



VAALCO ENERGY, INC.

2019 SUSTAINABILITY REPORT

PARTNERING WITH OUR STAKEHOLDERS TO BUILD FOR THE FUTURE





**VAALCO IS A WORLD CLASS
OPERATOR IN WEST AFRICAN
OIL PRODUCTION.**

We are pleased to present VAALCO Energy, Inc.'s ("VAALCO" or the "Company") inaugural sustainability report. Our management team, with support of experienced advisers and guidance from the Board of Directors (the "Board" or "Directors"), developed this report. The sustainability report reflects our initiatives and commitments with our people, communities, the environment and other various stakeholder groups.

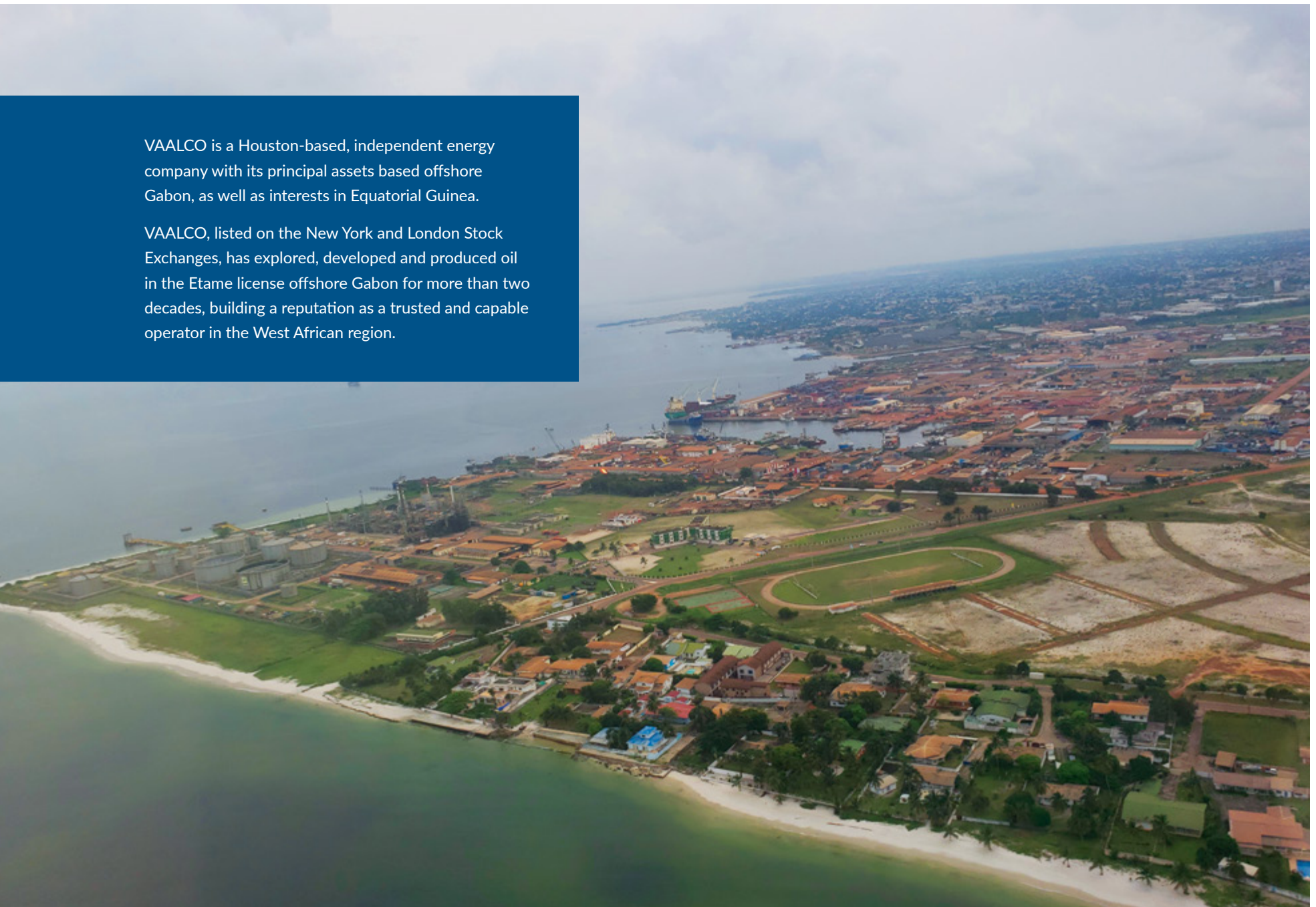




About Us	2
VAALCO's Values	3
Our Assets	4
Our History	4
VAALCO Etame Offshore License	5
Financial and Operational Overview	6
Statement from Andrew L. Fawthrop, Chairman of the Board	7
Conversation with Cary Bounds, VAALCO's Chief Executive Officer	8
Engaging with our Stakeholders	10
Engaging with our communities	12
Commitment to World-Class HSSE	14
Managing our Environment	16
Health and Safety	18
Our People	21
Local Employment	22
Diversity	23
Commitment to Ethics	25
Supply Chain Management	26
Governance	28
Board Oversight and Accountability	Cover
Risk Management	Cover
Corporate Governance Policies	Cover

VAALCO is a Houston-based, independent energy company with its principal assets based offshore Gabon, as well as interests in Equatorial Guinea.

