



ESG Report

The world requires reliable, affordable and sustainable energy, and we see this as an opportunity. We are committed to advancing the future of energy through innovation, ingenuity and unmatched execution.

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ESG Report

Please visit www.valero.com to learn more about our company. The terms "Valero," "we," "our" and "us," when used herein, may refer to Valero Energy Corporation (NYSE: VLO), to one or more of our consolidated subsidiaries, or to all of them taken as a whole. The term "DGD," when used in this report, may refer to Diamond Green Diesel Holdings LLC, its wholly owned consolidated subsidiary, or both of them taken as a whole.

ABOUT THIS DOCUMENT

Policies and Procedures

This document includes statements regarding various policies, values, standards, approaches, procedures, processes, systems, programs, initiatives, assessments, technologies, practices, and similar measures related to our operations, ESG-related data, actions and compliance systems ("Policies and Procedures"). References to Policies and Procedures in this document do not represent guarantees or promises about their efficacy or continued implementation, or any assurance that such Policies and Procedures will apply in every case. Such Policies and Procedures are subject to risks, uncertainties and other factors, some of which are beyond the control of Valero and are difficult to predict, and there may be exigent circumstances, factors, or considerations that may cause implementation of other measures or exceptions in specific instances. Please see Forward-Looking Statements below and the risk factors in our Annual Report on Form 10-K for the year ended December 31, 2022.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), including, but not limited to, statements about our Policies and Procedures. You can identify forward-looking statements by words such as "should," "strive," "pursue," "intend," "anticipate," "forecast," "track," "would," "continue," "poised," "focused," "opportunity," "scheduled," "believe," "estimate," "expect," "seek," "could," "may," "will," "targeting," "goal," "aspiration," "plan," or other similar expressions that convey the uncertainty of future events or outcomes. Forward-looking statements in this document include those relating to our 2025 and 2035 GHG emissions reduction/displacement targets, our 2050 ambition regarding GHG emissions reductions/displacements, statements relating to Valero's low-carbon fuels strategy, expected timing of completion, cost and performance of projects, future market and industry conditions, future operating and financial performance, expected timing of future reports, future production and manufacturing ability and size, and management of future risks, among other matters. It is important to note that actual results could differ materially from those projected in such forward-looking statements based on numerous factors, including those outside of Valero's control, such as legislative or political changes or developments, market dynamics, cyberattacks, weather events, and other matters affecting Valero's operations or the demand for Valero's products. These factors also include, but are not limited to, the uncertainties that remain with respect to current or contemplated legal, political or regulatory developments that are adverse to or restrict refining and marketing operations, or that impose profits, windfall or margin taxes or penalties, the Russia-Ukraine conflict, the impact of inflation on margins and costs, economic activity levels, and the adverse effects the foregoing may have on Valero's business plan, strategy, operations and financial performance. These statements are often based upon various assumptions, many of which are based, in turn, upon further assumptions, including examination of historical operating trends and market conditions made by the management of Valero. Although Valero believes that the assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies, which are difficult or impossible to predict and are beyond its control, Valero cannot give assurance that it will achieve or accomplish its expectations, beliefs or intentions, or that any forward-looking statements will ultimately prove to be accurate. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements contained in Valero's filings with the Securities and Exchange Commission, including Valero's annual report on Form 10-K, quarterly reports on Form 10-Q, and other reports available on Valero's website at www.valero.com. These risks could cause the actual results, actions and Policies and Procedures of Valero to differ materially from those contained in any forward-looking statement. We do not intend to update these statements unless we are required by the securities laws to do so. Results or metrics in this document as of any date, or for any period, ending on or prior to the date of this document are not necessarily indicative of the results that may be expected as of any date, or for any period, ending after the date of this document. Neither the future distribution of this document or the information included or referenced herein, nor the continued availability thereof in archive form on our website, should be deemed to constitute an update or reaffirmation of these figures or statements as of any future date.

This report and the disclosures herein are not "soliciting material," are not deemed filed with the SEC, and are not to be incorporated by reference into any of Valero's filings under the Securities Act or the Exchange Act, whether made before or after the date of this document and irrespective of any general incorporation language therein. Furthermore, references to our website URLs are intended to be inactive textual references only.

This document represents a good faith effort by Valero to address its efforts, initiatives, and performance on an array of diverse and broadly defined ESG-related topics of interest to certain stakeholders. The inclusion of or reference to any information in this document is not an indication that this information or statements related thereto are necessarily material to investors or require disclosure in our filings with the SEC.

A Letter From Our CEO

Valero remains steadfast in the execution of its strategy, pursuing excellence in operations, investing for resilience and earnings growth, and honoring our commitment to stockholder returns. Our team's execution across the board from safe and reliable operations to marketing, finance and administrative support is best-in-class.

Last year, Team Valero continued making economic low-carbon investments that leverage Valero's project development and manufacturing expertise. In the fourth quarter, we successfully began operations of our new renewable diesel plant in Port Arthur, Texas, ahead of schedule and under budget. Most recently, we announced a \$315 million investment in a sustainable aviation fuel (SAF) project at the same facility, with expected startup in 2025. We have invested more than \$5.1 billion to date in low-carbon fuels, which have made Valero the world's largest producer of low-carbon liquid transportation fuels. These fuels offer some of the lowest carbon transportation options, enabling governments, countries and companies to reach their goals to lower GHG emissions.

These projects are supported by our continuous strong financial performance and steady execution of our business strategy. Our low-carbon initiatives do not stop there. As you will read later in this report, we are advancing the evaluation and/or development of other low-carbon projects such as low-carbon hydrogen, renewable propane, carbon sequestration projects and alcohol-to-jet fuel, while also supporting the testing of a tailpipe CO₂ onboard capture system.

In 2022, we grew earnings through market expansion, margin improvement and operating cost control, with rigorous investment evaluation and execution of capital projects. We also continued utilizing a disciplined capital allocation framework that prioritizes an investment-grade credit rating while delivering distinctive financial results and peer-leading returns to stockholders.

We continue to treat all our communities fairly and are committed to positively impact their lives with charitable investments and the generous contribution of our employees' time and talents. I am very proud to report that in 2022 alone, we generated more than \$68 million in charitable giving and our employees volunteered more than 100,000 hours, from building homes and donating blood, to mentoring students and providing meals for families. Recently, we published the results of an independent third-party environmental justice audit, which assessed Valero's commitment to environmental protection, community engagement and investment.

None of our accomplishments would be possible without the commitment of our employees and leadership of our board of directors. We are proud of what we have accomplished and are working hard to advance the future of transportation fuels through innovation, ingenuity and disciplined execution.

Thank you for your trust and support of Valero.



R. Lane Riggs
Chief Executive Officer and President



About Valero

Our Business

We are a Fortune 500 company and a multinational manufacturer and marketer of petroleum-based and low-carbon liquid transportation fuels and petrochemical products, and we sell our products primarily in the United States (U.S.), Canada, the United Kingdom (U.K.), Ireland and Latin America. We manage our operations through our Refining, Renewable Diesel and Ethanol segments.



REFINING

World's largest independent refiner

- 15 petroleum refineries in the U.S., Canada and the U.K., with 3.2 million barrels per day (bpd) of high-complexity throughput capacity.
- Lowest-cost producer of gasoline, diesel, jet fuel and other specialty products, including petrochemicals and asphalt.
- Executing a viable and Board-approved path to reduce and displace refinery Scope 1 and 2 greenhouse gas (GHG) emissions by 100% by 2035.



RENEWABLE DIESEL

World's 2nd largest renewable diesel producer

- Renewable diesel plants adjacent to the Valero St. Charles and Port Arthur Refineries.
- Developing large-scale SAF project, expected in 2025.
- Current annual production capacity of 1.2 billion gallons of renewable diesel and 50 million gallons of renewable naphtha.
- Up to 80% reduction in life cycle GHG emissions, compared with petroleum diesel.¹
- 100% compatible with existing engines and infrastructure.



ETHANOL

World's 2nd largest corn ethanol producer

- 12 ethanol plants with annual production capacity of 1.6 billion gallons of ethanol and 4.2 million tons of distillers grains.
- High-octane, low-carbon fuel offering at least 30% reduction in life cycle GHG emissions, compared with petroleum gasoline.¹
- Developing carbon capture and storage (CCS) projects to further reduce carbon intensity of ethanol.

Guiding Principles



Safety

Safety is our foundation for success.



Environment

We are committed stewards of the environment.



Community

We will be a good neighbor by sharing our success with the communities where we live and work through volunteerism, charitable giving and the economic support of being a good employer.



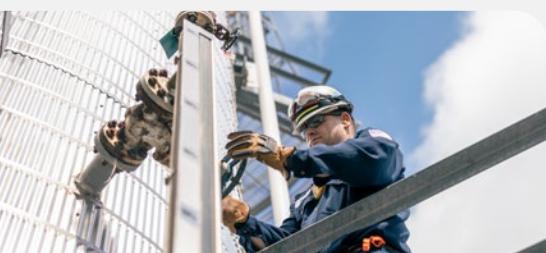
Employees

We consider our employees a competitive advantage and our greatest asset. We foster a culture that supports diversity and inclusion, and we provide a safe, healthy and rewarding work environment with opportunities for growth.



Governance

We view our stakeholders as partners to whom we seek to deliver operational excellence, disciplined management of capital and long-term value on a foundation of strong governance and ethical standards.





- WHOLESALE MARKETING PRESENCE
- VALERO'S V
- VALERO REFINERIES
- VALERO ETHANOL PLANTS
- VALERO TERMINALS
- ★ VALERO OFFICES
- ◆ DIAMOND GREEN DIESEL
- PIPELINES
- PAYMENT SERVICE CENTER
- SUNRAY WIND
- COGENERATION UNITS
- PROPOSED CARBON SEQUESTRATION PIPELINE
- EXPANDERS (ELECTRICITY PRODUCED FROM EXHAUST GASES)

Environmental

GHG Emissions Strategy:

- **Achieved our short-term 2025 GHG emissions target** by reducing/displacing more than 63% of global refinery Scope 1 and 2 emissions in 2022, three years early.
- **On track to achieve 100% global refinery Scope 1 and 2 GHG emissions reduction/displacement target by 2035.**
- **New 2050 ambition** to reduce and displace companywide GHG emissions for Scopes 1, 2, 3 and 4 by more than 45 million metric tons CO₂e.

Low-Carbon Investments:

- More than **\$5.1 billion invested** to date in our low-carbon fuels business.
- World's largest producer of low-carbon liquid transportation fuels.
- **New large-scale SAF project** at our renewable diesel plant in Texas, expected in 2025.
- Successfully expanded total renewable diesel production capacity to 1.2 billion gallons in 2022.
- Expect to be the anchor shipper on Navigator's carbon sequestration pipeline project.
- Producing, evaluating and/or advancing new low-carbon product offerings such as low-carbon hydrogen, renewable propane, renewable naphtha, renewable arctic diesel and fiber cellulosic ethanol.

ESG Disclosures:

- In the 2022 TCFD Report, which included an independent scenario analysis using IEA's Net Zero by 2050 Scenario, HSB Solomon Associates LLC (Solomon) concluded that Valero's overall refining portfolio would be resilient and its strategy is aligned with the goals of the Paris Agreement.
- **Scope 3 intensity** in kg CO₂e per barrel of company refining throughput and production/sales of low-carbon fuels shows the GHG emissions from the use of our collective products are industry-leading lows.
- Responded to CDP's Climate Change Questionnaire.

Social

- Ensuring a **best-in-class** work environment.
- **Best year ever for combined employee and contractor safety performance** in 2022.
- Providing **competitive pay and benefits** that reward innovation, ingenuity and excellence.
- **Maintaining 99%-100% pay equity ratios** for gender and minority status.
- **Attracting and retaining the best talent.**
- Enhancing **personal and professional growth** and development opportunities to enable all employees to reach their full potential.
- Under Board oversight, published the **Environmental Justice Audit Report** and the **Racial Equity Assessment**, both from independent third-party experts.
- Generated more than **\$68 million** for charities.
- **Executive compensation design modifications** included:
 - Target relative total shareholder return (TSR) performance for performance shares to be above the median of the peer group.
 - Apply a cap on overall performance share payouts at 100% of target when Valero's TSR is negative.
 - Enhance Stock Ownership and Retention Guidelines by increasing the required value of Valero common stock as a multiple of salary by 50%.

Low-carbon projects are held to a minimum after-tax internal rate of return (IRR) threshold, just like other projects.



Visit our website at www.valero.com > Investors > ESG.

Governance

- **Linking ESG, Climate Goals and Executive Compensation:**
 - **Energy transition modifier in long-term incentive program for performance shares** was modified to use our 2035 GHG emissions reduction/displacement target.
 - **ESG Component of Annual Bonus:** In addition to HSE performance metrics, ESG efforts and improvements are also part of the annual bonus program.
- Reporting **political disclosures**, including contributions, lobbying and trade associations.
- Annual climate lobbying report, including alignment analysis of indirect lobbying through trade associations and Valero's vision of providing affordable fuels while reducing GHG emissions.
- **Board Diversity:** 70% of independent directors representing gender or racial/ethnic diversity.
- **Cybersecurity and Incident Evaluation:** Senior management delivers prompt and transparent update reports to the Audit Committee on matters respecting cybersecurity and IT risks.
- Enhancing mandatory **compliance and ethics training** for all employees on policies included in our Code of Business Conduct and Ethics.

Other Valero ESG Disclosures/Policies

- [TCFD Report \(IEA Net Zero by 2050\)](#)
- [Environmental Justice Policy Statement](#)
- [Environmental Justice Audit Report](#)
- [Racial Equity Assessment](#)
- Third-Party Assurance Statements: copies of independent third-party verifications of [Scope 1](#), [Scope 2](#) and [Scope 3 intensity](#) as well as the validation of our [2035 GHG emissions target](#) can be found on our website at www.valero.com > Investors > ESG > Other Reports. Scope 3 intensity and our 2035 GHG emissions target were found to be science-based and conform with acceptable engineering practices.
- [SASB Report](#)
- CDP Questionnaire
- [Code of Business Conduct and Ethics](#)
- [Conduct Guidelines for Business Partners](#)
- [Human Rights Policy Statement](#)
- [Health, Safety and Environmental Policy Statement](#)
- [Political Participation and Contributions](#)
- [Climate-Lobbying Analysis](#)
- EEO-1 report expected in late 2023.



Valero's Strategy

Global energy supply must increase to meet the demand created by a growing world population that desires access to a higher standard of living. Liquid transportation fuels are reliable, affordable and scalable, and we believe they will continue to be essential products well into the future.

Our strategic actions have enabled us to be a low-cost, efficient and reliable supplier of liquid transportation fuels to the world. Many of our refineries are located

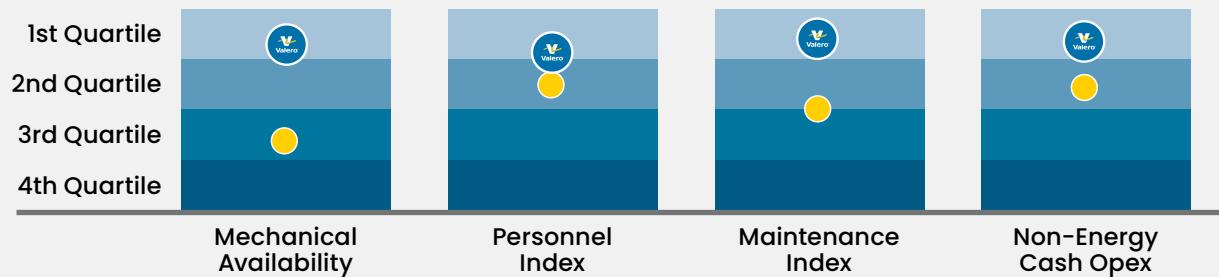
in regions with advantaged operating expenses, raw material costs and access to skilled labor. Throughout Valero's history, we have proactively managed our business portfolio through acquisitions and divestitures and have made selective investments to build a portfolio of assets that we expect to thrive under most reasonable energy demand forecasts, and we intend to continue to optimize as conditions warrant.

