Governance Committee amended its charter to include the oversight of the Company's policies and programs on issues of social responsibility and environmental sustainability. Our Board has empowered our management team to create a working environment that assures our success as a trusted operator, a generous partner to the communities where we operate, and as good stewards to the environment.

Board Composition

All of the directors on our Board are elected annually and we employ a one share – one vote equity structure that ensures voting power is aligned with economic interest.

Andrew L. Fawthrop serves as the Company's Chairman. The Board has three standing committees – the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee, on which all directors are deemed “independent” under NYSE and LSE standards.

TOPIC	METRIC
Independence (%)	75%
Key board committee independence (%)	100%
Gender diversity (%)	25%
Independent Chair	Yes

Currently, our Board embodies a diverse set of experiences, qualifications, attributes and skills as shown below:

	EXECUTIVE LEADERSHIP	FINANCIAL	ENERGY/OILFIELD SERVICES	INTERNATIONAL OPERATIONS	OUTSIDE BOARD EXPERIENCE
Andrew Fawthrop	●		●	●	●
George Maxwell	●	●	●	●	●
Bradley Radoff	●	●			●
Cathy Stubbs	●	●	●		●

Board Practices

TOPIC	METRIC
Executive sessions	Yes
Board evaluations	Yes
Regular succession planning	Yes
Continuing education for Directors and orientating new Directors	Yes

Compensation Practices

Among the criteria in our executive's annual incentive plan are operational, financial and ESG metrics. The ESG Score considers Total Recordable Incident Rate ("TRIR"), carbon footprint reduction targets, enhanced reporting and measurement performance of air, and water and waste metrics. The Company intends to increase the weighting of its ESG Score in its executive's annual incentive plan in the future.

TOPIC	METRIC
Stock ownership guidelines for Executives and Directors	Yes
Clawback policy	Yes
Prohibitions against speculative trading	Yes
ESG Linked Executive Compensation	Yes

Business Ethics & Transparency

SASB EM-EP-510a.1, SASB EM-EP-510a.2



Our Code of Business Conduct and Ethics ("Code") covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all employees, officers and directors of our Company in the conduct of its business. VAALCO has a proud tradition of maintaining the highest legal and ethical standards in the conduct of its business. We believe that an awareness of the Company's general policies regarding business conduct is vital for each employee, officer, director, contractor and representative in the achievement of our mission. We require all of our employees, officers, directors, contractors and representatives to read and understand the Code. This Code, together with related policies, procedures and educational efforts comprises the Company's internal compliance program. As an integral part of this program our employees are required to submit an annual certification of compliance. Those who violate the standards in this Code are subject to disciplinary action.

For our employees, officers, directors, contractors and representatives, proper business conduct requires strict compliance with the spirit and the letter of the laws and regulations that apply to our business, but proper conduct means more than that. It means adherence to the highest business and personal ethics in dealings involving the Company or its reputation. Our operations are in West Africa 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 10. We continue to build a culture around the highest ethical standards, and we demand not only legal compliance to the laws where we operate, but also personal responsibility and ethical behavior in all of our interactions with government, contractors, business partners and each other.

In addition to our Code, we require all directors, officers, employees, and agents to comply with the Anti-Bribery and Anti-Tax Avoidance Compliance Policy. VAALCO has a zero-tolerance policy towards anyone involved in acts of bribery (including promising, offering, making, and/or receiving bribes or facilitating payments) and/or any acts of tax avoidance, committed directly or indirectly. Non-compliance with the Policy could result in disciplinary action up to and including termination. VAALCO denounces any form of bribery, tax avoidance or any action which does not comply with both the letter and spirit of any applicable laws, rules and regulations. Compliance and adherence with the Company's Codes and Policies for conducting business with the highest ethical, legal and professional standards is integral to VAALCO's business reputation and financial success.

Although not all employees, officers and directors are expected to know the details of all applicable laws, each employee, officer and director should know enough to seek advice from supervisors, managers, other appropriate personnel, or the Company's legal counsel when necessary. The Company promotes compliance with laws, rules and regulations, including insider-trading laws. We also hold training sessions, as necessary and all employees receive computer-based training on anti-corruption. We also expect the highest standards from our vendors and partners. We perform due diligence on vendors which includes running third party reports that identify potential corruption risks.

Our legal team has distributed the Insider Trading policy, with emphasis on the revised quarterly insider trading blackout periods. This policy may be found on our website at <https://www.vaalco.com/investors/corporate-governance/governance-documents>.