VAALCO, listed on the New York and London Stock Exchanges, has explored, developed and produced oil in the Etame license offshore Gabon for more than two decades, building a reputation as a trusted and capable operator in the West African region.



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 operation, 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. 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 that we work.

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

OUR ASSETS

As an established operator in West Africa, VAALCO has overseen the production of over 114 million barrels of crude oil from Etame Marin over the past 20 years.

Etame Marin Permit **Block P**
Gabon **Equatorial Guinea**

31.1%
 Working Interest

46,200
 Gross Acres

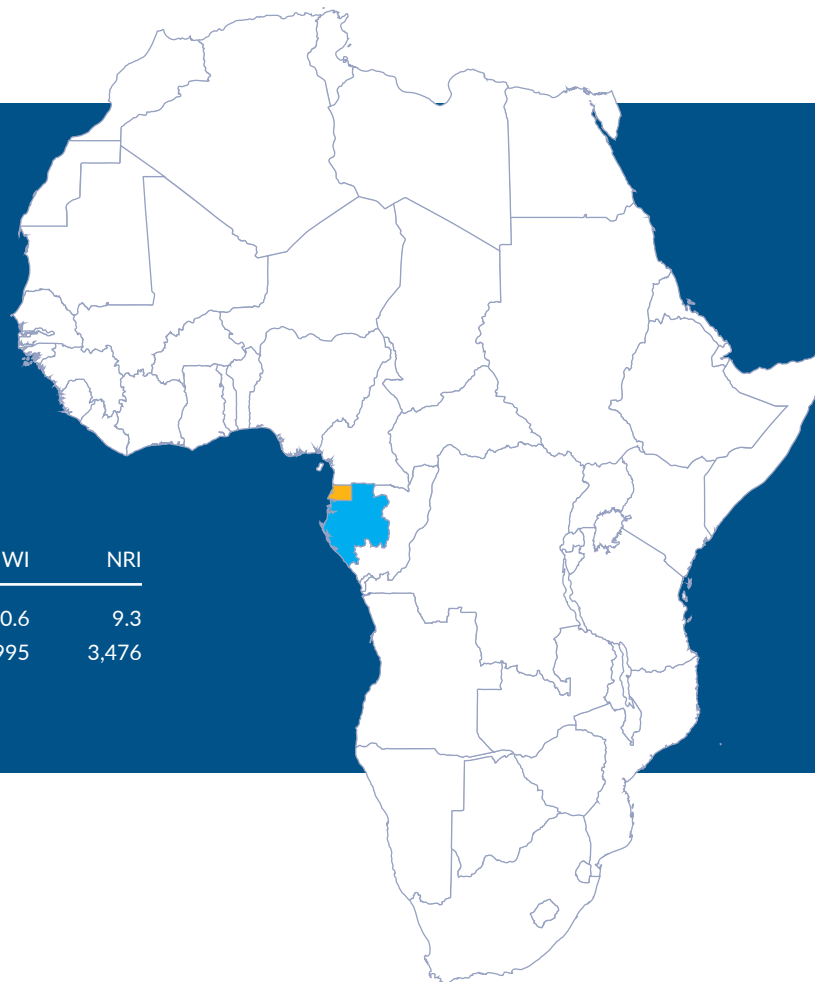
14,360
 Net Acres

43.0%
 Working Interest

57,000
 Gross Acres

18,000
 Net Acres

Year Ended December 31,	Gross	WI	NRI
2019 2P Reserves (MMBO) ⁽¹⁾	34.3	10.6	9.3
2019 Production (BOPD)	12,863	3,995	3,476



⁽¹⁾ 12/31/2019 NSAI CPR report.

OUR HISTORY

Founded in 1985, VAALCO has grown its production, development and exploration assets in the West African region and is headquartered in Houston, Texas.