Operational improvements have led to peer-leading performance in refinery efficiency and margin capture

Our commitment to operational excellence and investments in reliability have driven our refining portfolio performance in mechanical availability and cost efficiency, as benchmarked by Solomon. In addition to minimizing environmental impacts and

enhancing process and personnel safety performance, improvements in mechanical availability have enabled greater margin capture, lower cash operating expenses and peer-leading average free cash flow generation since 2012.

Industry Benchmarking²

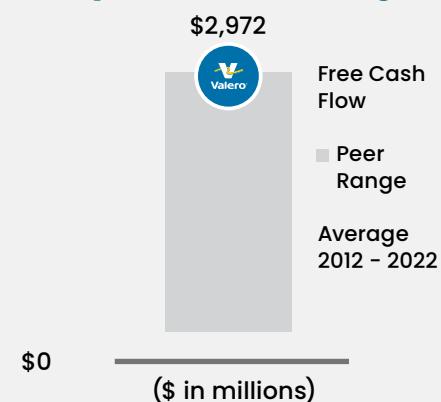


Refining Cash Operating Expenses Per Barrel of Throughput³

(excludes turnaround and D&A expenses)



Long-Term, Sustainable Competitive Advantage⁴



Integration of Climate-Related Risks and Opportunities in Our Businesses and Strategy

As part of Valero's annual strategic planning cycle, risks to our businesses and operations, including climate-related, legal, policy and regulatory developments, are identified and assessed by the executive management team. Climate-related risks may adversely affect our business and financial performance. Regulations and incentives to encourage innovation and actions to mitigate these impacts also present climate-related opportunities. The management team takes into consideration analysis and scenarios from internal and external subject matter experts, levels of certainty and time horizons spanning short-, medium- and long-term in its assessment and development of strategies for risk mitigation and capturing opportunities.

In addition to the annual cycle, risks and opportunities are monitored and reviewed frequently at many levels of the company. Reporting directly to the CEO, the Senior Vice President, General Counsel and Secretary has oversight of Health, Safety and Environmental, Legal, ESG, Compliance, Risk Management and Government Affairs functions. Further details on our risk management and oversight structure are provided in the Governance section beginning on page 65.

Today, Valero is the leader in the production of low-carbon liquid transportation fuels because of strategic actions taken more than a decade ago.

Since 2009, we have been deploying capital to grow our low-carbon fuels businesses.

Our ethanol plants are located near abundant raw material, have some of the lowest operating costs in the industry and have the ability to export to meet world demand. Our participation in Navigator's proposed large-scale carbon capture and sequestration pipeline system in the U.S. Mid-Continent region is expected to reduce CO₂ emissions from eight of our ethanol plants, lowering the carbon intensity (CI) of the ethanol product and enabling the generation of 45Q tax credits under the U.S. Inflation Reduction Act of 2022 (IRA).

The reduced carbon intensity improves ethanol value in low-carbon markets and could create a pathway for producing SAF through an alcohol-to-jet process.

Our two renewable diesel plants are located adjacent to our refineries and produce a low-carbon, high-margin product that represents an affordable and immediate solution to reduce transportation GHG emissions. Valero has grown market share as regulations, policies and standards issued by state and federal governments in the U.S., Canada, EU and the U.K. have targets to reduce GHG emissions using low-carbon fuels.

Growth in terms of volume and lower carbon intensity fuels offerings have a direct impact on global GHG emissions reductions, as these low-carbon fuels substitute for and displace higher carbon-emitting petroleum fuels.

Showing our commitment to responding to the requests of certain stakeholders regarding an independent assessment of the resilience of our strategy under hypothetical oil and biofuel demand scenarios⁵ in low-carbon marketplaces, we have issued three TCFD reports under multiple demand scenarios.

Our first TCFD report, the Review of Climate-related Risks and Opportunities, was published in September 2018. At that time, we engaged Solomon to conduct an independent scenario analysis under multiple demand scenarios, including the potential transition to a lower-carbon economy consistent with the International Energy Agency's (IEA) 2°C scenario. In the 2021 TCFD Report and Scenario Analysis, Solomon examined our refining business and reviewed the resilience of our strategy under the IEA's Sustainable Development Scenario (SDS), referred to as a well-below 2°C scenario. And in the 2022 TCFD Report, Solomon conducted an independent scenario analysis based on the assumptions developed by the IEA in the Net Zero by 2050 Scenario.

Solomon concluded that our overall refinery portfolio would be resilient in the low-carbon marketplaces envisioned by the scenarios in such reports.

Low-Carbon Innovation



We have invested more than \$5.1 billion to date in our low-carbon businesses, making us the world's largest low-carbon transportation fuels producer. Low-carbon liquid fuels offer substantially lower GHG emissions, compared to petroleum-based fuels. These investments also create shareholder value, since they compete with refining projects for growth capital. Low-carbon projects have been held to our minimum after-tax IRR.

The following are examples of high-return, low-carbon projects we are currently producing, evaluating and/or advancing.

Renewable Diesel

 Interchangeable with petroleum and produced primarily from waste feedstocks, such as used cooking oil and animal fats, **renewable diesel offers up to 80% lower life cycle GHG emissions.**

 In 2022, we successfully started operations at our Port Arthur, Texas, renewable diesel plant, which increased our total annual production capacity to 1.2 billion gallons of renewable diesel. Renewable propane, a byproduct of the process, is also recovered and can be used in the production of low-carbon hydrogen, as a petrochemical feedstock or as a low-carbon fuel. Additionally, we produce niche grades, such as arctic renewable diesel, for use in Arctic climates.

After a decade of investments, Valero is one of the world's largest producers of renewable diesel.

Ethanol



Primarily blended into gasoline, ethanol is a low-carbon, high-octane transportation fuel that **lowers life cycle GHG emissions by at least 30%**, compared with gasoline, and boosts the octane rating of gasoline.

We currently operate 12 plants, located in the U.S. Midwest, with a combined

Valero is the world's second-largest corn ethanol producer.

production capacity of 1.6 billion gallons per year. Our plants are dry mill facilities that process corn to produce ethanol and co-products, such as dry distillers grains (DDGs) and syrup for livestock feed, and inedible corn oil. When blended with animal feed, DDG makes for a protein-rich meal for livestock.

Fiber Cellulosic Ethanol



A second-generation fuel, Valero's cellulosic ethanol uses enzymes to convert waste fibers into fuel, further reducing the carbon intensity to the high 20s, compared with gasoline's CI of approximately 100 gCO₂e/MJ and electric vehicles' (EV) average CI of approximately 50 (depending upon battery components, manufacturing place and the electric grid).⁶ A lower ethanol CI increases its value in low-carbon markets. Additionally, when cellulosic ethanol and carbon sequestration are combined, the low-carbon ethanol product can have a CI in the single digits.

Renewable Naphtha: Renewable Gasoline and Low-Carbon Plastics



Renewable naphtha production capacity was expanded to 50 million gallons per year in 2022.

Renewable naphtha is a gasoline blending component that lowers the CI of gasoline. It can also be used in petrochemicals production, resulting in low-carbon plastics and other products.

Sustainable Aviation Fuel



Low-carbon jet fuels are essential for GHG emissions reductions in the aviation sector.

- In early 2023, we **announced a \$315 million investment in a SAF project⁷** at our renewable diesel plant in Texas, which is expected to become one of the largest SAF manufacturers in the world. With completion expected in 2025, we will have the capability to upgrade approximately 50% of the plant's current 470 million gallon annual production capacity of renewable diesel to SAF.
- **Alcohol-to-jet (ATJ) is another low-carbon pathway to produce SAF.** With abundant supply of ethanol and sequestration of biogenic CO₂ streams from fermentation, our ethanol plants may be uniquely advantaged in the potential production of jet fuel from low-carbon ethanol.

Low-Carbon Hydrogen



Valero is evaluating or developing opportunities to participate in the hydrogen economy. Together with the operations team, our innovation and engineering teams are currently:

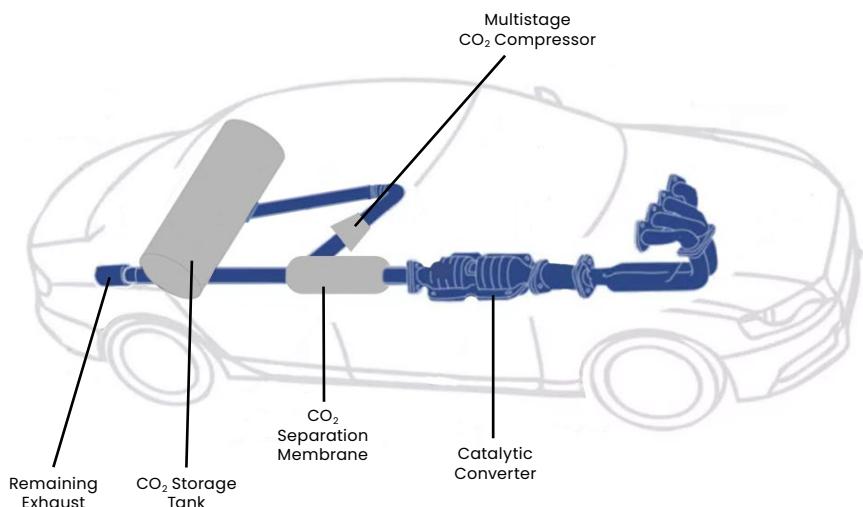
- Developing low-carbon hydrogen from renewable propane at two of our refineries.
- Replacing gray hydrogen with low-carbon hydrogen at our renewable diesel plants to further decrease the CI of our renewable products, including propane, naphtha and diesel.
- Using renewable natural gas from municipal solid waste to produce low-carbon transportation fuels at our Corpus Christi refinery that are then exported to Europe. This fuel is valued higher compared to petroleum fuels, and the government uses it to meet certain GHG emission reduction goals. In 2022, we processed nearly 1 trillion BTUs of renewable natural gas in the production of these fuels and expect to process at least twice that amount in 2023.

Tailpipe CO₂ Onboard Capture System

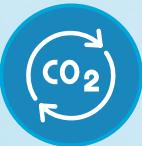


Valero is supporting Southwest Research Institute (SwRI) in the development of a solid filtration membrane to remove CO₂ from the exhaust tailpipe of internal combustion engine vehicles. The objective of this revolutionary technology is to provide an affordable solution that lowers vehicle life cycle GHG emissions. In concept, applying this technology to cars could result in lower carbon emissions, competing with other technologies such as EVs. Even lower emissions could be achieved if the vehicle uses low-carbon fuels.

Currently, SwRI is working on a prototype in collaboration with an auto manufacturer to demonstrate its performance capabilities.



For illustrative purposes only. The proposed CO₂ onboard capture technology could be placed along the exhaust flow. Preliminary lab testing indicated it could capture a substantial amount of CO₂ emissions of the vehicle.



Carbon Capture

Carbon capture utilization and storage involves three steps:

1 **Capture:** Separation of CO₂ from other gases produced at industrial process facilities.

2 **Transport:** Separated CO₂ is dehydrated and compressed, then transported via pipelines, trucks or ships.

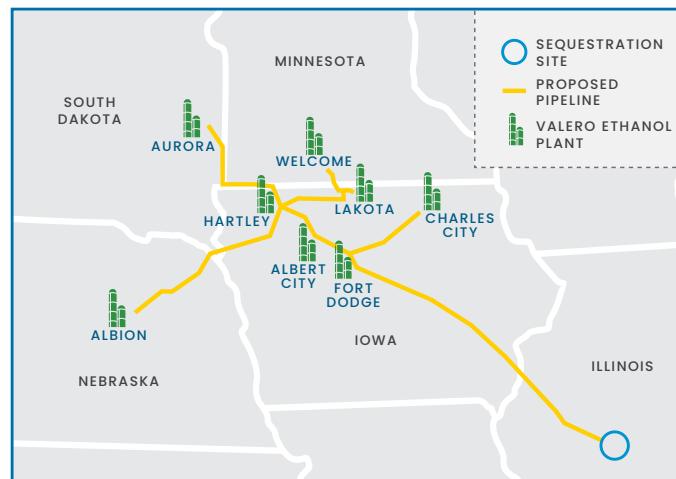
3 **Storage:** CO₂ is injected into deep underground rock formations where it can be safely and permanently stored.

Refining Carbon Capture

Valero's experience in CO₂ recovery dates back a decade. Since 2013, our refinery in Port Arthur, Texas, has been hosting a first-of-its-kind large-scale carbon capture of **approximately 1 million metric tons of CO₂ a year**. Carbon dioxide is captured from two hydrogen plants that produce hydrogen from natural gas for refinery use.

LARGE-SCALE CARBON CAPTURE AND STORAGE —

Our participation in Navigator's proposed large-scale carbon capture and sequestration pipeline system is expected to capture and remove nearly **3 million metric tons of biogenic CO₂ annually** from eight of our ethanol plants. Carbon sequestration further reduces the CI of ethanol and increases its market value.



STAND-ALONE CARBON CAPTURE AND STORAGE —

We are currently evaluating and developing stand-alone carbon sequestration projects at our eastern ethanol plants, which could sequester about **1 million metric tons of CO₂ a year**. Our ethanol plants represented in the map to the right are located near geology believed to be suitable for successful CCS projects, making them potentially attractive for development.



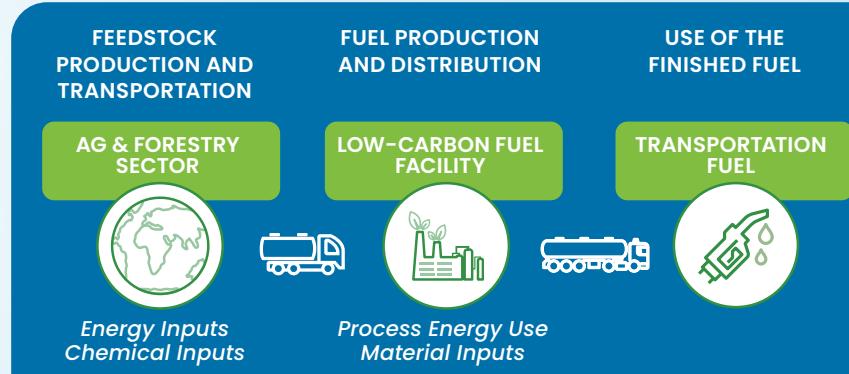
About Low-Carbon Fuels

How are Valero's GHG Emissions Calculated for Low-Carbon Fuels?

Life cycle GHG emissions analysis⁸ is used to calculate the total emissions impact of low-carbon fuels from cradle to grave, as depicted in the graphic to the right. The result is expressed as a carbon intensity (CI) value per unit of energy. A lower CI value indicates lower life cycle GHG emissions and higher market value for the product.

Are Valero's GHG Emissions of Low-Carbon Fuels Audited and Certified?

Yes, independent verifications are undertaken by regulators worldwide and are used in transactional valuations by sophisticated buyers of these products. For instance, California's certifications are based upon ISO 14064-3 and 14065. In 2022, more than 45 independent verifications were conducted on our low-carbon fuels production.



Where are Valero's Low-Carbon Fuels Sold?

Governments across the world have issued, or are considering issuing, low-carbon fuel regulations, policies and standards to help reduce GHG emissions by increasing the percentage of low-carbon fuels in the transportation fuel mix.