We have also established procedures for any employee, contractor, consultant or any other person to register complaints or concerns about the Company's conduct. The Company provides a simple way for concerns to be reported anonymously and confidentially through an independent service provider, EthicsPoint. Concerns or complaints may be submitted at any time by telephone to EthicsPoint's toll free help line (503) 444-4975 or via the Internet: <https://secure.ethicspoint.com/domain/media/en/gui/43086/index.html>. Our motto is Togetherness: Together we can build a successful organization, Together we can ensure an outstanding reputation, Together we can protect our values. VAALCO encourages our team to speak up if they know of or suspect any financial unethical behavior and to report any financial violations or get more information by contacting the hotline.

All Hotline reports go to the General Counsel and Chairperson of the Audit Committee to determine if an investigation is necessary. The General Counsel either conducts the investigation or instructs outside counsel to investigate. The results of any investigation are reported to the Audit Committee.

We have a zero-tolerance policy for any type of harassment or retaliation against its employees related to any complaint of harassment or discrimination.

The management of the Company encourages its employees, contractors or consultants to utilize the foregoing procedures where they have good faith complaints or concerns about the Company's conduct or activities or that of any employee of the Company.

All of our reporting procedures can be found in the Corporate Governance subsection of the "Investor Relations" section within our website.

Management of the Legal & Regulatory Environment

SASB EM-EP-530a.1

General

The laws and regulations of the United States, the United Kingdom, Gabon, and Equatorial Guinea regulate our current business. These laws and regulations may require that we obtain permits for our development activities, limit or prohibit drilling activities in certain protected or sensitive areas, or restrict the substances that can be released in connection with our operations. Our operations could result in liability for personal injuries, property damage, natural resource damages, crude oil spills, discharge of hazardous materials, remediation and clean-up costs and other environmental damages. Failure to comply with environmental laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties and the issuance of orders enjoining operations. In addition, we could be liable for environmental damages caused by, among others, previous property owners or operators of properties that we purchase or lease. Some environmental laws provide for joint and several strict liability for remediation of releases of hazardous substances, rendering a person liable for environmental damage without regard to negligence or fault on the part of such person. As a result, we may incur substantial liabilities to third parties or governmental entities and may be required to incur substantial remediation costs. We could also be affected by more stringent laws and regulations adopted in the future, including any related to climate change and greenhouse gases and the use of hydraulic fracturing fluids, resulting in increased operating costs. As a result, substantial liabilities to third parties or governmental entities may be incurred, the payment of which could have a material adverse effect on our financial condition, results of operations and liquidity.

These laws and governmental regulations, which cover matters including drilling operations, taxation and environmental protection, may be changed from time to time in response to economic or political conditions and could have a significant impact on our operating costs, as well as the crude oil and natural gas industry in general. While we believe that we are currently in compliance with environmental laws and regulations applicable to our operations, no assurances can be given that we will be able to continue to comply with such environmental laws and regulations without incurring substantial costs.

Our operations and our ability to finance and fund our operations and growth are affected by political developments and laws and regulations in the areas in which we operate. In particular, crude oil and natural gas production operations and economics are affected by:

- change in governments;
- civil unrest;
- price and currency controls;
- limitations on crude oil and natural gas production;
- tax, environmental, safety and other laws relating to the petroleum industry;
- changes in laws relating to the petroleum industry;

- changes in administrative regulations and the interpretation and application of administrative rules and regulations; and
- changes in contract interpretation and policies of contract adherence.

Critical Incident Risk Management

SASB EM-EP-540a.2

Higher risk work activities require additional safety controls such as Management of Change (“MOC”), Permit to Work, Confined Space Entry, Energy Isolation, Hot Work, Work at Heights, Work over Water, etc. All operating employees and contractors receive training on these topics each year.

VAALCO has implemented a MOC process to ensure that changes to processes and equipment are adequately evaluated by all appropriate personnel, engineering and management before changes are made. This MOC process is part of VAALCO’s IRAS SMS program for offshore operations and the HSSE Management Plan. Management of Change procedures are intended to provide for the safety of personnel, facilities, and the environment when changes such as modifications to existing equipment, operating procedures, personnel changes (including contractors), materials and operating conditions are made.

Offshore Platforms

The major hazards on platforms are fires or explosions, and we have many control measures in place to prevent or mitigate fires or explosions.