1985

Founded by Virgil A Walston and Charles Alcorn

1998

Discovered Etame field

2002

First oil from Etame field

2004

Discovered Avouma and Ebouri fields

2007

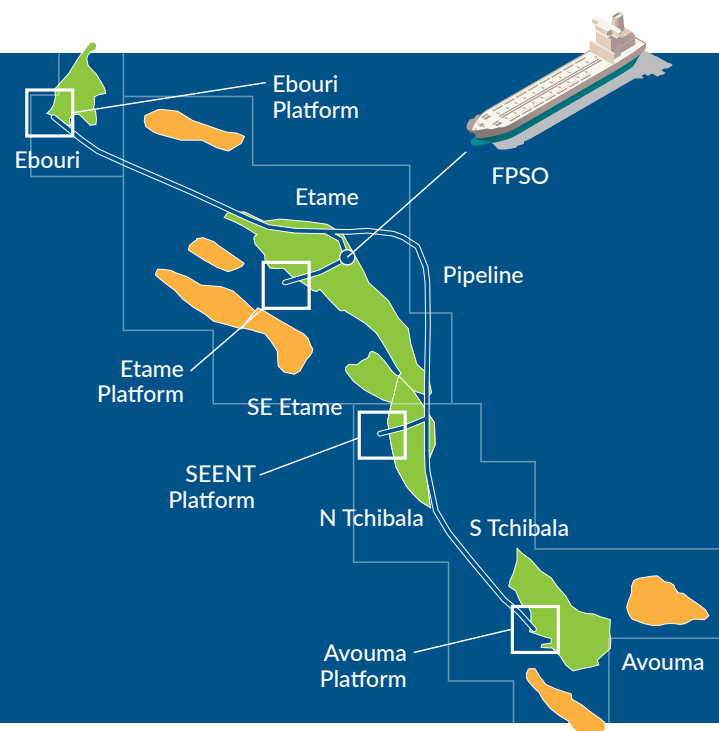
First oil from Avouma field

2009

First oil from Ebouri field

2011

Discovered Southeast Etame field



ETAME OFFSHORE LICENSE

Platform	Producing Wells	Gross BOPD ⁽¹⁾
Etame	4	9,300
Seent	2	3,200
Avouma	3	3,000
Ebouri	1	800
FPSO Subsea	3	2,300
Total	13	18,600

■ Producing Fields ■ Leads

⁽¹⁾ Indicative production for March 1, 2020, no unplanned downtime on this date.

Early 2020, completed the highly successful and transformational 2019/2020 drilling program that has added meaningful production and significantly reduced operating costs per barrel.

2014

Installed Etame and SEENT platforms

2015

Drilled five new wells to increase production to over 20,000 BOPD

2017

Produced 100 millionth barrel of oil

2018

Committed up to a twenty-year partnership with the Republic of Gabon

2019

Listed on the Main Market of the London Stock Exchange

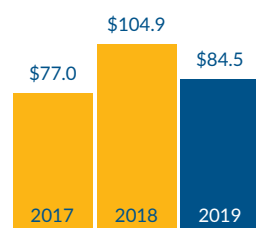
2019

Commenced 2019/2020 drilling campaign targeting organic growth at Etame offshore field

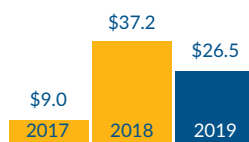
FINANCIAL AND OPERATIONAL OVERVIEW

Year Ended December 31,

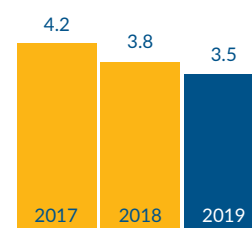
	2019	2018	2017
Total Revenues	\$ 84,521	\$ 104,943	\$ 77,025
Net Income	\$ 2,563	\$ 98,232	\$ 9,651
Net Cash from Operating Activities	\$ 26,472	\$ 37,176	\$ 8,957
Total Operating Costs and Expenses	\$ 58,907	\$ 54,021	\$ 56,990
Total Assets	\$ 211,537	\$ 166,312	\$ 79,633
Total Debt	—	—	\$ 8,975
Total Shareholders' Equity	\$ 109,720	\$ 109,827	\$ 10,289



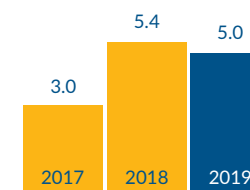
Revenues
(in millions)



Cash Provided by Operating Activities
(in millions)



Production Per Day
(in thousands of barrels)



Net SEC Proved Reserves
(in millions of barrels)

A STATEMENT FROM **ANDREW L. FAWTHROP,** CHAIRMAN OF THE BOARD



I am pleased to introduce VAALCO's inaugural Sustainability report.

There is no doubt that the oil and gas industry has experienced rapid and impactful changes in recent years. The oil price downturn has increased the challenge of meeting the energy demands of a growing world population in balance with the climate change agenda. As a company, and as an industry, we must strive to continuously improve and become ever more responsible in the way we operate, manage our natural resources and engage openly with our stakeholders.

VAALCO has been operating in Gabon for over two decades and has always operated with a mindset of safety and sustainability. Through various drilling campaigns in Gabon, during which the Company has overseen the production of over 110 million barrels of oil, the Company can boast an exceptional safety and environmental record of which we are truly proud. We also recognize the importance of local stakeholder engagement, both in terms of with the government and relevant authorities, as well as socioeconomic impact through local employment and community initiatives.