These regulations, policies and standards include, but are not limited to, the U.S. Environmental Protection Agency (EPA) Renewable Fuel Standard (RFS), California Low Carbon Fuel Standard (LCFS), Canada's Clean Fuel Regulations (CFR) and the EU's Renewable Energy Directive II (RED II). We believe that our ability to supply these low-carbon fuels can play an important role in helping governments achieve their GHG emissions reduction targets. See table below for global low-carbon fuel regulations.

Global Low-Carbon Fuel Regulations⁹

	2030 GHG Emissions Reduction Target	Net Zero GHG Emissions Target	Primary Transportation Fuel Policy Mechanism	2030 Transportation Fuels Goal
California	40%	Net zero by 2045	Low Carbon Fuel Standard	Reduce the carbon intensity of transportation fuels by at least 20%
Canada	40 to 45%	Net zero by 2050	Clean Fuel Regulations	Reduce the carbon intensity of transportation fuels by 15%
EU	55%	Net zero by 2050	Renewable Energy Directive II	Replace 14% of transport fuels with renewable energy
UK	68%	Net zero by 2050	Renewable Transport Fuel Obligation	Replace 19% of transport fuels with renewable fuels
Other Policies in Place	<ul style="list-style-type: none"> Oregon's Clean Fuels Program requires a 20% carbon intensity reduction by 2030 and a 37% reduction by 2035 Washington State's Clean Fuel Standard requires a 20% carbon intensity reduction by 2034 British Columbia and Ontario have existing low-carbon fuels policies Norway has a biofuel blending mandate for diesel of 40% by 2030 Sweden currently has a diesel GHG reduction requirement of 66% by 2030 Finland aims for 34% of transport fuels to be biofuels by 2030 			
Potential Policies	<ul style="list-style-type: none"> New York continues to evaluate a Clean Fuel Standard in order to meet its goal of reducing emissions by 85% by 2050 Illinois, Massachusetts, Michigan, Minnesota, New Mexico, Nevada and Vermont are considering low-carbon fuel programs 			

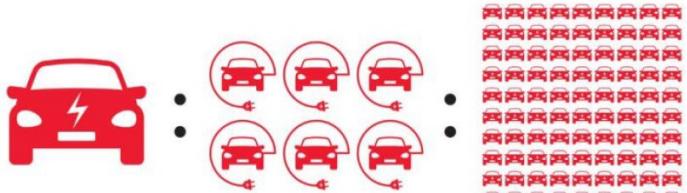
Efficient Climate Solutions

Is 100% Electrification the Smartest and Fastest Climate Transportation Solution?

✗ Critical Minerals and Supply Chain Controlled by Foreign Powers¹⁰

- It is questionable whether the world has available mineral resource supply and adequate investment plans to meet the demand necessary for future electric vehicles and renewable power generation.
- Controlled by foreign powers, the supply chains of these minerals are also less transparent in terms of human rights, environmental regulations and higher GHG emissions.

China dominates the entire downstream EV battery supply chain (including mining, material processing, cell components, battery cells and EVs).¹⁰



Climate Solutions Should Be Efficient:

The amount of raw materials in one battery electric vehicle could be used to make 6 plug-in hybrid electric vehicles or 90 hybrid electric vehicles. The overall carbon reduction of those 90 hybrids over their lifetimes is 37 times as much as the single battery electric vehicle.¹¹

✗ Charging Infrastructure is Costly

- The current Administration set aside \$7.5 billion to build a network of charging stations. Estimates show that it could take \$55 billion to meet charging needs (1.2 million public chargers and 28 million private EV chargers are needed by 2030).¹²
- 53% of U.S. adults are not confident that the U.S. will build the charging infrastructure needed to support large numbers of EV on the roads.¹³
- Charging stations depend on the power grid, and depending on the source of the electricity, electric vehicles may not offer lower GHG emissions on a full life cycle basis compared to internal combustion engine vehicles, especially if using low-carbon fuels.¹⁶

✗ Affordability Concerns for Hard-Working Families

- The average retail price for top-selling battery electric vehicles in the U.S. is \$15,000 more than the average retail price for top-selling internal combustion engine vehicles.¹⁴ In addition to higher costs for electricity, EV buyers should also expect to spend up to \$2,900 for materials and labor to install a Level 2 residential charger.¹²
- The IEA's Net Zero by 2050 Scenario anticipates that electricity costs will account for 90% of household energy bills by 2050 for developed economies.¹⁵

"Rising gas prices are overwhelming, but so are rising electricity prices. . .Our community members cannot afford \$40,000 electric vehicles, or pay more than \$15,000 to replace the batteries in a 'used' electric vehicle."

- *The Two Hundred, civil rights leaders committed to closing the wealth gap of hard-working families and individuals.*

Domestic Low-Carbon Fuels are Reducing Emissions RIGHT NOW



Accessible

- Unlike EVs, low-carbon fuels do not require high up-front costs to replace current vehicles, which have longer vehicle lives.



No Costly Charging Infrastructure is Needed

- Renewable diesel is a drop-in fuel, 100% compatible with existing infrastructure and diesel engines, from light- to heavy-duty long-haul vehicles.
- Renewable diesel, ethanol and sustainable aviation fuels are already reducing transportation GHG emissions.

We are working on a brighter future than just EVs

At Valero, we are investing in the development of alternatives to reduce GHG emissions, from sustainable aviation fuels to low-carbon hydrogen and a tailpipe CO₂ onboard capture system.

We agree with more than 68% of U.S. adults who believe we should use a mix of fuels.¹³

Instead of mandating future electrification and eliminating consumer choice, we should look at domestic solutions that are here today and take advantage of low-carbon options that use our current infrastructure, like our low-carbon liquid transportation fuels.

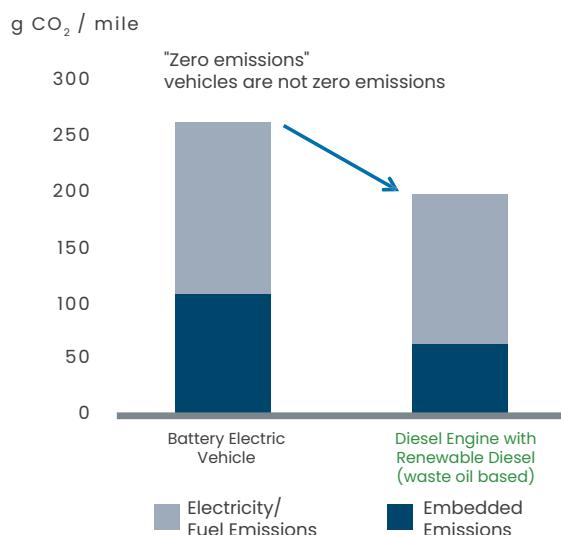


Renewable and Ready

- Valero's renewable diesel is typically made from waste materials, and ethanol plants are located near abundant renewable feedstock material.
- Unlike most EV battery components, our low-carbon fuels are manufactured close to home in jurisdictions with strict environmental, labor and governance regulations.
- Valero has some of the lowest operating costs in the industry, and the company has the ability to export to help the world meet goals to reduce carbon.

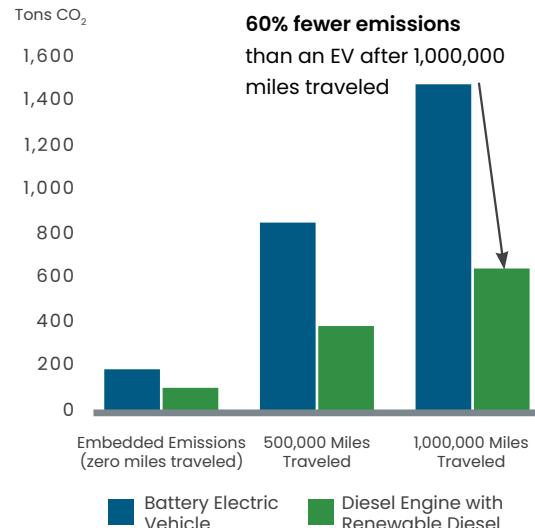
Light-Duty Vehicle Emits Fewer Emissions than an Electric Vehicle¹⁶

2022 Southwest Research Institute Study
(U.S. light-duty vehicle life cycle emissions)



Diesel Engine with Renewable Diesel Outperforms Battery Electric Vehicle¹⁶

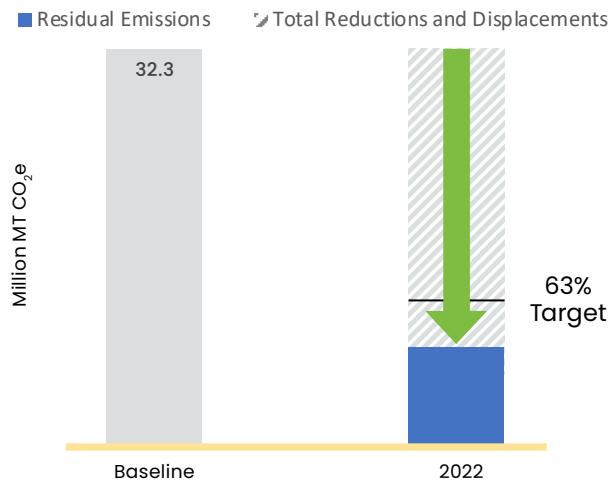
2022 Southwest Research Institute Study
(U.S. heavy-duty long-haul vehicle life cycle emissions)



GHG Emissions Strategy¹⁷

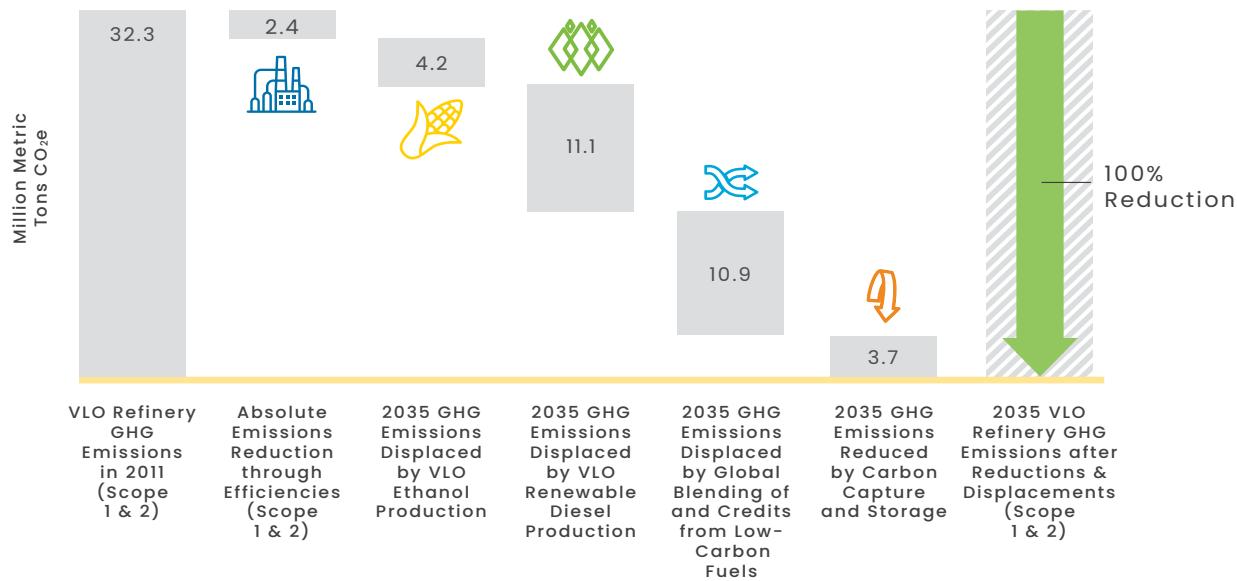
2025 Short-Term Target

In 2022, three years ahead of schedule, we achieved our 2025 GHG emissions target to reduce and displace 63% of global refinery Scope 1 and 2 emissions.¹⁸



2035 Medium-Term Target¹⁹

By 2035, Valero targets to **reduce and displace 100% of its global refinery Scope 1 and 2 GHG emissions** with absolute refining GHG emissions reductions, avoided emissions from the production and blending obligations of low-carbon fuels, and reduction of GHG emissions from CCS.



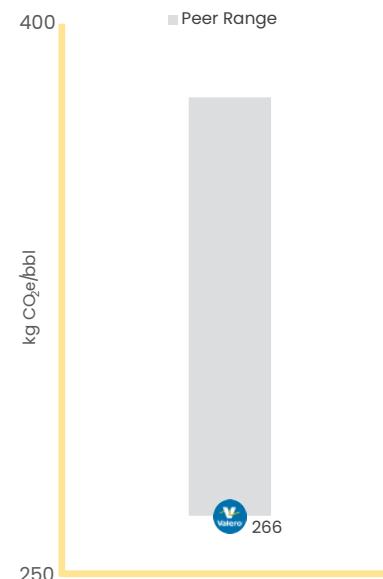
2050 Long-Term Ambition²⁰

By 2050, Valero has an ambition to **reduce and displace companywide GHG emissions for Scopes 1, 2, 3 and 4 by more than 45 million metric tons CO₂e.**

Scope 3 Intensity²¹

The chart to the right compares Valero's Scope 3 intensity in kg CO₂e per barrel, which includes the GHG emissions from the use of all the products we manufacture, representing Scope 3, category 11, relative to peers' performance. As expected from the leader in refining efficiency and in the production of low-carbon fuels, our Scope 3 intensity demonstrates industry-leading lows.

2022 Scope 3 Intensity



Independent Third-Party Verifications

- Absolute Scope 1 & 2 GHG emissions.
- GHG emissions displaced by our own ethanol production and renewable diesel production.
- GHG emissions displaced by global blending of and credits from low-carbon fuels.
- Scope 3 intensity.
- Validation of the 2035 GHG emissions target.
- Copies of independent third-party verifications of Scope 1, Scope 2 and Scope 3 intensity as well as the validation of our 2035 GHG emissions target can be found on our website at www.valero.com > Investors > ESG > Other Reports. Scope 3 intensity and our 2035 GHG emissions target were found to be science-based and conform with acceptable engineering practices.

Since 2009, Valero's production of ethanol and renewable diesel has generated cumulative avoided emissions of approximately 132 million metric tons CO₂e from the use of fuels.²²



Valero's 50-megawatt wind farm provides renewable power to the adjacent Valero McKee Refinery.

Environment

We are committed to the responsible use and management of natural resources.

At Valero, we understand the importance of protecting the natural environment, not just in the future, but right now. As such, we are focused on maintaining our operations in an environmentally responsible manner; investing in low-carbon fuels production and renewable energy projects that contribute toward reducing companywide GHG emissions; and participating in ecological and conservation projects to protect biodiversity. We have made multibillion-dollar capital investments to improve the environmental performance of our refineries and to grow our ethanol

and renewable diesel businesses, which supply low-carbon liquid fuels needed to reduce GHG emissions.

We have set a target to reduce and displace 100% of our global refinery Scope 1 and 2 GHG emissions by 2035, but we are not stopping there. By 2050, we have an ambition to reduce and displace more than 45 million MT CO₂e. In addition, we continue to innovate and invest in opportunities that support further reductions, such as sustainable aviation fuel, carbon capture and storage, low-carbon hydrogen and many others.

Environmental Metrics

GLOBAL REFINING	2019	2020	2021	2022
GHG emissions Scope 1 (million MT CO ₂ e)	24.8	23.0	23.7	24.8
GHG emissions Scope 2 (market-based, million MT CO ₂ e)	4.7	4.5	4.9	4.9
NO_x (MT)	8,700	7,900	8,400	9,200
SO_x (MT)	8,800	7,600	7,600	7,800
PM₁₀ (MT)	2,200	2,200	2,600	2,400
VOCs (MT)	7,700	7,500	7,500	6,600
Fresh water withdrawn (million m ³)	164.1	164.6	166.1	182.0*
Oil spill events to land (>1 bbl)	14	21	28	23
Oil spill events to water (>1 bbl)	3	4	0	2

For more information, see SASB report on page 76.