Fire and gas detectors are located throughout the facilities and are tested/calibrated on a regular basis. Corrosion surveys are conducted on process piping and vessels. Personnel are trained in firefighting and firefighting equipment is located throughout our facilities and inspected monthly. Fire and abandon platform drills are held regularly, and area safety classifications are strictly followed to ensure potential ignition sources are not located in or near process areas. Audits are conducted to ensure all safety measures are in place and functioning correctly.

Emergency Response and Incident Management

In the event of an emergency, VAALCO has trained our staff to be able to respond in a purposeful and efficient manner. Using FEMA’s Incident Command Structure, our strategy is to apply a strong support system for incident leadership both locally and corporately. During 2021, we plan to have all VAALCO workforce members receive fundamental training (ICS 100/200), and redundancy programming is completed through our HSSE department.

With self-funded infield support equipment, affiliations with key international response organizations and a highly trained staff, VAALCO continues to develop and maintain our capabilities through frequent site-specific emergency simulations and annual “Black Swan” simulations to find opportunities for improvement in our response capabilities. VAALCO also has a secondary strategy where we are able to manage emergency events offsite with state-of-the-art technologies and additional corporate support staff at a moment’s notice. Finally, to complement our emergency response strategies, we also perform voluntary environmental modeling and testing, at our expense, with current and drift monitoring equipment to check that our modelling data is current and accurate. This GPS data allows VAALCO to ensure that our remote offshore environmental conditions are regularly assessed for conditional changes.

Data Security & Privacy

As a crude oil producer, we face various security threats, including cybersecurity threats to gain unauthorized access to sensitive information or to render data or systems unusable, threats to the security of our facilities and infrastructure or third-party facilities and infrastructure, such as processing plants and pipelines; and threats from terrorist acts. We employ and implement various procedures and controls to monitor and mitigate security threats and to increase security for our information, facilities and infrastructure. Cybersecurity attacks in particular are becoming more sophisticated. We rely extensively on information technology systems, including internet sites, computer software, and data hosting facilities and other hardware and platforms, some of which are hosted by third parties, to assist in conducting our business. To protect against such attempts of unauthorized access or attack, we have implemented multiple layers of cybersecurity protections, infrastructure protection technologies, disaster recovery plans and employee training.

While we have invested significant amounts in the protection of our technology systems and maintain what we believe are adequate security controls over sensitive data, there can be no guarantee such plans, to the extent they are in place, will be effective. Systems cannot be constructed to eliminate security risk but must incorporate capabilities to recognize, resist, and recover from attacks.