Our reputation as a responsible operator and good corporate citizen undoubtedly played a key role in the decision of the Gabonese government to extend the Etame license in 2018, providing additional sustainability to our own business and an extended platform from which we can continue to demonstrate our commitment and positive contribution to the country and its people.

Over the last twelve months, the Company, under the direction of the Board, started a program that will allow the business to more reliably and more accurately capture certain environmental data. It is important for the business to set a baseline in order to define a clear strategy for improving our sustainability performance.

As we complete this phase, we look towards creating a culture of accountability based on hard facts and figures, to ensure that we continue to develop and better ourselves daily. From a board level, it is key that we move from an 'I think' mindset to an 'I know'

one. For this we look to our employees, empowering them to strive for a culture driven on leading indicator analysis and proactive management, ensuring that the best standards of operations become part of VAALCO's DNA.

VAALCO supports hiring nationals where it operates and promoting diversity and inclusion. We continuously review the composition of our staff, senior management and directors. Over 40% of our senior management both in Houston and in Gabon offices are represented by female professionals. We recognize the need for greater diversity on the Company's Board and have initiated a search for a female director.

The next twelve months are ones of excitement for the Company. We look forward to continued momentum with the completion of our 2019/20 drilling program as well as further opportunities in line with our strategic objectives. Our focus remains that of generating value for all of our stakeholders in a safe, responsible, and sustainable way.

A handwritten signature of Andrew L. Fawthrop in blue ink.

Andrew L. Fawthrop
Chairman of the Board

A CONVERSATION WITH **CARY BOUNDS**, CHIEF EXECUTIVE OFFICER



VAALCO delivered strong results in 2019, what were some of your highlights?

There were many achievements over the past few years including the completion of our secondary listing on the London Stock Exchange and the successful results from our 2019/2020 drilling program. VAALCO has positioned itself to generate significant operational cash flow to enable sustainable growth in the coming years, and for this, I must thank our employees who support us every day in Houston, Gabon, and Equatorial Guinea.

With VAALCO's continuing success, what are the key values you look to instill within the Company?

Building trust in what we do and how we do it amongst all our stakeholders is central to the cultural philosophy of VAALCO.

We have built trust with our host governments and communities through strict environmental stewardship and seeking to deliver positive social impacts through our outreach programs.

As an operator, our track record is what differentiates us; in over 20 years of operation we have had no environmental incidents and have promoted strong environmental stewardship throughout our organization. Despite our performance over the last 20 years, we can never be complacent and approach each day with a focus on maintaining this record, and our reputation as a safe and responsible operator.

What sort of legacy do you want to leave in the communities where you work?

We are proud of the commitments we have made to Gabon and Equatorial Guinea – places we now call home– and we want to continue making a positive impact through our employees and upon the local communities where we work. For us, engaging with the community is imperative. We believe that as a company operating in Gabon, it is our duty to provide stable, meaningful jobs to the community around us and we are proud to have built a company that thrives on contributions from a talented local workforce.

We continuously strive to develop, alongside the Gabonese government, our social programs and empower our employees to create a further sustainable impact through direct engagement, creating a difference that matters and a positive legacy that will last well beyond our operational life here.

Our projects in Equatorial Guinea hold exciting potential and we look to build open relationships with the local stakeholders with a foundation on trust. As shown in Gabon, we want to make a lasting positive difference and provide a strong platform for growth within the communities where we operate.

Climate Change is a significant issue for the planet. How is VAALCO managing its carbon footprint?

Looking to the future, it is clear that we all face challenges associated with climate change and acknowledge that we must more strictly manage our operations to support the move to a lower-carbon world. It will take time to develop alternative energy sources to replace hydrocarbons completely and we firmly believe that we have an important role to play in this transition.

It is also important to consider that in emerging markets where VAALCO operates, governments must be allowed to benefit from their hydrocarbon resources today to provide the capital necessary to diversify and enhance their economies and reduce future dependence on hydrocarbons.

We are committed to becoming a sustainable business and are actively seeking solutions to help reduce our environmental footprint. We will invest in the systems and infrastructure that allow us to capture, analyze and manage data to help drive performance improvements.

What does the future hold for VAALCO?

We are proud of the highly successful 2019/2020 drilling campaign in which we have drilled and brought online three development wells and drilled two successful appraisal wellbores that confirmed additional resources to exploit from this quality asset. We continue to focus on operational excellence and capitalizing on available opportunities, both organic and inorganic.



Cary Bounds

Chief Executive Officer

Houston Food Bank
Volunteering for Kids Program



ENGAGING WITH OUR STAKEHOLDERS

VAALCO has a commitment to operate responsibly wherever we work and to engage with our stakeholders to manage the social, environmental and ethical impact of its activities.