*Beginning in 2022, fresh water withdrawn includes volume that was withdrawn and sold. Values in prior years include only freshwater used in Valero's operations.

2022 Environmental Highlights

Achieved 2025 GHG emissions target, three years ahead of schedule.

Awarded S&P Global's "2022 Deal of the Year – Strategic" for our participation in Navigator's large-scale carbon capture and sequestration pipeline system.

Completed under budget and ahead of schedule, our renewable diesel plant in Texas, which increased total production capacity to 1.2 billion gallons of renewable diesel and 50 million gallons of renewable naphtha per year.

On track to achieve 100% global refining Scope 1 and 2 GHG emissions reduction/displacement target by 2035.

Independent third-party verification of Scope 1, Scope 2 and Scope 3 intensity, as well as independent third-party validation of the 2035 GHG Emissions Target.



Environmental Management Systems (EMS)

Environmental Risk Management: We have employees at each of our operating sites dedicated to environmental excellence and risk mitigation. Formal risk assessments, including hazard identification, risk evaluation, analysis and mitigation are documented, implemented and maintained at every site. In addition, we provide training so employees are skilled and competent to perform duties in an environmentally responsible manner. Our compliance team monitors and communicates changing regulations and helps to verify our operations comply with legal requirements. We have processes in place to assess the implementation and effectiveness of operational controls and for tracking and evaluating environmental performance. Our record-keeping programs ensure documents are identified, managed and maintained, as appropriate. Valero's progress on environmental management, including strategic planning, goals and objectives, is internally reviewed at least annually. We use both **internal and third-party audits** in our approach to environmental management. These audits and verifications are conducted to identify the adequacy and effectiveness of environmental controls, regulatory compliance and excellence vision. Additionally, our Pembroke refinery is ISO 14001 certified. Valero has well-developed management structures central to decision-making and risk management, including **three robust programs** that help us oversee our environmental management.

1

Commitment to Excellence Management

System (CTEMS) – is a proprietary systematic approach to planning, executing, checking and acting to improve everyday work activities at many of our refineries and plants. Within each of the nine elements of CTEMS, we have identified multiple expectations necessary to achieve our commitment to excellence, including:

- **Leadership Accountability** – Leaders at every level demonstrate their commitment and personal accountability for operational excellence as a core value through their active and visible participation in CTEMS. Leaders make employees aware of CTEMS requirements, actively involve them in the processes and share learning across the organization. They are expected to review CTEMS performance results on an annual basis.

- **Protecting People & Environment** – We have a formal process to identify and ensure that our ongoing operations are compliant with all relevant health, safety and environmental laws and regulations. Identifying and assessing risks and potential environmental impacts are also components of this process. Additionally, environmental performance indicators are established, monitored and reported, and programs and processes are in place to drive improvement.
- **People & Skills Development** – Training processes are in place to ensure that employees receive appropriate training throughout their employment. We expect our teams to effectively communicate with and listen to each other, fostering an environment of collaboration, creative thinking, teamwork and open communications. A performance assessment and feedback process is in place to regularly deliver accurate performance feedback, track progress against performance goals, and make specific recommendations for addressing performance gaps.
- **Operations Reliability & Mechanical Integrity** – Quality assurance programs, inspections and preventive maintenance standards are in place to ensure reliability of equipment. Valero's internal risk matrix is used to evaluate all hazards, incident investigations, recommendations, process hazards analysis results and high-risk activities.
- **Technical Excellence & Knowledge Management** – The Project Development and Execution Process (PDEP) is in place to incorporate health, safety, environmental, reliability, operability, maintainability and loss prevention standard requirements into the selection, development and execution of projects. An internal incident and significant near-miss reporting and investigation process is in place, and a companywide tracking system is used to ensure timely sharing of information and closure of corrective actions.
- **Change Management** – A process is in place to ensure permanent and temporary changes are in accord with the Valero Management of Change (MOC) standard.
- **Business Competitiveness** – Programs are in place to improve energy and operating efficiency.

Competitive benchmarks are used and evaluated, and gap closure plans are implemented. A procurement process supports safe and reliable plant operations. Our annual strategic planning drives business competitive improvement.

- **External Stakeholder Relationships** – Programs, such as Community Advisory Panels, are in place to facilitate meaningful dialogue with local communities and raise awareness of potential community issues.
- **Assurance & Review** – CTEMS is assessed periodically using a disciplined and systematic approach. The effectiveness of all policies, programs, processes and procedures are reviewed to ensure they are appropriate and address the commitment for continual improvement.

2 Environmental Excellence and Risk Assessment (EERA)

(**EERA**) – elevates the environmental audit and compliance functions to an environmental excellence vision. Its main goal is to assess the design and effectiveness of environmental performance regarding specific excellence objectives and to facilitate continuous improvement across the company. EERA defines more than 100 expectations and involves a proprietary five-step process (see below) using due diligence on data and field assessments reviewed by a combination of external and internal subject matter experts.

- **On-Site:** Refinery leadership reviews and self-scores against EERA expectations.
- **Digital Documentation:** Third-party and in-house subject matter experts conduct an extensive deep-dive review of refinery environmental data and reports in a due diligence-style process.
- **Technology:** Technical field assessment is conducted using industry standards and advanced technology to evaluate effectiveness in controlling emissions.
- **Inspection:** Results from the technology review and due diligence process are used by a team of experts in a substantive on-site inspection and cultural assessment.
- **Implementation:** Final gap assessment report is produced by experts and leadership team with mitigation pathway and scoring improvement actions.

3

Fuels Management System (FMS) – provides operational safeguards, software, training and protocols for uniformity across our refineries, terminals and import locations to reinforce our compliance with applicable fuels regulations.

Built on the success of FMS, our **Low Carbon Assurance Program (LCAP)** was implemented to further delineate and strengthen our internal processes to assure compliance. LCAP defines key regulatory requirements, management expectations and internal regulatory assurances relating to transportation fuels regulated by low-carbon fuels programs. Internal and third-party audits, incident investigation processes, informal and formal training programs and consideration of market changes are just a few of the expectations laid out in our LCAP. LCAP leadership commits within their respective areas to:

- Clearly define the responsibilities and accountabilities of leadership and supporting staff who are involved with carrying out compliance with low-carbon fuels regulations and the LCAP.
- Provide resources to help our facilities and operations fully comply with applicable regulations.
- Verify that affected employees receive training for their specific job roles.
- Report, investigate and take corrective action to minimize, mitigate and prevent recurrence of violations of low-carbon fuels regulations.
- Execute an internal risk assessment and assurance program to periodically evaluate compliance with low-carbon fuels regulations and the LCAP and take any necessary corrective actions.

Managing Air Emissions

We have air monitoring programs deployed at our refineries as required by regulations and/or air permits, and we also have advanced monitoring systems that go beyond permit compliance to identify and reduce air emissions. Real-time ambient air readouts allow our refineries to monitor the surrounding communities and take early response and mitigation actions even on small emissions sources. As part of our commitment to managing air emissions, we have the following air monitoring programs:

1 Valero's Duvas DV3000, a real-time mobile air quality monitoring system, provides instant air quality screenings. The vehicle-mounted DV3000 is a gas analyzer that uses ultraviolet spectroscopy to identify and qualify up to 14 different gases, including benzene, SO₂ and NO_x, at low part-per-billion levels. With an analyzer response time as short as one second, the DV3000 combines measurements with geographic mapping of gas concentrations, and enables rapid detection and source location of air emissions during monitoring. Currently, 10 Valero refineries have deployed the Duvas DV3000 system in neighboring communities as part of a community air monitoring program.

2 Continuous Emissions Monitoring Systems (CEMS) are placed in the outlet stacks of certain fired equipment (boilers and heaters) as well as process vents like the Fluid Catalytic Cracking Unit (FCCU). CEMS continuously measure the concentration of compounds, such as NO_x and SO₂, exiting the stack to confirm operations are within permitted limits.



Optical gas imaging cameras detect leaks and reduce emissions.

The Duvas DV3000's real-time readouts tour fenceline communities and allow for early response and mitigation actions even on small emissions sources.

3 Continuous Flare Monitoring Systems are installed on flares to measure the amount of process gases routed to the flare for destruction and track operational parameters to confirm the flare is operating properly.

4 Stack Testing is conducted periodically on equipment that does not require continuous emissions monitoring to confirm it is operating properly and within permitted limits.

5 Leak Detection and Repair (LDAR) programs ensure all of our operating sites comply with the EPA Air Quality regulations for reducing fugitive emissions. Inspections are conducted on a routine basis. Leaks identified are fixed and re-monitored to confirm repairs were effective.

6 Routine Optical Gas Imaging (OGI) Inspections of storage tanks, wastewater treatment operations and other equipment are performed using OGI cameras equipped with infrared technology capable of detecting VOC leaks that are not visible to the naked eye.

7 Unit Battery Limits Monitors placed around the perimeter of refinery process units continuously measure for target compounds. These stationary air monitors serve as an early warning system if elevated concentrations are detected.

8 Personal H₂S Monitors are required to be worn by refinery personnel while in and around process units, continuously measuring for H₂S and sounding an alarm and recording in the event elevated H₂S is detected.

9 Five-Gas Monitors are routinely used by personnel within the refinery for measuring H₂S, SO₂, CO, oxygen and lower explosive limit (LEL) levels for safety purposes and also as early detection to identify and correct issues that could impact ambient air quality.

10 Fenceline Benzene Monitors are located around a number of our refineries at designated intervals to collect composite samples. Additionally, stationary analyzers that detect total VOCs or specific compounds, such as benzene, are deployed at certain sites in areas at or inside the fenceline to allow for advanced notification of elevated concentrations.

Waste Management

Valero remains focused on reducing the generation of wastes across air, water and solid streams. Reducing at the source, reusing, recycling and repurposing of materials are key components of our waste reduction program.

Hazardous Waste –

In 2022, more than 17 million pounds of catalyst were recycled to recover precious metals.

Valero's hazardous waste management program includes regular waste reviews, risk assessments, waste stream prioritization and formal personnel training programs. Every operating site follows specific expectations on the handling and recycling of hazardous wastes as specified in CTEMS.

97% of all refinery hazardous and exempted waste was recycled in 2022.

The Valero Houston Refinery was awarded the 2022 Valero Chairman's Environmental Award for having no Environmental Scorecard events for three of the last four years.

Spill Prevention – Valero is focused on reducing spills across our operations to protect our people and the environment, always with the goal of zero spills. Our commitment to reducing environmental scorecard incidents is a top priority and is strengthened by the inclusion of this metric in the all-employee bonus. The environmental scorecard incidents metric is weighted to the intensity of incidents, with greater impact for more significant events, including the severity of spills.

Renewable Energy and Efficiency Initiatives

In 2022, roughly 25% of our total refinery energy consumption originated from renewable sources, including:

Hydropower More than 99% of the electricity used at our **Quebec City refinery** comes from renewable sources – mainly hydropower, with small portions from wind, biomass, nuclear and thermal.

Wind Power Adjacent to our **McKee refinery** in the Texas Panhandle, our wind farm includes 33 wind turbines with 50 megawatts of power generation capacity.

Cogeneration Plants Our cogeneration plants reduce our dependency on local power grids, which are often more costly. Cogeneration is a highly efficient and reliable way of producing electricity and thermal energy or steam, with the steam recycled back into the refining process for other uses. Valero has cogeneration systems at refineries in **Wilmington, Benicia, Port Arthur and Pembroke**.

Expanders At six of our refineries, we have installed "expanders" on processing units that generate power from exhaust gases. We have the **world's largest**

expander at our Corpus Christi West refinery. In all, our expanders are designed with the capacity to **annually displace more than 600,000 tons of carbon dioxide** that otherwise would be generated by conventional power plants.

Heat Transfer Our refineries utilize heat integration technology to improve energy efficiency and reduce energy-related operating expenses. Heat exchangers enable the transfer of thermal energy from high temperature process streams to lower temperature streams, decreasing natural gas or refinery fuel gas needs for heating and lowering utilities requirements for cooling.

Fuel Cells We are evaluating the use of fuel cells at certain facilities. Fuel cells should provide reliable power, reduce our dependency on the local grid and free up capacity for other community energy needs.

Reducing, Reusing, Recycling and Repurposing

For Valero, being the most efficient and reliable operator in a highly competitive industry means being a better environmental performer. We look for ways to reduce emissions and waste, reusing energy and byproducts, recycling materials and repurposing wastes.

- **Flare-Gas Recovery Systems**

- Resulted in More Than 96% Flaring-Free Operations:**

In 2022, nearly 80% of Valero's large process flares were equipped with flare-gas recovery systems. These systems reduce flaring and air pollution, and recover fuel gases, which are used to fire heaters and boilers, reducing natural gas consumption.

- **Sulfur Removal:**

Sulfur recovered in refining processes is used for a variety of beneficial purposes, including crop fertilizer, pharmaceuticals, detergents and cosmetics. Sulfuric acid is also critical for the extraction of nickel, cobalt and rare earth minerals from their ores.

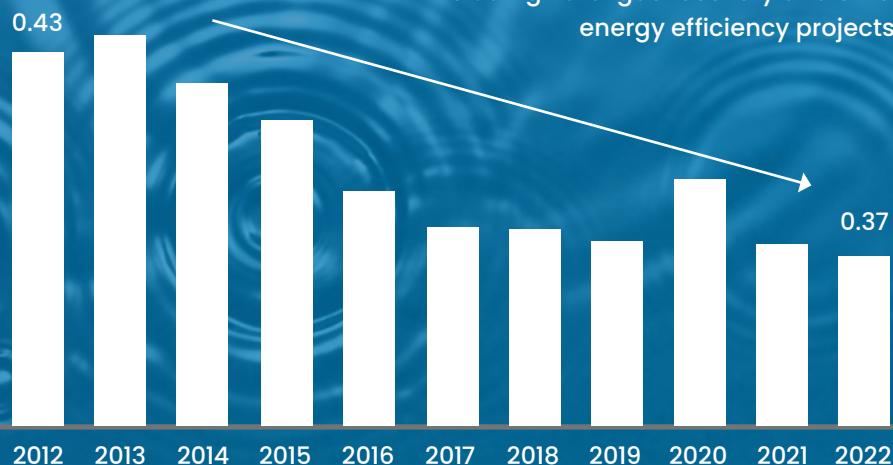
- **Marine Vapor Recovery Units:** At certain refineries, captured vapors generated when loading vessels with gasoline and other light products are routed back to the refinery for reprocessing.

- **Fuel from Oil Waste:** Our high-conversion refineries are capable of upgrading oil waste into high-value fuel and products.

- **Wastewater Management:** Process water and stormwater are managed at our wastewater treatment plants. We use bacteria to naturally digest oil and treat wastewater streams to clean the water before returning it to the ecosystem. As part of our environmental management system, we have an effluent management policy that complies with environmental laws, including managing and reducing effluents, monitoring and measurement of effluents, incident investigation and corrective actions, as well as extensive reporting of effluent issues.

Refinery Energy Intensity

(Million Btu/bbl throughout)



As a result of refinery optimization more than 10 years ago, Valero's refinery energy usage per barrel has declined over time with capital investments, including flare-gas recovery and other energy efficiency projects.

Note: Our current refining portfolio was consolidated in 2011. Energy intensity increased in 2020 due to demand-related throughput reductions caused by the COVID-19 pandemic.