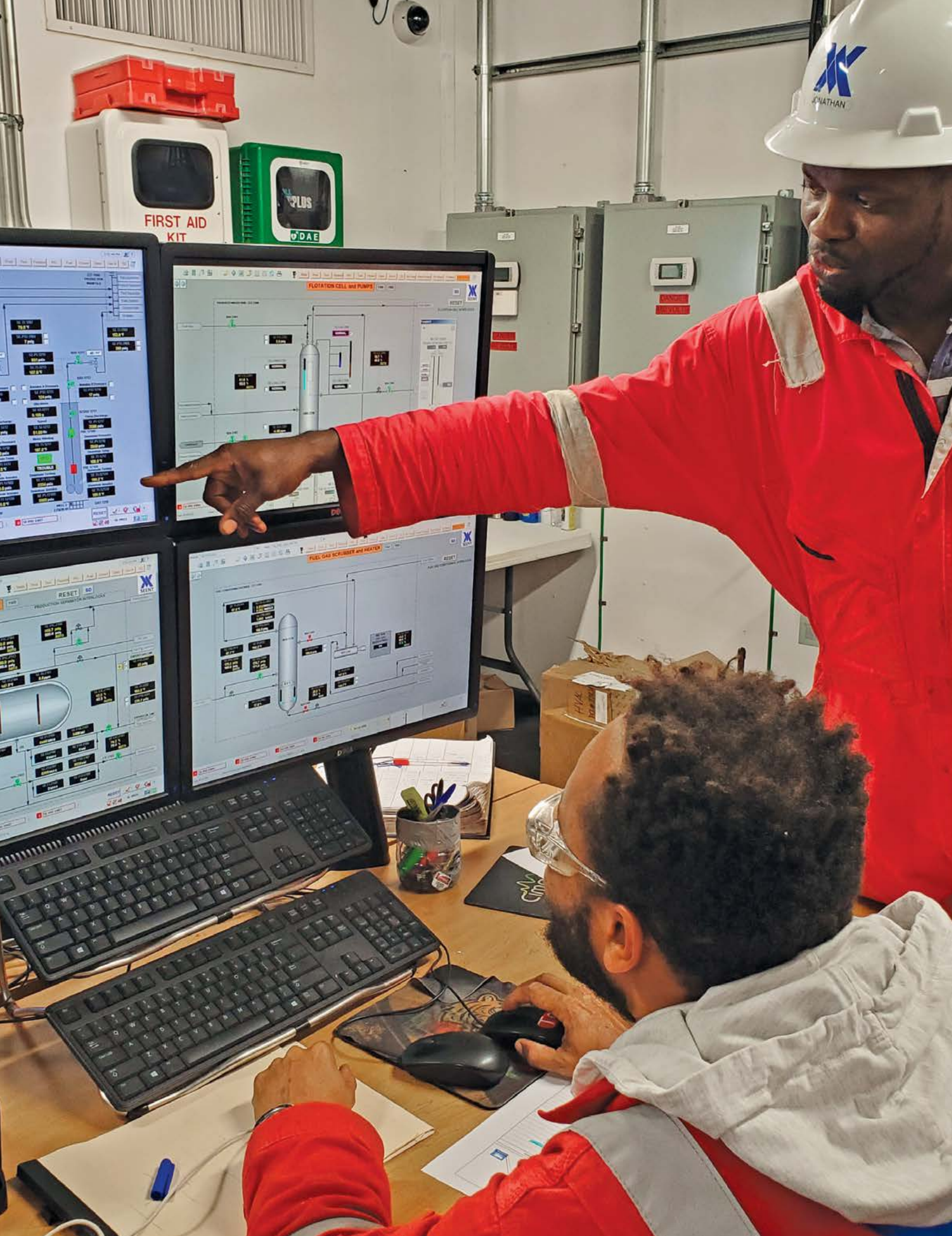


Forward-Looking Statements and Disclaimers

This report provides detailed information about VAALCO's ESG initiatives and related key performance indicators.

In the creation of this document, we consulted the SASB Oil and Gas Exploration and Production Sustainability Accounting Standard, the recommendations of the TCFD, SDGs promulgated by the United Nations and other reporting guidance from industry frameworks and standards. VAALCO focuses on seven of the 17 SDGs: good health and well-being; gender equality; clean water and sanitation; decent work and economic growth; responsible consumption and production; life below water; and peace, justice, and strong institutions. Our actions and initiatives implemented throughout the year endeavor to help advance these SDGs. This document covers the three-year period of January 1, 2018 through December 31, 2020, unless otherwise noted.

This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this document that address activities, events, plans, expectations, objectives or developments that VAALCO expects, believes or anticipates will or may occur in the future are forward-looking statements. These statements may include statements related to the impact of the COVID-19 pandemic, including the sharp decline in the global demand for and resulting global oversupply of crude oil and the resulting steep decline in oil prices, production quotas imposed by Gabon, disruptions in global supply chains, quarantines of VAALCO's workforce or workforce reductions and other matters related to the pandemic, well results, wells anticipated to be drilled and placed on production, future levels of drilling and operational activity and associated expectations, the implementation of the Company's business plans and strategy, prospect evaluations, prospective resources and reserve growth, VAALCO's 2021/2022 drilling campaign, its ability to find a replacement for the FPSO or to renew the FPSO charter, its activities in Equatorial Guinea, expected sources of and potential difficulties in obtaining future capital funding and future liquidity, its ability to successfully implement and execute ESG initiatives, including the advancement SDGs, and achieve the anticipated benefits of such initiatives, its ability to restore production in non-producing wells, future operating losses, future changes in crude oil and natural gas prices, future strategic alternatives, future acquisitions, capital expenditures, future drilling plans, prospect evaluations, interpretation of seismic data and costs thereof, negotiations with governments and third parties, timing of the settlement of Gabon income taxes, and expectations regarding processing facilities, production, sales and financial projections. These statements are based on assumptions made by VAALCO based on its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond VAALCO's control. These risks include, but are not limited to, crude oil and natural gas price volatility, the impact of production quotas imposed by Gabon in response to production cuts agreed to as a member of OPEC, inflation, general economic conditions, the outbreak of COVID-19, the Company's success in discovering, developing and producing reserves, production and sales differences due to timing of liftings, decisions by future lenders, the risks associated with liquidity, lack of availability of goods, services and capital, environmental risks, drilling risks, foreign regulatory and operational risks, and regulatory changes. Investors are cautioned that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements. VAALCO disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.





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