The Company has conducted an initial desktop assessment in conjunction with speaking to key stakeholders that are engaged through the course of our operating activities and refined our scope to the following priorities.

Stakeholder	EMPLOYEES	SHAREHOLDERS
Topics of Concern	Employee benefits Corporate Culture Equality Workplace Safety Workplace Health and Well-Being Training and Development	Return on investment Risk Management Governance Remuneration Regulatory compliance Climate Change



LOCAL COMMUNITIES	JOINT VENTURE PARTNERS	SUPPLIERS	GOVERNMENT AND REGULATORY AGENCIES	MEDIA
Employee benefits Corporate Culture Equality Workplace Safety Workplace Health and Well-Being Training and Development	Employee benefits Corporate Culture Equality Workplace Safety Workplace Health and Well-Being Training and Development	Employee benefits Corporate Culture Equality Workplace Safety Workplace Health and Well-Being Training and Development	Employee benefits Corporate Culture Equality Workplace Safety Workplace Health and Well-Being Training and Development	Employee benefits Corporate Culture Equality Workplace Safety Workplace Health and Well-Being Training and Development



ENGAGING WITH OUR COMMUNITIES

Every year, 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. Projects are selected by committees consisting of The State representatives, VAALCO and local community members.

	2020 Projections	2019
Training of Government Personnel	\$180	\$180
Supporting Gabon Hydrocarbon Industry	\$2,074	\$1,487
Supporting the Diversification of the Economy	\$1,641	\$1,179
Enhancing Quality of Life of Local Communities	\$250	\$150
	\$4,144	\$3,096

In addition, since 2018, VAALCO has committed an additional XAF100 million to social projects further demonstrating our commitment to be a positive member of the community where we operate.

In 2019 VAALCO GABON S.A. volunteers visited over 11 schools with educational programs. The Company sponsors MISSION NISSI local center for young women who are at risk of human trafficking.



In Houston, VAALCO supports the Krause Children's Center that serves young women between the ages of 12-17 on their road to recovery from difficult domestic situations.

Houston office employees volunteer with Junior Achievement programs that help students realize that the education they are getting today will help them to have a bright future tomorrow.

Social License to Operate

VAALCO has been operating in Gabon since 1998. During this time, it has actively supported the communities where we operate, its employees, local partners in cooperation with the Government of Gabon. it is proud of its contributions and continues to find ways to make a positive impact on its neighbors.

Community initiatives

- Education: school supplies, training, facility upgrades, orphanage
- Social and health development campaigns that support the improvement in the quality of life
- Environmental programs
- Programs are a mixture of contributions, training and workforce participation in activities



Colleagues and members of local communities engaging to discuss Women's education and career development opportunities, obstacles and solutions



"Adopt the Beach" program to clean and maintain a portion of the Cape Lopez Beach in Port- Gentil. During this initial event, VAALCO employees, families and friends collected a total of 275 kg (616lb) of litter from the shoreline.



On October 30, 2019 VAALCO volunteers conducted training to over 800 students at Elsik High school through Junior Achievement Program talking about Excellence Through Ethics!



A COMMITMENT TO WORLD-CLASS HSSE

High standards of Health Safety Security Environment performance are directed by the following principles:

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

Trust The Company conducts its operations in a manner of building trust on HSSE issues with its employees, governments, and the public.

Accident Prevention The Company's goal of zero accidents, injuries, unsafe work practices, or unsafe conditions is the goal of all employees.

VAALCO has the highest regard for the health, safety, security and environment when it comes to our employees, contractors and communities in which we operate.

Gabriel IKAPI, Sr. HSSE Advisor, VAALCO Gabon S.A.

Corporate Transparency

Upholding these principles is not only critical to our operational success but to our reputation with investors and host countries and most importantly, to ensure our staff and contractors go home safely at the end of each day.

Emissions Reduction and prevention of waste and emissions/releases is a key objective of all our operations.

Emergency Preparedness Emergency preparedness is a vital function and is the responsibility of management and supervision at all levels.

Compliance The Company will comply with all applicable environmental, health, and safety laws and regulations.

Training The Company will proactively assure that employees are adequately trained and educated on HSSE issues.

Measurement of Performance HSSE performance will be measured and communicated company wide.

Effectiveness of HSSE The Company intends to achieve continual improvement in the effectiveness of its health, safety, security and environmental programs.



Safety Meetings begin before every shift.



Tool Box Talk- Safety Meeting, in VAALCO Gabon S.A. office, Port Gentil, Gabon.

The background of the page is a composite image. The left side features a close-up of a coral reef with various colors like red, orange, and green. The right side shows a diver in a blue wetsuit swimming in clear blue water, with a sandy bottom visible below. The overall tone is clean and nature-oriented.