- **Energy Efficiency Initiatives:** We prioritize improvements in process monitoring and control systems to reduce energy consumption, which in turn reduces costs and carbon emissions.
- **Repurposing of Material Recovered from Tank Cleaning:** Recovered material is reprocessed in our refineries and upgraded to fuels and other products or used as fuel at third-party facilities, avoiding landfill waste.
- **Water Recycling:** With innovative approaches, we use each gallon of water on average more than 16 times prior to evaporation or return to the environment.
- **Recycling Exhaust Gases to Reduce Energy Consumption:** Installed at six of our refineries, expanders use exhaust gases to drive turbines, converting kinetic energy into electricity and reducing demand on local grids.
- **Heat Transfer:** Heat integration technology is used in our refineries to pair high-temperature streams that require cooling with lower-temperature streams that require heating to facilitate heat transfer and reduce energy consumption.

Water Management

Water management is a critical component of our business, and we continue to work with stakeholders to improve our performance, while also reducing consumption by:

- Taking a risk-based approach to water management and integrating water strategy and water security into our long-term planning and business processes, under the supervision of management.
- Engaging with local governments, industry associations, suppliers and regulatory agencies to develop innovative solutions in water management and conservation in water-stressed areas.
- Assessing and managing regional water risks through updated sustainability assessments.
- Ensuring compliance with water management laws and regulations.
- Reporting on risks posed by water scarcity on each facility, as applicable.
- Protecting existing water resources through sound water management policies.
- Recycling and reusing water to improve efficiency.

Most of our water consumption takes place in our refining operations. Based on the World Resources Institute's (WRI) Water Risk Atlas tool, Aqueduct, we determined that only two of our 15 refineries are located in regions with high baseline water stress. Reduction and mitigation initiatives include the evaluation of reused municipal wastewater for cooling tower purposes and acquisition of secured water rights. Water scarcity can be a risk not only to communities but

also to the refining operations, as water is needed for cooling, heating and processing.

We have taken several steps we believe are necessary to secure our operations in conditions of water scarcity.

- At our **Wilmington refinery**, we are installing facilities to use treated municipal wastewater to supplement our cooling tower makeup water. Upon project completion, we will save up to 420 million gallons of potable water per year, equivalent to roughly the annual amount consumed by 3,800 U.S. households.²³
- Our **Three Rivers refinery** recycles treated wastewater for use in irrigation for hay production.
- Our **Corpus Christi refineries** pay into a broad industry fund that provides water-supply security and supports research and plans for the construction of a desalination facility to serve industrial users.
- Our **Welcome ethanol plant** was one of the industry's first operators to achieve "zero discharge" of wastewater by recovering and recycling process water and stormwater.
- Process water and stormwater are treated as necessary before discharging or reusing. Our wastewater treatment plants are generally comparable to and as effective as those operated by most cities.

Water risk management is integrated into our operational and long-term planning to mitigate and reduce water risks.

High-efficiency cooling towers are used to cool process water for reuse.

Biodiversity

At Valero, we take numerous measures to protect biodiversity and reduce impacts to natural environments. We engage in diverse ecological projects with local, state and federal regulatory agencies, as well as with neighbors and indigenous communities. Our commitment to biodiversity serves our goal of contributing to a more sustainable future.

We work together with local and regional organizations that provide a variety of environmental services ranging from the protection of endangered species, restoration of wetlands and reforestation, to rehabilitation of former industrial sites and promoting environmental awareness through educational training programs. As part of our biodiversity best practices, we require a robust evaluation of potential biodiversity impacts in the planning, approval and implementation phases of certain capital projects.

Biodiversity Impact Assessments

We have implemented a formal **three-phase risk-based approach** to identify, assess and manage potential biodiversity impacts for certain capital projects.

1 Pre-Construction/Planning Phase – A dedicated team of environmental experts works closely with our engineering and commercial departments to perform environmental due diligence. As part of our consideration of threats to biodiversity, we often perform environmental field studies to verify and delineate natural resources within proposed project areas. For significant greenfield projects where alternative locations are considered, the most viable locations are surveyed. This data further drives project decisions on avoidance of sensitive features and habitats and informs site selection.

The following natural and cultural resource considerations are part of the evaluation process:

- Locations of surface waters and wetlands.
- Threatened and endangered species habitats.
- Previously recorded archaeological sites, historic structures and areas of tribal interest or significance.

- Existing developed areas versus undeveloped greenfield sites.
- Public lands, including parks, nature preserves and wildlife conservation areas.
- Federal Emergency Management Agency floodplains.
- Surface water intakes.

2 Permit/Approval Phase – Valero undergoes a robust permitting process and collaborates with local, state and federal regulatory agencies. Additionally, our corporate subject matter experts review all impact assessments from the pre-construction and planning phase.

For major capital projects, a presentation including permitting information, impact avoidance plans, identification of endangered species and other biodiversity impacts, if applicable, is presented at the executive management level. Major capital projects must be approved by the Board before advancing to the implementation phase.

3 Construction/Implementation Phase – For site preparation and other related soil-disturbing activities, we initiate stormwater management controls to reduce impacts to lakes, rivers, streams and other surface waters. These controls consist of a variety of best management practices integrated into our Stormwater Pollution Prevention Plans, which comply with federal, state and local stormwater pollution control requirements, including planning, temporary and permanent sedimentation and erosion control measures, stream- and wetland-crossing procedures, inspections and general good housekeeping practices.

During major construction and where warranted, we also provide training programs on topics such as threatened and endangered species awareness and identification, stop-work protocols and reporting. To protect ecosystems from unintended releases of materials, we implement comprehensive pollution prevention and incident response programs.



2022 Biodiversity and Conservation Initiatives

The following programs and projects are part of our biodiversity initiatives beyond the company's business activities. We prioritize the needs of local nonprofits and other community stakeholders when selecting biodiversity projects and value these opportunities to engage with our neighbors.

Nature-Based Carbon Capture Programs:

- Aurora Ethanol Plant:** An ongoing partnership with the Brookings County Conservation District brought the total trees planted at the facility over the past few years to more than 7,000.
- BCarbon:** Valero is collaborating with BCarbon, a nonprofit nature-based carbon dioxide capture and storage registry, to support the development of a 1,000-mile living shoreline project on the Texas Gulf Coast, consisting of oyster reef breakwater systems. These natural bank barriers help to restore shoreline habitat, reduce erosion, improve water quality and enhance fish and wildlife habitat.
- Pontchartrain Conservancy:** The Valero St. Charles and Meraux refineries continued their partnership with the Pontchartrain Conservancy by planting more than 900 trees in south Louisiana wetlands during two employee-volunteer planting events in 2022. Valero donated \$1 million to support the Pontchartrain Conservancy's Swamp Reforestation project.

Wildlife Protection Programs:

- Biodiversity Action Plan – Pembroke, U.K.:** Our Pembroke refinery implemented a Biodiversity Action Plan to identify the habitats and species present within Valero properties to design a number of projects aimed at improving existing or creating new habitats. Past projects involved work with the Bumblebee Conservation Trust to create habitat for the rare shrill carder bee. Today, Pembroke plans to continue its biodiversity initiatives through the creation of ponds, installation of additional nest boxes and meadow seed and tree plantings.
- Iowa Department of Natural Resources:** The Valero Albert City Ethanol Plant is allowing the Iowa Department of Natural Resources (DNR) access to the site's stormwater pond to band goslings. The bands will help the DNR to track the birds and observe their migration and travel patterns.
- Wildlife Habitat Council:** Valero is currently a member of the Wildlife Habitat Council, a nonprofit dedicated to enhancing and restoring wildlife habitat by promoting investments in sustainability efforts. We are working to obtain certification for Valero's ecological projects through the council.

Water-Focused Programs:

- Gulf of Mexico Alliance:** The Valero Port Arthur Refinery became a 2022 Gulf Star Partner with the Gulf of Mexico Alliance by supporting their Ocean Guardian School Program in collaboration with the National Oceanic and Atmospheric Administration. This five-year program supports a teacher leader at Lincoln Middle School in the Port Arthur Independent School District to execute conservational projects with students throughout the school year. Projects include watershed restoration, recycling, school gardens, ocean health and more.



Emergency response captains, like the one shown here at the Valero Three Rivers Refinery, typically are employee volunteers. They maintain strong relationships with local community response teams to be prepared for emergency situations.

Safety

Safety Is Our Foundation for Success

At Valero, the safety of our employees, contractors and communities is of utmost importance. Our robust safety initiatives, year-round training programs and extensive safety management systems all contribute to our goal of safety excellence. In 2022, we spent approximately \$2.3 billion in capital to grow and sustain our operations as part of our commitment to safety, reliability, preventive equipment maintenance and environmental mitigation. We conduct rigorous internal and external safety audits, quality assurance visits and comprehensive risk assessments at each of our facilities to maintain excellence in our safety performance.

Employee Leadership and Oversight

Employee leadership is the single largest factor for achieving excellence in all we do. Leaders set goals and objectives and communicate the high expectations necessary to meet our commitment to operational excellence.



Leslie Sullivan, Vice President and General Manager, Valero Meraux Refinery.

Lane Riggs, Chief Executive Officer and President, at the OSHA Voluntary Protection Program (VPP) 20th anniversary celebration at Valero Texas City Refinery.

Safety Initiatives Implemented in 2022

1 Valero Safety Excellence Program (VSEP) -

This tool aligns field audits with our proprietary Valero Safety Excellence (VSAFE) assessments to help support and drive continuous improvement at our facilities. The revised “peer observation tool,” within VSEP, builds upon the principles of a traditional behavior-based safety program. It emphasizes hazard identification and mitigates risk by encouraging personalized and meaningful conversations between employees and contractors.

2 Electronic Energy Isolation List (eEIL) -

Protecting personnel from hazardous energy during maintenance activities is one of the most critical tasks routinely performed at our facilities, and tolerance for error is zero. Valero is implementing an eEIL system to increase efficiency while ensuring better protection of our employees and contractors.

3 Contractor Selection and Prescreening

Criteria - We enhanced the contractor evaluation and selection prescreening criteria to encourage continuous improvement and selection of best-in-class contractors.

2022
BEST YEAR EVER FOR
EMPLOYEE & CONTRACTOR
SAFETY

2022 Highlights in Safety

Best Year Ever for Combined Employee and Contractor Safety Performance TRIR (0.22).

The 2022 Contractor TRIR (0.15) tied our best year ever, previously accomplished in 2020.

Five refineries reduced their already low total number of Tier 2 Process Safety incidents from 2021 to 2022.

Nine refineries reduced the total severity score of their Tier 1 Process Safety incidents from 2021 to 2022.

2022 Safety Awards

Valero Chairman's Awards

Valero Three Rivers Refinery

The **Valero Chairman's Safety Award** is granted to the site with the most outstanding personnel and process safety performance. Notable achievements by the Three Rivers refinery include the highest Valero Safety Assessment for Excellence (VSAFE) score to date; VPP Star site for almost 20 years; zero employee or contractor injuries with over 1.2 million hours worked; and zero high-potential incidents under the Goal Zero program.

Valero Hartley Ethanol Plant

The **Chairman's Award for Excellence in Renewables** was awarded for no employee recordable injuries in over two years; no contractor recordable injuries; no Tier 1 process safety events in nearly six years; no scorecard reliability events in over nine years; and this plant, during a time of low ethanol margins, adjusted plans and completed a full turnaround with the final cost being more than 40% under budget – an outstanding achievement.

Valero Quebec Refinery

The **Valero Chairman's Refinery Reliability Award** is determined primarily by the number of downtime events, both stewardable and non-stewardable; and the percentage of refinery unit downtime, both annualized turnaround downtime and downtime outside of turnarounds.

The Valero Quebec Refinery had no stewardable unit outages for three of the last four years and was the leader in six of the last 10 years. Additionally, the site had no non-stewardable downtime events in 2022 and the lowest number of non-stewardable events within the refining system for nine of the last 10 years.

American Fuel and Petrochemical Manufacturers (AFPM) Safety Awards:

Distinguished Safety Award (DSA) recognizes refineries and petrochemical facilities that have sustained an exemplary level of safety performance in the domestic refining and petrochemical manufacturing industries. The award has three levels: Distinguished Safety Award (top applicants), Elite Gold Award (top 5 percent of applicants) and Elite Silver Award (top 10 percent of applicants).

- **Two 2022 Elite Gold Awards** – Awarded to Valero Three Rivers and Memphis Refineries.
- **Two 2022 Elite Silver Awards** – Awarded to Valero McKee Refinery and Wilmington Asphalt Plant.
- **Two 2022 Innovation Awards** – Recipients include Valero Ardmore and Benicia Refineries. The AFPM innovation award recognizes companies that have developed and implemented new and innovative ways to identify and manage operating risks. Since the award's inception in 2020, Valero has received six of the 20 total innovation awards given.

Our participation in the **U.S. Department of Labor Occupational Safety and Health Administration's**

(OSHA) Voluntary Protection Program (VPP) exemplifies our consistent pursuit of going beyond regulatory requirements by voluntarily submitting to robust safety certifications and audits. OSHA approves VPP Star Site status only if the facility demonstrates that enhanced safety systems have been implemented and embraced in a collaborative way by leaders and employees. Sites are reassessed by OSHA every three to five years in order to maintain their VPP status.

- **VPP Star Site Status at Nine Refineries:** Ardmore, Corpus Christi (East and West), Houston, McKee, Memphis, St. Charles, Texas City and Three Rivers refineries.
- **Valero Stars**, which are not part of the OSHA VPP program but receive a VPP equivalent approval, were awarded to our international refineries in Pembroke and Quebec.
- In 2022, Valero supported the **VPP reapproval process at five** sites: McKee, Corpus Christi (East and West) and St. Charles refineries as well as the St. James terminal. An initial **VPP audit was completed at the renewable diesel plant adjacent to the St. Charles refinery and two new VPP applications** were submitted for the Wilmington refinery and Wilmington asphalt plant.

Goal Zero Safety Program

Our Goal Zero program is designed to eliminate incidents and injuries in seven focus areas by taking a data-driven risk based approach.



Valero's Safety Assessment for Excellence (VSAFE):

Elevates the traditional health and safety audit and compliance model to focus on driving health and safety excellence. VSAFE assesses the design and effectiveness of safety performance in over 120 expectations that are key to driving culture and continuous improvement. Using a proprietary process, site data and field assessments, subject matter experts work alongside site champions at each refinery to perform this assessment every three years.

Life-Saving Rules:

In order to ensure full compliance with our safety rules and procedures, Valero implemented Life-Saving Rules – seven, long-standing critical rules that must be followed at all times. Any violation of a Life-Saving Rule will result in the most serious levels of discipline. By undergoing comprehensive training, realistic field exercises and adhering to these critical rules in day-to-day operations, our employees and contractors make Valero a place where we can all feel proud and safe coming to work every day.

- 1 Work with a valid work permit when required.
- 2 Verify energy isolation before beginning work.
- 3 Obtain authorization before entering a confined space.
- 4 Obtain authorization before overriding or bypassing a safety system.
- 5 Use specified life protection equipment.
- 6 Protect yourself against a fall when working at heights.
- 7 Smoke in designated smoking areas only.

Safety Management Systems

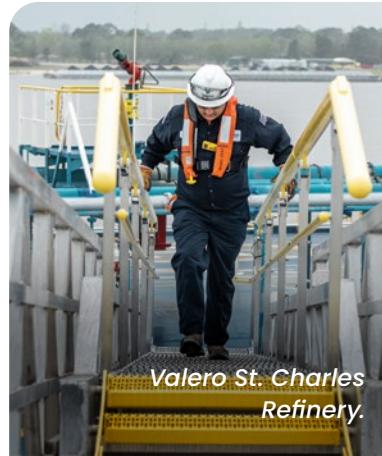
Through the various disciplines within Occupational Safety and Health, we provide one of the most fundamental ways of caring for our employees, contractors and neighboring communities. Safety plays an important role in many of the major elements of CTEMS. Examples of safety programs and initiatives under CTEMS include, but are not limited to, the following:

Protecting People & Environment

- Compliance with all relevant health, safety, and environmental laws and regulations.
- Occupational health program includes industrial hygiene monitoring, medical surveillance programs, fatigue prevention and other human factor programs.
- Processes to identify, communicate and safely handle chemicals, hazardous materials and wastes.
- Ensure all sites prepare for and respond to all levels of operational emergencies.