MANAGING OUR ENVIRONMENT

VAALCO is committed to responsible environmental stewardship and seeks to manage its operations accordingly.

As a business operating in an extractive industry, VAALCO takes precautions to protect the surrounding natural resources and environments and also to prevent incidents from occurring.

As a trusted operator, VAALCO's stakeholders expect it 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.

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 IRAS ("Internal Resources for Administering Safety") safety management system. IRAS has been designed to align with the International standards established in ISO 45001.

VAALCO is proud of its zero environmental incidents record and will continue to pursue strict compliance with all applicable standards.

Emissions Management

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

During 2020, the Company plans to undertake a comprehensive baseline study to fully understand and manage its carbon footprint. This baseline will allow VAALCO to make better and more informed decisions that will shape its carbon reduction strategy and refine targets.

The baseline study comprises building a complete greenhouse gas emissions inventory and diagnostic across the entire operating base, which will include aerial reconnaissance data gathering and asset integrity audits.

Flaring and venting

The oil and gas industry uses operational flaring and venting techniques in order to protect stakeholders from potentially hazardous events. VAALCO has conducted a series of studies and engineering works so that it can fuel certain

offshore energy requirements with natural gas that is captured. As part of our larger emissions management study, VAALCO is considering other initiatives to mitigate flaring from its operations.

Energy consumption

We assess our energy consumption and we have incorporated numerous strategies into our day-to-day lives to eliminate any unnecessary energy consumption. VAALCO employees adopted an eco friendly attitude by raising awareness of the environmental consequences of single-use plastics, printing on both sides to save paper and turning off laptops, printers, copiers, air conditioners and fixtures when not in use.

Water management

As VAALCO operates offshore, it has a limited impact on water availability.

VAALCO's offshore operations generate very little produced water. 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 MARPOL standard requirements.

Biodiversity

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 & natural beauty, VAALCO not only operates responsibly in our production areas, but also looks to achieve 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. We continue to look for methods to reduce and recycle our waste and partner with responsible disposal companies who use clean technologies and work with local communities to manage this growing need.

HEALTH AND SAFETY

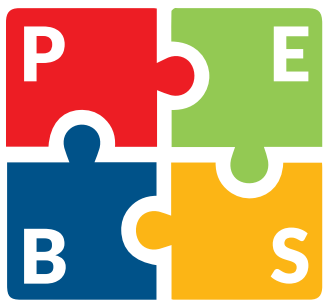
VAALCO is committed to managing its operations in a safe, reliable and environmentally responsible manner to prevent major accidents and to provide a high level of protection to its employees and contractors. Given the potential hazards involved in onshore and offshore oil and gas operations, it is essential that the Company continuously adhere to strict health, safety and security practices.

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

As part of its culture of trust, VAALCO has 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.

Safety fact – VAALCO held 30 “Management by Walking Around” safety events during 2019, offshore Gabon





People Based Safety

VAALCO Energy's **People Based Safety Program** –complementing Behavior Based Safety through strengthening Safety Leadership Skills

Spill Prevention & Response

As an offshore operator, VAALCO manages its operations in a way that seeks to 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, VAALCO's operating platforms are equipped with a Tier 1 spill kit that supports a rapid response in the event of an emergency. The Company holds training sessions to ensure that operational staff are prepared and run emergency drills are routinely conducted at VAALCO 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 VAALCO's OSRL membership we have access to CAP & STACK technology.

Biodiversity

VAALCO seeks to create a safe working environment, with a goal of zero harm in the workplace, and therefore places great emphasis on safety training. The Company provides regular safety training to personnel.

Employees participate in mandatory safety courses as part of a wider safety program that introduces new courses as appropriate. The Company has set a minimum requirement for a 95% success rate that was achieved during 2019.

As part of its commitment to the development of our safety programs VAALCO empowers its workforce to be a key component of developing our health and safety standards. Throughout the year VAALCO employees are encouraged to provide observations of any unsafe operations or environments. Management addresses these observations and employees are rewarded for their participation and those that have the most valuable impact on future operating standards.



Vessel cleaning



HSSE team safety walk around

VAALCO has implemented a company-wide program focusing on people-based safety leadership skills, hazard and risk awareness. The training, which will complement behavior-based safety through strengthening safety leadership skills, will involve both employees and contractors and it is intended to help identify “safety champions” across the business who will promote our safety philosophy.

Contractor safety

- Working with our partners and suppliers is an important component of the oil and gas industry safety practices.
- VAALCO screens all contractors to ensure they meet required safety standards.
- Upon engagement, contractors are enrolled in the Contractor Safety Program to reinforce expectations and VAALCO’s commitment to safety.
- During 2019, the HSSE team conducted an audit of the Contractor Safety Program and made a series of updates in line with evolving best practices.

Security

VAALCO is committed to providing our employees and stakeholders a secure work environment that takes into account the security risks in the areas we operate in.