Safe, Stable & Reliable Operations

- Operating, maintenance, safe work and inspection programs are in place, rigorously followed, verified and updated.
- Quality assurance programs to ensure materials meet designated specifications.
- Processes to prevent repeat failures.
- Employee participation programs to maintain a positive and open safety culture.



People & Skills Development

- Employees receive appropriate training throughout their employment.
- Processes to review and update training programs.

Technical Excellence & Knowledge

- Incident and significant near-miss reporting and investigation processes to ensure timely sharing of information and closure of corrective actions.

Employee Safety Training

Safety training ensures that our employees are provided the knowledge, skills and abilities required to execute their jobs to the highest standard. As stated in our CTEMS expectations, all employees receive appropriate training throughout their employment. This includes training in emergency

In 2022, our refinery employees completed more than 655,000 hours in safety training programs.

preparedness, process safety, the seven Life-Saving Rules and on all processes and equipment changes affecting their job assignments, as well as cybersecurity risks. Training programs include computer-based sessions, instructor-led courses, frequent safety meetings and daily safety talks. We also have internal processes in place through which we continue to review and update our training programs.

Contractor Safety Training

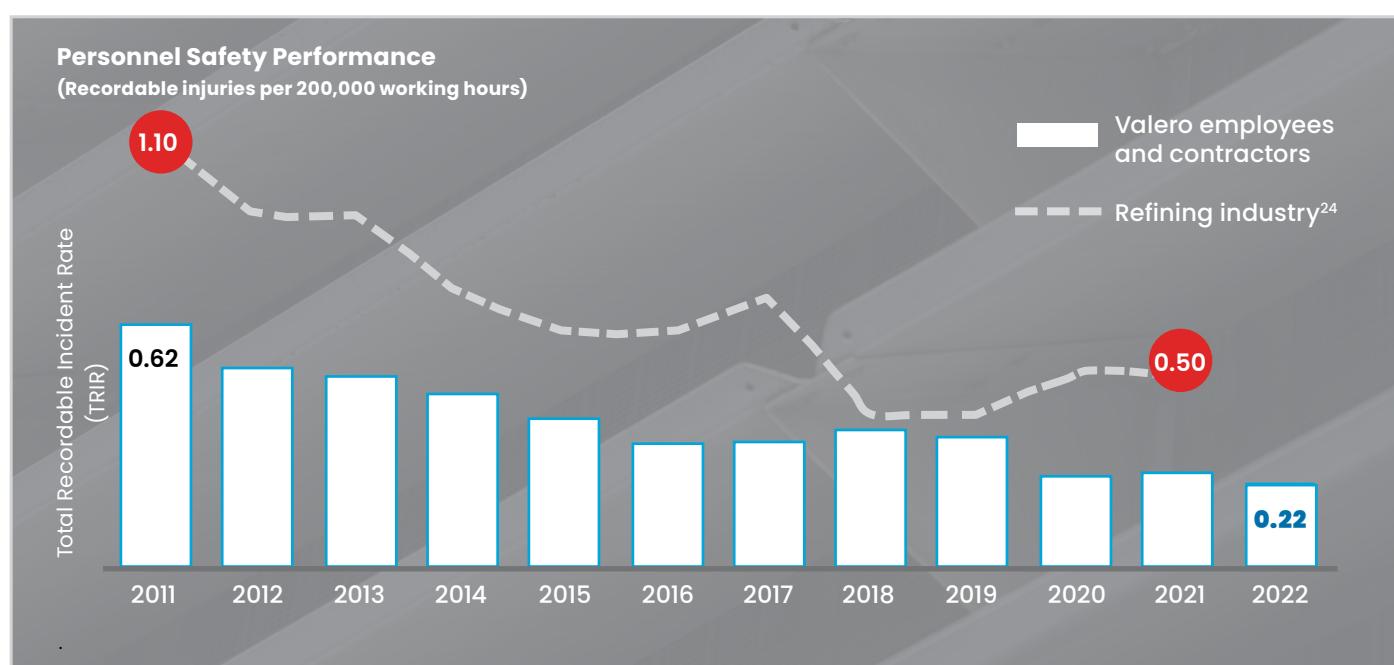
As safety is a top priority, the contractors we hire are required to uphold the strong safety culture of Valero in their everyday work. In 2022, our contractors participated in more than 1.1 million safety training hours. In addition, contractors working at Valero refineries have been awarded a total of 26 OSHA VPP Stars.

All contractors are pre-screened by a third party to ensure they meet or exceed Valero's health and safety expectations. Contractors are also trained initially and annually through a reciprocal contractor safety council focused on site-specific health and safety requirements. As a part of our CTEMS expectations, we have a program in place to ensure contractor

Nearly half of our 12 ethanol plants have now gone more than two years without an employee recordable injury. In 2022, the entire ethanol fleet had no contractor recordable injuries.

alignment with Valero's safety, health, environmental and reliability expectations. This includes:

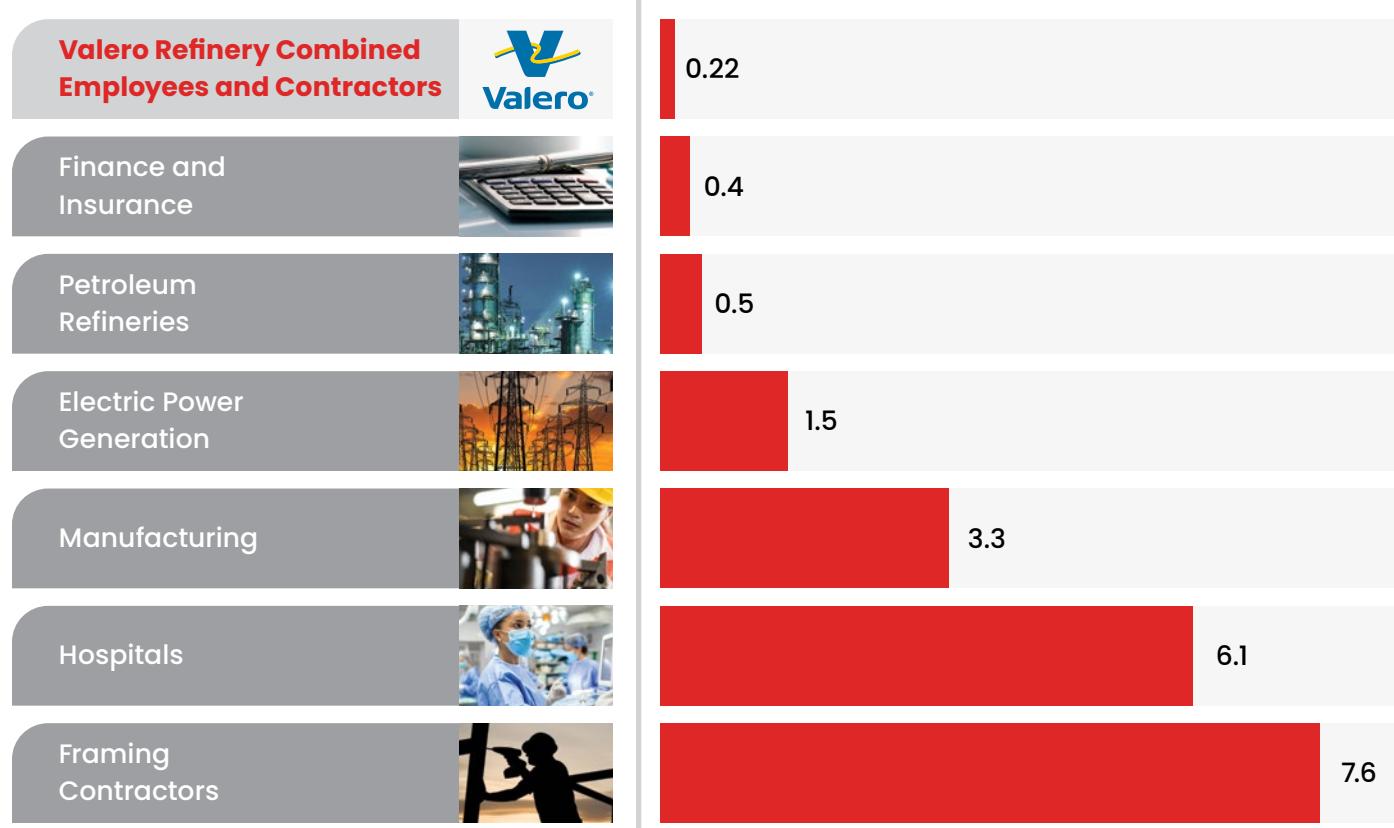
- Clear accountabilities and requirements for safety and contract performance.
- Requirements for contractors to have in place controls ensuring procured materials and services are verified and qualified as contracted.



Safety Performance Metrics (per 200,000 working hours)

GLOBAL REFINING	2018	2019	2020	2021	2022
Personnel Safety Employee (TRIR)	0.40	0.25	0.35	0.21	0.32
Personnel Safety Contractor (TRIR)	0.32	0.39	0.15	0.27 ²⁵	0.15
Fatality Rate Employee	0.00	0.00	0.00	0.00	0.00
Fatality Rate Contractor	0.00	0.00	0.00	0.01	0.00
Process Safety Event Rate - Tier 1 ²⁶	0.07	0.05	0.06	0.05	0.08
Process Safety Event Rate - Tier 2 ²⁶	0.31	0.17	0.17	0.16 ²⁵	0.18

Valero Refineries vs. Other Sectors²⁴ (per 200,000 working hours)

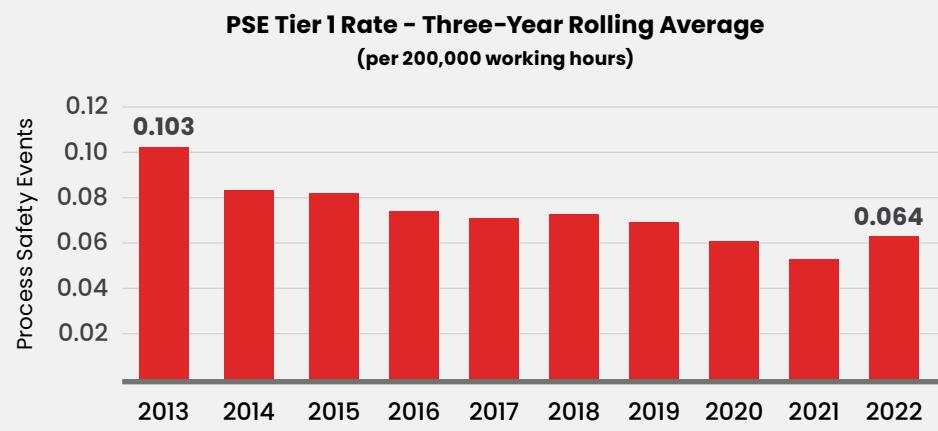


Process Safety and Reliability

Our process safety and reliability programs proactively contribute to our goal of safety excellence. These programs provide safeguards for certifying our equipment is correctly designed, regularly maintained and safely operated. Valero employs an industry-leading technical process safety and reliability assessment program to drive first-quartile reliability performance and help maintain the safety of our employees and communities. We continue to evaluate and utilize state-of-the-art process control and equipment monitoring technology to optimize operations efficiency. Through CTEMS, we have mature processes in place to analyze Process

The Valero Quebec and Wilmington Refineries have achieved three straight years with no PSE Tier 1 incidents. This is a significant achievement and well below the industry average for this standardized metric.

Safety Events (PSE). Understanding the reasons for a PSE is the first step. We then take necessary actions to help prevent repeat failures and address unreliable equipment or improve specific program expectations. Communication of our investigation findings is key to the prevention of similar incidents.



Process Safety Initiatives Implemented in 2022:

1 Enhanced Incident Investigations – Performing quality incident investigations has been a priority for many years. This has resulted in a very strong process that ensures quality corrective actions to prevent a recurrence. In 2022, Valero issued a new incident investigation policy that included a suite of tools to improve the way we capture information, evaluate human factors, engage with subject matter experts and the workforce, and share lessons learned throughout the Valero system.

2 Shared Learning – To leverage the benefits of our enhanced incident investigation process, Valero continues to introduce new and innovative ways to effectively share incident investigation learnings more broadly using various multimedia tools, including webcasts and animated videos.



Valero Corpus Christi
West Refinery.



Valero McKee Refinery
control room.



Drone used in
inspection programs.

Mechanical Availability

Our high mechanical availability rate is a result of our highly reliable refinery operations and is underpinned by our CTEMS expectations of:

- Avoiding unplanned downtime.
- Implementing our structured turnaround planning process.
- Minimizing environmental impacts.
- Ensuring efficient use of resources.

In addition to our capital investments in reliability, our comprehensive reliability assessments, proprietary management systems and internal strategic planning process are essential in the reduction of environmental incidents and improving safety.

In 2022, we
achieved 96.8%
mechanical
availability.

Drones used in our inspection program for routine and event-driven surveillance have reduced personnel exposure to health and safety risks, improved workforce efficiency, enabled the avoidance of lost margin opportunity and generated cost savings. Surveillance missions include:

- Inspections of equipment at elevations and in confined spaces.
- Support for environmental response and operations.
- Damage assessments and emergency response.
- Mapping of piping circuits.

All drone pilots require a Federal Aviation Administration (FAA) remote pilot license (14 CFR Part 107) and training.

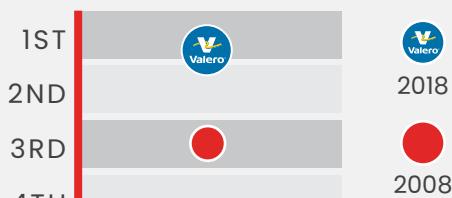
Process Safety and Reliability

Valero began developing a suite of technical assessments over 10 years ago to inform the annual strategic resource planning process and assure continuous improvements are made in the most impactful areas.

- MAIN – Inspection and mechanical integrity.
- ESARN – Electrical systems.
- ROTO – Rotating equipment.
- PACE – Process automation and controls effectiveness.
- CYBER – Cybersecurity.
- AOE – Alkylation operations excellence.
- ORA – Operational reliability.

These assessments leverage the expertise of our technical subject matter experts who work alongside site champions to evaluate the design and effectiveness of each site's specific reliability programs. The results identify areas of opportunity, which are prioritized to help each site achieve our overall operational excellence goals.

Improvement in Mechanical Availability



Industry Benchmark
Quartiles

Industry benchmarking and Valero's performance statistics from Solomon Associates and Valero.

2018 is the most reliable industry data set, as the results of Solomon's Biennial Fuels Study were impacted by COVID-19-related demand destruction. 2022 Fuels Study results will be available later in 2023.



Managing Physical Risks

With refineries along coastlines

Respond. Restore. Recover. Valero

and ethanol plants in the U.S. Midwest, Valero has long evaluated and prepared for physical risks to its facilities from natural disasters and weather events, including hurricanes, tornadoes and other threats. Our emergency preparedness and response programs are focused on the mitigation of these risks.

Enhancing Physical Resilience

In the last 10 years, Valero has invested more than

\$14 billion of capital to sustain its operations, including turnarounds, catalysts, investments in safety, preventive equipment maintenance, environmental mitigation, and reliability and regulatory compliance. Sustaining capital is used to keep our facilities performing and to mitigate and reduce physical risks to our operations and our people, including:

- New infrastructure at raised elevations to reduce the effects of flooding.
- Upgraded critical buildings, including control rooms and employee shelters resilient to physical risks.
- Refineries designed to withstand hurricane forces, with safe shutdowns and non-essential personnel evacuations initiated in advance of major hurricanes.