Our operating teams are vigilant to emerging threats across our business and areas of operation and have conducted numerous assessments across our operating assets.

We are aware of the increase in offshore activity relating to piracy in other offshore producing regions of Africa. We monitor these risks, using third party sources and through engaging with local agencies and the US Embassy in Gabon.



OUR PEOPLE

VAALCO's people are core to our ambitions and central to developing the positive "can do" culture that permeates our business. We strive to be a workplace of choice and one that improves the lives of our employees, challenging them to develop in an honest, safe and professionally rewarding environment and we seek to recruit and nurture talent from the communities in which we operate.

Our total employees at year-end was 117, comprised of 81 Gabon based (75 Gabonese nationals and 6 expatriates) and 36 Houston based employees across our operations.

- Committed to our employees
- Ensuring the health, safety, security, and wellbeing of our employees
- Working with integrity and fairness toward all stakeholders
- Operating with honesty and transparency
- Trusting our employees to further better ourselves
- Advancement through merit





VAALCO Gabon S.A. Employee Representatives

Local Employment

VAALCO is committed to making a positive impact on our local stakeholders. Through our operations in Gabon, we aim to create meaningful local employment opportunities that support the local workforce. Throughout the employment process, local workers are hired based on their qualifications, including experience and educational background. As of 2019, 86% of our workforce have technical or university degrees.

As part of our commitment to our workforce, we support participation in ongoing education and development programs for our employees,

aimed at providing professional degrees and certifications. VAALCO also supports professional training programs that are designed to enhance the capabilities of local personnel and localize certain ex-pat roles.

Employee Remuneration

VAALCO's remuneration policy is designed to be competitive in the current market. VAALCO's total compensation system is designed to retain and motivate our workforce and enable career growth. We are committed to ensuring that our employees are valued fairly in comparison to their peers and use a third-party consultant to support this goal.

Employee engagement

VAALCO is committed to creating a positive work environment. A key element of this is ensuring that we engage with those that continue to make our Company the success that it is today. Our philosophy is to ensure that our employees are kept up to date with our activities as we conduct our business. We regularly update our workforce via email and through quarterly staff meetings, HR training, and technical meetings.

It is also important for the business to understand how its employees feel about their working environment and their opportunities, which has an impact on the culture of the business and how it operates. Our local employees elect Employee Delegates who represent the entire workforce to ensure employee concerns are recognized and addressed.

The core missions of staff delegates are:

- To report to the employer the individual and collective employee issues relating to wages, social protection, health and safety.
- Alert the employer if employees' rights, health or individual freedoms are violated. Such breaches may, for example, relate to acts of harassment or discrimination.
- Accompany the labor inspection during its visits to the company.



DIVERSITY

VAALCO is an equal opportunity employer and firmly believes in the benefits that diversity and inclusion bring to an organization. The Company values its employees and empowers them to nurture a positive working culture. VAALCO seeks 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.

93.7%

of our Gabon workforce is Gabonese

40%

of VAALCO Gabon S.A.'s senior management team is represented by female employees

43%

of VAALCO Energy Inc.'s senior management team is represented by female employees

Employee Development

VAALCO recognizes the importance of investing in its employees' professional development and is committed to ensuring that its employees are prepared for all aspects of their day-to-day roles.

Each year, each employee receives a skills assessment that acts as a refresher course and assesses their ability to progress to a higher position within the company. In 2019, employees received additional technical training, with 18 promoted to more senior positions.

In addition to technical development, VAALCO is committed to ensuring that its employees' soft skills develop as they move forward with their professional lives. VAALCO offers Cultural Training, Code of Conduct, Harassment, Bullying, Difficult Conversations, Anti-corruption, Insider Trading, Code of Business Ethics, Environmental Safety, and Drugs in the Workplace to all employees.

An integral part of our culture is trust. VAALCO empowers its employees to hold themselves and their colleagues accountable to the highest standards and have strong values of responsibility and integrity. Our written standards and policies contain general guidelines for conducting business with the highest standards of ethic. VAALCO is committed to an environment where open, honest communications are the expectation, not the exception. Our employees feel comfortable in approaching supervisor or management in instances where they believe violations of policies or standards have occurred. We also have an anonymous whistleblower hotline reporting system to submit reports relating to violations stated in our written standards and policies, as well as asking for guidance related to policies and procedure and providing positive suggestions and stories.



Article about VAALCO women career path in L'UNION du Gabon.



Clotaire KONDJA, Deputy General Manager, VAALCO Gabon S.A.

Commitment to Ethics

Anti-Bribery and Anti-Tax Avoidance Policy

VAALCO strives to operate at the highest possible standard both regionally and internationally, we ensure that all our operations follow the laws under which they are governed. Each year we update the Employee Handbook, which is produced in English and French, to reflect any changes in applicable laws and regulations. Although the Policy updates yearly, the fundamental precept is the same: VAALCO does not pay bribes of any type, even facilitating payments, and does not permit others to do so on its behalf.