Valero Meraux Refinery has spent more than \$156,000 over the last 10 years sponsoring training for the St. Bernard Parish Fire Department. Supporting local first responders helps to mitigate potential risks to people, assets, surrounding communities and the environment.

Hurricane Preparedness

VIDEO Valero's U.S. Gulf Coast facilities are periodically exposed to hurricanes and other severe weather events, including strong winds, storm surges and flooding. While our refineries are engineered to withstand these weather impacts, our management and refinery leadership teams use a sophisticated hurricane-specific preparedness program to protect our people and assets. This includes pre-hurricane season activities, as well as a five-phase process to monitor evolving conditions as the storm approaches, allowing for adequate time and resources for our employees and facilities to safely prepare.

PHASE 1 At the start of hurricane season with facility plans reviewed and updated, verify supplies and begin daily monitoring.

PHASE 2 Assess predicted storm path and potential for impact.

PHASE 3 Determine site(s) that are likely to be significantly impacted, and activate the Corporate Emergency Operations Center, operating plan and contingencies, call center and equipment and service providers.

PHASE 4 Execute shutdown, ride-out and/or evacuation plans.

PHASE 5 Initiate post-hurricane response, including the assessment of impacts on employees, the environment, surrounding communities and plant operations and implementation of plans for recovery, support and safe startup of operations.

Emergency Management Planning

Our emergency management planning includes:

- Emergency response plans at each facility that comply with all local, state and federal regulations and are regularly updated with third-party assessments to ensure excellence.
- Certifying equipment and facilities are maintained in fully functional condition and are readily available along with trained personnel when needed for emergency response.
- Ensuring qualified emergency response teams with strong relationships with third-party response personnel are present on-site.
- Performing regular drills and assessments to promote response readiness and alignment with our Goal Zero program.
- Allocating critical capital resources to emergency planning and response in the strategic planning and capital budget processes to make our facilities efficient and resilient.
- Employing the use of emerging technologies to optimize decision-making and response execution.

Valero's Emergency Response Team (ERT)

Training plays an important part in developing and maintaining the skills required to respond effectively to emergency situations. Valero is committed to providing each member of the Emergency Response Team the opportunity to attend training necessary for developing and maintaining the skills and knowledge required to be an ERT member. During training, ERT members prepare for a variety of scenarios, expand their skills, share information from experience and mentor new members. At each site, the ERT maintains strong relationships with local community response personnel by participating in joint drills and assessments.

Frequent ERT training exercises promote excellent response readiness.



Ninety-three ERT members from 11 Valero refineries participated in the Corporate Rescue School in Salt Lake City. ERT members were immersed in a week-long program that included training on new techniques with equipment designed to make performing rescues more efficient during challenging scenarios.



Supporting Our Local First Responders

In 2022, Valero contributed new breathing apparatuses to the Three Rivers Volunteer Fire Department (TRVFD).

"This means the world to us. This year has been rough due to the dry winter and spring months. Our maintenance and upkeep costs are triple what they have been in previous years."

- Chief Henry Pullin, Three Rivers Volunteer Fire Department



Valero volunteers restore a mural at the Girl Scouts of Southwest Texas Westside Leadership Center in San Antonio during the annual United Way Day of Caring event. Volunteers included Valero Executive Chairman Joe Gorder and his wife Lacie Gorder, and retired Marine Corps Maj. Gen. and CEO of Girl Scouts of Southwest Texas, Angie Salinas.

Community

We will be a good neighbor by sharing our success with the communities where we live and work through volunteerism, charitable giving and the economic support of being a good employer.

Valero has a long-standing history of engaging with fenceline communities. We look for opportunities to collaborate with neighbors, local officials, regulators and community leaders to build stronger communities. We work diligently to engage with stakeholders at all levels to understand local interests and needs, and address social, environmental and economic matters through meaningful involvement.

In 2022, a third-party Environmental Justice Audit²⁷ concluded that Valero's commitment to environmental protection, community engagement and involvement, and community investment goes beyond compliance and aligns with the pillars of environmental justice.

Protecting and Building Strong Communities

Public awareness and interest in environmental justice (EJ) has grown along with the current administration's prioritization of EJ in policymaking. The U.S. Environmental Protection Agency (EPA) defines EJ as the *fair treatment and meaningful involvement of all people regardless of race, color, national origin or income, with respect to the development, implementation and enforcement of environmental laws, regulations and policies*. Recently, EPA released guidance and principles to include EJ factors in air permitting applications.

"At the refinery level, there are significant actions [Valero has] taken to address environmental and health concerns and to contribute to improving the quality of life of underserved communities."

– Montrose Environmental, the third-party environmental consultants that conducted Valero's Environmental Justice Audit.

In 2009, Valero formally adopted an Environmental Justice Policy Statement, becoming the first major energy company to do so. Our efforts to collaborate with stakeholders and assist in addressing social, economic and environmental concerns are part of being a good neighbor. We partner with and support organizations working to improve healthcare access, food security, affordable housing and other basic needs, and education and workforce development, all of which are priorities for our communities.

To further its EJ commitment and under Board oversight, Valero recently engaged an independent third-party, Montrose Environmental, to conduct an audit of Valero's EJ programs, environmental impacts, and community investments and engagements.

2022 Community Highlights

In 2022, Valero and the Valero Energy Foundation generated more than **\$68 million** for charities through employee and company donations, corporate philanthropy, fundraising and volunteerism.

\$68 MILLION+ Total generated for charities, including:

\$4 MILLION Global employee giving and employee volunteerism

\$24 MILLION Corporate investments in the U.S., U.K., Canada, Mexico and Peru

\$17 MILLION Support for United Way agencies (U.S., Mexico and Peru)

\$23 MILLION Valero Energy Foundation investments
(Including net proceeds from major fundraising events such as Valero Texas Open & Benefit for Children)

117,500+ Volunteer hours globally

Valero's Environmental Justice Policy Statement (adopted in 2009)

Valero strives to operate as a good neighbor and looks for opportunities to work with local officials and directly with fence-line neighbors to improve the quality of life for its neighbors and communities.

Valero aims to treat its fence-line neighbors fairly, regardless of race, color, national origin, culture or income. We work to ensure our neighbors have an opportunity to understand our proposed activities and to provide them with meaningful opportunity to have their concerns heard, with the goal of providing them with greater comfort of our operations.

Connecting With Stakeholders

To understand local interests and priorities, we proactively engage with all stakeholders, including:

Neighbors

We work to ensure our neighbors understand our proposed activities, and we strive to provide them with opportunities to have their concerns heard. Outreach efforts are designed around our communities' needs and preferences and may include a combination of hotlines, newsletters, direct mailings, electronic notifications, websites and participation in community advisory councils (CACs) or community advisory panels (CAPs).



Regulatory Agencies and Government Officials

Comprised of fenceline residents and businesses, nonprofit organizations and government representatives, CACs/CAPs have traditionally been a primary mechanism for Valero to engage with local communities. We work closely with the members of our CACs/CAPs, meeting regularly, and sometimes partnering on volunteer activities.

Federal, state and local regulatory agencies provide environmental stewardship through the development and enforcement of regulations. Engagements with regulators are mutually beneficial, serving as opportunities for Valero to provide business and operations updates and for agencies to discuss regulatory matters. We also work closely with government officials to ensure alignment of our business with public policies. Both regulators and government officials are invited to our refineries and plants as part of our proactive engagement efforts.

Non-Governmental Organizations (NGOs)

We regularly meet with representatives from NGOs in local communities to answer their questions, as well as look for ways we can partner on projects for the betterment of the community.

Indigenous Tribes

We worked with indigenous tribes to preserve sites with biodiverse, historical, cultural and spiritual significance. For instance, during the construction of the Diamond Pipeline in Oklahoma and Arkansas, 23 indigenous communities were contacted to participate in the permitting process. After a consultation process, more than 200 locations were identified as requiring tribal and archaeological surveying along the 440-mile route.

Industry and Business Partners

We collaborate with industry and business partners to promote mutual success by embracing the highest standards of responsible operations, including ethical business practices, compliance with all laws and regulations, health, safety, environment, human rights, labor and governance.

Feedback from Our Neighbors



At our Houston refinery, local families and neighbors join Valero employees during the annual Back to School Bash. VIDEO

More than 600 random surveys of community members and multiple interviews with stakeholders conducted as part of the independent Environmental Justice Audit Report revealed that our neighbors held positive views of Valero.

Community Surveys: a favorable impression of Valero

In October 2022, Valero engaged a third-party polling company to conduct **more than 600 random surveys** in certain Valero neighboring communities. An overwhelming majority of residents surveyed recognized the importance of oil and gas companies to the local economy, and a majority of residents had a favorable impression of Valero as a company. Additionally, a majority of residents did not believe that environmental racism was an issue in their community. However, a majority of respondents were at least somewhat concerned about environmental issues in their local area. This contrast suggests that while race-related EJ concerns are limited, a general concern over the level of pollutants in air and water exists.

Community Interviews: positive feedback from organizations advancing EJ concerns to regulators, local officials and nonprofits

Montrose Environmental conducted in-depth interviews with stakeholders, including regulators, local officials, community organizers and nonprofit representatives, to collect their feedback. The following are some of their comments:

"When we look at our world, there's so much going on ... I feel like they [Valero] are working in all areas to be sure that this city, this area, is safe for its citizens."

– Carolyn Bibbs, President & CEO, Creative Life, Memphis, Tennessee

"I constantly see Valero stepping up ... Valero won for Industry Partner of the Year because of all the work they do in the community."

– Sharon Bailey Murphy, Executive Director of the Coastal Bend Air Quality Partnership, member of the Corpus Christi Community Advisory Council

"We were hit pretty hard by Hurricane Ida, and Valero was one of those companies that really stood up and supported so many needy families and parts of our community that were devastated. If you consider that 57% are economically disadvantaged here, you can imagine we have some pretty, pretty poor areas."

– Dr. Ken Oertling, Superintendent, St. Charles Parish Public Schools, St. Charles Parish, Louisiana

"The plant manager has come to my place many times. He said he has an open-door policy when it comes to communication, and that's something that's new. But that's something I think all industry should practice ... connecting with the community where you're doing business."

– Hilton Kelley, Founder & Director, Port Arthur Community In-Power & Development

The Impact of Our Investments²⁸

1 Healthcare

TOTAL FUNDS DONATED IN 2022: \$11.0 MILLION

Over the last decade, Valero has partnered with numerous healthcare providers to help build new hospitals and clinics, expand healthcare services and ensure medical personnel have necessary equipment. The following are some examples of recent efforts:

San Antonio, Texas – Valero has committed more than **\$17 million** to support various healthcare causes in the city, including The University of Texas Health Science Center at San Antonio's construction of the new Multispecialty & Research Hospital and the Glenn Biggs Institute for Alzheimer's and Neurodegenerative Diseases; University Health Foundation's campaign for an Exceptional Future for Women and Children to raise funds for the construction of the region's first and only Women's and Children's Hospital; and Friends of CHRISTUS Santa Rosa's Mobile Mammography Unit. For the Children's Hospital of San Antonio, Valero supported the Labor & Delivery Unit for Women's Services and the Pediatric Hematology and Oncology Center, and purchased the first Mobile PET-CT Imaging Unit in the San Antonio area.

Port Arthur, Texas – Valero provided more than **\$210,000** to the Julie Rogers Gift of Life Program, which provides free cancer screenings for more than **33,000 women annually**.

Houston, Texas – Valero has donated more than **\$1.3 million** to CHRISTUS St. Mary's Clinic, which provides healthcare and mental health services to uninsured and underserved patients. Approximately 20% of its more than **6,200 patients** live in the neighboring communities of our Houston refinery.

St. Charles & Meraux, Louisiana – Valero provided nearly **\$600,000** to Ochsner Health to support a variety of healthcare programs, including those to address social and emotional needs of teenagers; a new Ear, Nose and Throat Center for pediatric patients; and additional medical equipment to better serve the communities.

Corpus Christi, Texas – Valero contributed **\$1.6 million** to Driscoll Children's Hospital to improve access to healthcare for **140,000 patients**.

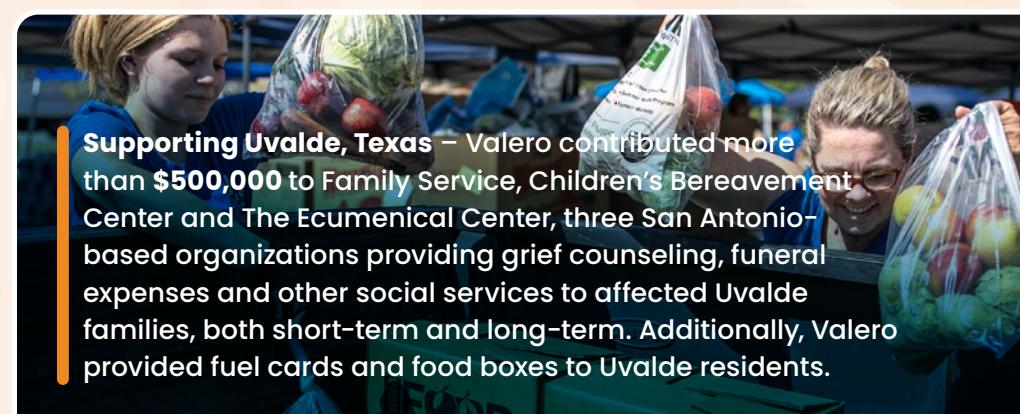
Protecting Children – Valero has supported children's advocacy centers around the country to help ensure abused and neglected children have access to counseling, forensic interviews and family advocacy:

Port Arthur, Texas – Garth House, Mickey Mehaffy Children's Advocacy Program, **900 children served annually**.

Memphis, Tennessee – Memphis Child Advocacy Center, **280 children served annually**.

Corpus Christi, Texas – Nueces County Children's Advocacy Center, **1,800 children served annually**.

Ardmore, Oklahoma – Sara's Project, serves **1,000 children annually**.



2 Education and Workforce Development

TOTAL FUNDS DONATED IN 2022: \$14.3 MILLION

For the past 10 years, Valero has partnered with a number of agencies in its communities to provide educational opportunities for children and adults. The following are some examples of recent efforts:

Memphis, Tennessee – In 2022, engineering, biology and chemistry students, as well as faculty members from five historically Black colleges and universities, were invited to participate in a STEM day at the Valero Memphis Refinery.

Before attending the Southern Heritage Classic football game, students toured the refinery, learned about the refining industry and received career coaching.

VIDEO Port Arthur, Texas – Teachers from the Port Arthur Independent School District and other local schools worked alongside Valero's refinery operators, engineers and maintenance crew for one week as part of the Workforce Solutions Southeast Texas Summer Externship Program.

Texas City, Texas – Valero provided **\$50,000** to the Santa Fe, Texas, Education Foundation to create a mobile STEM innovation lab for students.

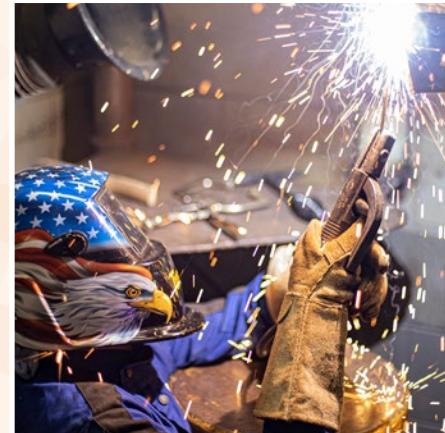


Wilmington, California – Valero has participated as a sponsor of Educating Students Together (EST) College Access Program, which empowers more than **350 students** in the foster care system and from economically disadvantaged backgrounds to pursue college.