With our commitment to good corporate citizenship, we hold our business and VAALCO's directors, officers, employees and any third parties or agents who do business on behalf of VAALCO to the highest ethical standards. Our corporate governance policies are overseen by our majority independent Board and are designed to be in compliance with all applicable anti-bribery and anti-tax avoidance legislation wherever VAALCO conducts business including, but not limited to, the United States Foreign Corrupt Practices Act ("FCPA"), all applicable

United States tax laws, the United Kingdom's Bribery Act 2010 ("UK Bribery Act"), and the United Kingdom's Criminal Finances Act 2017 ("UK CFA").

We have a zero-tolerance policy with respect to bribery and corruption and we rigorously educate our employees on compliance with applicable anticorruption laws. Compliance with the Company's Anti-Bribery and Anti-Tax Avoidance Policy is just one of many requirements for conducting business with the highest ethical, legal and professional standards that benefits all of our stakeholders, including investors, employees, customers, suppliers, governments, communities, business partners and others impacted by how we operate.



Usher Ahlin MBANGOU BRUCE, Accountant, VAALCO Gabon S.A.

Supply Chain Management

- VAALCO is committed to developing its procedures to enable the company to operate at the highest standard both nationally and internationally. The procurement team is split between our Houston and Gabon offices and between them cover the Company's extensive service and equipment requirements.
- Over the past 12 months, the Company has invested in its procurement capabilities by growing its team and seeking opportunities to develop its existing protocols and systems. Through this review, it is intended that stricter systems are developed, more efficient processes for characterizing products and services are devised, ultimately defining a more effective procurement policy that ensures that the process is managed in a robust, fair and transparent manner.
- In line with our commitment to support our surrounding communities and enhance local content, VAALCO makes every effort to source material and services from local suppliers whenever it is appropriate. By striving to adhere to our high technical and safety standards, we work with local vendors to increase their capacity to compete locally and at a regional level.



Howard Price, SR. Project Engineer



Erika DESTRIBOIS, Supply Chain Manager



Corporate citizenship goes beyond promoting the rule of law, transparency, good governance, fighting corruption and responsible environmental practices. It is about the contribution the company makes to society through its core business activities, its social investment, and philanthropic programs.



GOVERNANCE

VAALCO’s Board is committed to operating with good corporate governance practices and as such holds itself accountable for the way the company operates. Our Board comprises five Directors, three of which are non-executive Directors, in line with our policy that the majority of the members of the Board be independent. As part of our responsibilities and to ensure we work to the high standards we hold ourselves to, the Board operates four committees, Audit, Compensation, Nomination & Corporate Governance and Strategic, the composition of which can be found below.

	Audit	Compensation	Nominating & Corporate Governance	Strategic
Andrew L. Fawthorp	●	Chair	●	Chair
Cary Bounds				●
Steven J. Pully	●	●	Chair	●
A. John Knapp, Jr.	Chair	●	●	●

Board Oversight and Accountability

Our Board is responsible for overseeing the conduct of the entire business. VAALCO's Board of Directors reviews performance against the defined long-term strategy and ensures that the appropriate processes for risk identification and management are in place.

Adherence to robust corporate governance lies at the foundation of our culture. The board is committed to ensuring that the company acts in accordance with the highest possible standard and as a guiding principle.

Our directors are committed to maintaining our high standards of corporate governance in conducting its business and to interact with its shareholders, employees, business partners, governmental entities, the public and our communities in a responsible, ethical and lawful manner. We recognize the need for greater diversity on the Company's Board and have initiated a search for a female director.

Risk Management

Risk is a part of our business and it is the duty of the Board to identify and manage risks. As one of our core values, constant development improvement plays a key role in the identification and managing of risk. As we move forward, we further look to integrate our management systems to ensure that they are able to address risks that may occur.

Our vendors and contractors are an integral part of our business. Where we are not in operational control, we hold our vendors and contractors accountable to our high operational and safety standards. We consistently monitor performance and advice and assistance where necessary

Corporate Governance Policies

As part of our commitment to good corporate governance, which promotes the long-term interests of Shareholders and strengthens the Board and management accountability, VAALCO ensures that it operates to the highest possible standard. As such has clearly outlined its internal standards in policies and codes of business that can be found on the VAALCO website:

- Code of Business Conduct and Ethics
- Insider Trading Policy
- Information Disclosure Policy
- Anti-Bribery and Anti-Tax Avoidance Policy
- Code of Ethics for the Chief Executive Officer and Senior Financial Officers
- Corporate Governance Principle



VAALCO ENERGY, INC.

9800 Richmond Avenue, Suite 700

Houston, Texas 77042

713.623.0801

vaalco.com