After-School Programs:

- Benicia, California** – Valero has partnered with the Vacaville Neighborhood Boys & Girls Club to support **450 children annually** in leadership, summer and after-school programs.
- Houston, Texas** – Valero has partnered with Community Family Centers (CFC) and provided **more than \$850,000** over the past six years for after-school and summer programs for **400 children**.
- Memphis, Tennessee** – Valero has been a long-standing supporter of Knowledge Quest. Located about four miles from the Valero Memphis Refinery, the agency offers a variety of support programs, including the Extended Learning Academy, which provides free after-school care to nearly **300 economically disadvantaged children**.



Corpus Christi, Texas – As a founding supporter of the Craft Training Center, Valero has provided more than **\$1.8 million** to help students learn craft skills, such as welding.

3 Food Security

TOTAL FUNDS DONATED IN 2022: \$3.3 MILLION

Over the last decade, Valero has supported programs that provide nourishing meals and address hunger. The following are some examples of recent efforts:

Port Arthur, Texas – Valero has partnered with the Southeast Texas Food Bank to ensure **100,000 clients annually**, including **35,000 children**, do not go to bed hungry.

Wilmington, California – Valero has partnered with Food Finders' Food 4 Kids Program to provide **770 children annually** in Long Beach with a bag of food to take home.

San Antonio, Texas – Valero and its employees have contributed **more than 5.6 million pounds** of food and more than **\$5 million** to the San Antonio Food Bank.



Québec City, Canada – Valero has partnered with Moisson Québec, the largest food assistance organization in the Québec City area, to help feed **850 families** in need every month by providing **67,500 meals**.

Dumas, Texas – The Valero McKee Refinery has supported Snack Pak 4 Kids with volunteers and more than **\$235,000** to ensure students have meals on the weekends, during school holidays and over summer break.



Memphis, Tennessee – Valero has supported Feed The Needy, a pantry that serves roughly **50,000 clients annually**.

"Many of our neighbors are living paycheck to paycheck. The pandemic caused more people to find themselves in need. We are truly grateful for Valero."

– **Ruth Rawlings-Banks**, Chairman & CEO, Feed The Needy

St. Charles, Louisiana – Valero has invested more than **\$500,000** to the Second Harvest Food Bank, which has worked to increase food security in South Louisiana.

Houston, Texas – Valero has invested more than **\$900,000** in Target Hunger and Kids Meals to expand food aid for school-aged children.

Corpus Christi, Texas – Valero has provided more than **\$1.7 million** to the Coastal Bend Food Bank to help ensure **97,000 individuals annually** have access to food.

4**Housing and Basic Needs****TOTAL FUNDS DONATED IN 2022: \$7.0 MILLION**

Having a shelter helps families build strong social, economic and cultural ties with their community. Valero partners with several agencies that work to give neighbors a place to call home. The following are some examples of recent efforts:

 **Houston, Texas** – In 2022, the Houston refinery partnered with Rebuilding Together to help repair a home in the Manchester neighborhood, across the street from the refinery.

 **Port Arthur, Texas** – In 2022, Valero donated **\$30,000** to Sleep in Heavenly Peace, which helped to provide more than **100** bed frames, mattresses and bedding for children in Port Arthur. The organization builds beds for about **1,000 children every year**.

San Antonio, Texas – Valero has supported Habitat for Humanity since 2007. In 2022, Valero volunteers put the finishing touches on our 15th home for a family in San Antonio, embodying the true meaning of community.



Three Rivers, Texas – Valero partnered with Habitat for Humanity to construct a home in Beeville, Texas, for a family of military veterans.

Valero supports organizations that celebrate diversity and inclusion, including:

St. Charles, Louisiana – As part of Black History Month recognition, Valero installed a new community library box and invited author Merlyna Valentine to read her book, "Daisy the Extra Special Flower" to

children in the New Sarpy community, near the Valero St. Charles Refinery.

Corpus Christi, Texas – Valero was recognized as the 2022 Community Partner of the Year and the recipient of the Diamond Award by the NAACP's H. Boyd Hall Chapter for its contributions to racial equity.

Memphis, Tennessee – National Civil Rights Museum; Valero Proudly Supports the 31st Freedom Award – Valero has been a long-time supporter of the National Civil

Rights Museum (NCRM) through monetary and community service investments. As part of our commitment to cultural education programs, Valero was one of the presenting sponsors of the 2022 Freedom Award Ceremony that celebrated honorees for their tireless contributions to freedom, equality and justice. In addition, Valero employees have participated in thousands of hours of volunteer service at the museum.

Volunteerism is a Core Component of our Culture – More than 117,500 Global Volunteer Hours in 2022

From building homes, assembling beds and distributing food, to planting trees and vegetation, our employees help build stronger communities through their generous sharing of their time and talents.

Valero Volunteer Councils at local sites organize employee volunteer activities throughout the year. Over the past decade, our employees around the globe provided more than 1.3 million hours of volunteer service.

United Way Day of Caring



Our commitment to United Way organizations goes beyond providing funding. Our employees

participate in volunteer activities throughout the year, including the United Way's Annual Day of Caring.

Port Arthur, Texas – Valero volunteers brought local students from Washington Elementary to

the West Port Arthur Community Garden. Students learned about the importance of worms in the ecosystem through books and hands-on experience.

Meraux, Louisiana – Valero volunteers painted rooms and made repairs at the Family Violence Prevention Center.

Wilmington, California – Valero volunteers planted lemon and orange trees along with a variety of herbs and flowers to create a community garden at the local YMCA.

Mexico City, Mexico – Valero employees from the Mexico City office recently partnered with Fondo Unido–United Way México. Valero volunteers traveled to the rural town of Piedra Grande where they helped build ecological toilets, water tanks and two vegetable gardens.

Bloomingburg, Ohio – Valero volunteers from our Bloomingburg ethanol plant helped create an on-site vegetable garden with raised beds. Harvested vegetables will be donated to help feed those in need.

Quebec, Canada – Valero Energy Foundation of Canada Golf Classic raised a net amount of nearly \$277,000. The funds were distributed to about 20 local agencies near the Valero Quebec Refinery, the Montreal East Terminal and along the Saint Laurent pipeline.

Callao, Peru – Valero volunteers built 11 garbage containers made of donated recycled iron to help reduce trash in the community of Marques.

Pembroke, U.K. – In front of hundreds of spectators, the Pembrokeshire County Rugby Football Club (RFC) hosted the Valero RFC team in a grueling match. In 2022, organizers raised thousands of dollars for the Pembrokeshire Cancer Support Group, which provides support to those in the community battling cancer.

Our employees currently serve on more than 320 nonprofit/civic boards around the world that address a wide variety of needs to help strengthen communities.



Pembroke,
U.K.



Wilmington,
California



Callao,
Peru

Major Valero Fundraisers Generated \$42 Million in 2022

United Way

Our employees are “United” for United Way — Since 1980, Valero has contributed more than **\$255 million** to **70 United Way affiliates** in 26 states across the U.S. where Valero employees live and work.

In 2022 alone, our employees raised more than **\$19 million** for United Way through employee pledges, fundraising events and a company match. **More than 60% of our employees generously pledged 1% or more of their annual salary to United Way agencies.**

“Valero is a company that promotes a community atmosphere in and outside of the plant gates. There is not an area in our community that has not been improved by the culture of compassion that Valero has built with their employees.”

— **Janie Johnson**, United Way of Mid & South Jefferson County, CEO & Executive Director

“We are grateful for Valero’s unwavering commitment to supporting United Way of San Antonio and Bexar County. Their generous contributions and dedicated employee-giving campaign have positively impacted the lives of countless individuals, families and children throughout our community.”

— **Chris Martin**, United Way of San Antonio and Bexar County, President & CEO

“For decades, the Valero Wilmington Refinery has stood with United Way of Greater Los Angeles in helping families in crisis and neighborhoods build shared prosperity. We thank Valero for another strong year in our long-standing partnership in Creating L.A.’s Future. Together!”

— **Elise Buik**, United Way of Los Angeles, President & CEO

Valero Texas Open

The Valero Texas Open continues to rank No. 1 on the PGA TOUR in charitable fundraising, with an all-time total of **\$232 million**, including funds raised in 2023. With the support and generosity of Valero's business partners and sponsors, the 2023 Valero Texas Open and its associated fundraising events, Valero Benefit for Children and Champions for Charity, generated more than **\$23 million** in proceeds in 2023 alone.

In 2022, 349 charities across the United States received funding through the Valero Texas Open and Benefit for Children.

The Valero Benefit for Children provides funding for children's programs in the communities where Valero operates to support initiatives targeting:

Basic Needs
31%

Education
42%

Healthcare
27%

Lane Riggs, Chief Executive Officer and President, is joined by the 2023 Valero Texas Open (VTO) champion, Corey Conners, and the children at the First Tee of San Antonio during the VTO.

Business Partner Spotlight – RICHARD

Over the past 17 years, family-owned and operated RICHARD has performed engineering and construction services to support major capital projects across U.S.-based Valero facilities. Some of the projects include emissions reduction and the development of the largest renewable diesel process units in the world. RICHARD is a long-standing partner and supporter of the Valero Texas Open and the Valero Benefit for Children golf tournaments.



"We are so grateful for Valero's contributions to United Way Bay Area programs. These contributions make a real difference in giving our clients the resources they need to lift themselves out of poverty and for us to build a more equitable Bay Area."

– **Kevin Zwick**, United Way of Bay Area, CEO

"United Way of the Coastal Bend and our more than 60 partner agencies help 180,000 people every year. There is no way we could positively affect so many lives without the extremely generous funding from Valero and its employees. Valero is our top donor company, demonstrating for other employers the importance of caring for the communities in which we work and live."

– **Libby Averyt**, President & CEO, United Way of the Coastal Bend

*"RICHARD considers it an honor to partner with Valero every year in order to champion such a noble cause, providing support and offering the opportunity for future success to so many children and youth across the country," said **Andy Bennett**, General Manager, South Texas Division, RICHARD.*



PGA golfers Beau Hossler and Harry Higgs join RICHARD executives Mike Krautz and Brent Richard, along with Valero's John Roach and Gwilym Reedy, during the Valero Texas Open.

Making a Difference Around the World

In the communities where we operate, we are a major employer and strong economic contributor. Our direct and indirect financial support contributes to local businesses, education, municipal infrastructure and other economic development needs for the overall health and vitality of communities where we operate.

9,700+

Direct jobs bolstering local economies with payrolls

10,000+

Contractors

\$209,277

Median total annual compensation of all employees for 2022, excluding our CEO²⁹

\$2.3 billion

Spent in 2022 on maintenance and growth projects boosting construction and service jobs



Members of Valero's operations team at the renewable diesel plant in St. Charles, Louisiana.

People

Our people and our culture are fundamental to our success.

Behind complex operations and the strategic execution of our business are skilled and dedicated individuals working to safely deliver products that support our modern world. As our people advance the future of energy, we support their development and well-being through strategic resources, education and a strong work culture.

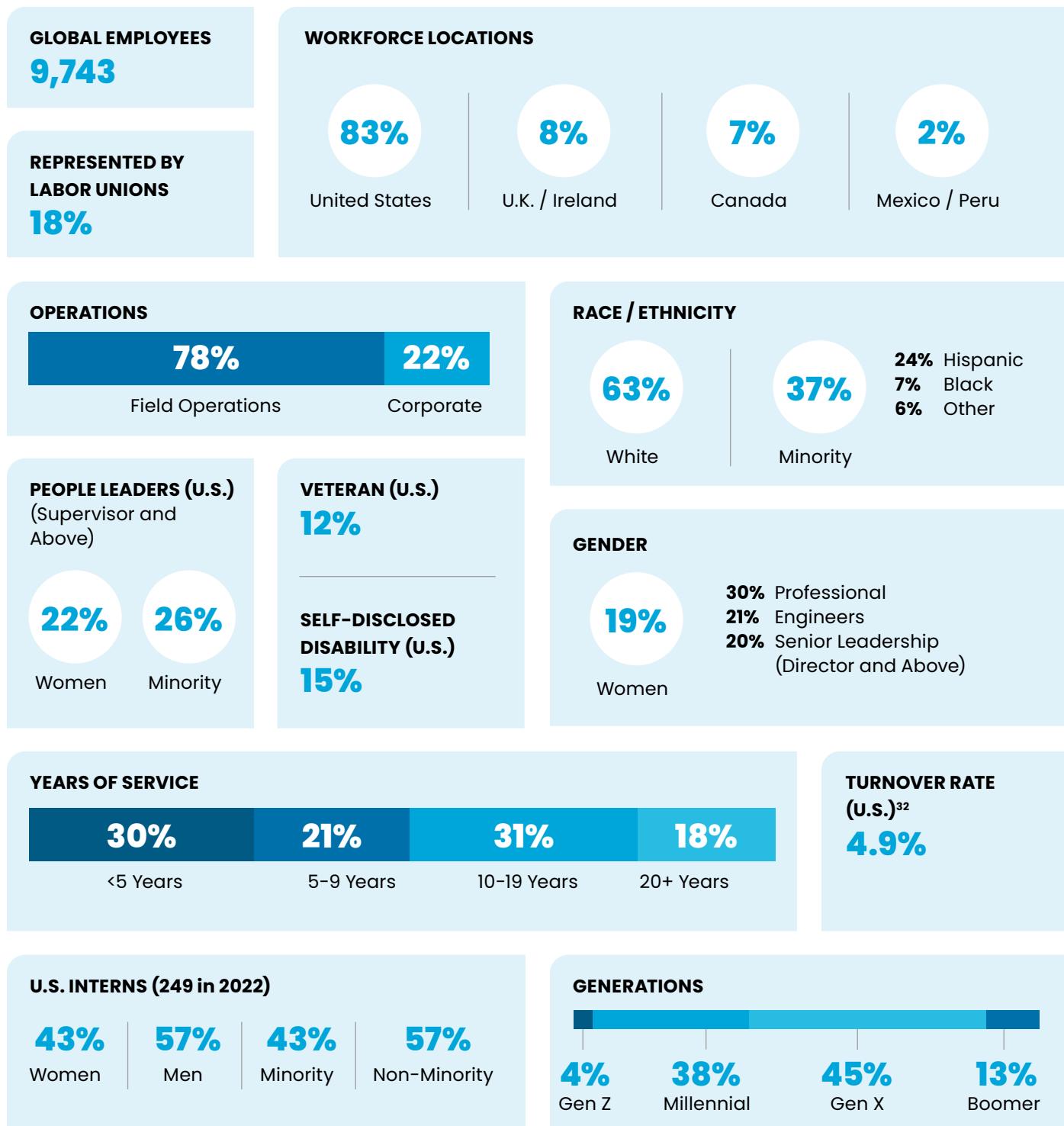
Our People Strategy

- We are committed to building a best-in-class workforce, and a healthy and inclusive workplace.

- We continuously evaluate our Total Wellness & Rewards investments to attract and retain a high-performing workforce.
- We promote a culture of learning as a key driver of excellence and strive to strengthen employee development at all levels of the organization.
- We continually assess employee performance, organizational structures and succession plans to support operational excellence, efficiency and effectiveness.

88% of employees recommend Valero as a great place to work.³⁰

Our Workforce in 2022³¹



Driving Success Through Culture

We are committed to building the best teams and providing a safe, healthy and rewarding work environment with opportunities for professional growth and long-term financial stability. Our efforts are thoughtfully designed to support and retain our workforce in meaningful ways.

Long-standing culture values support our commitment to teamwork, accountability and to building a sense of belonging for every member of Team Valero. We make investments in our people that reward dedication, innovation and excellence. Our approach advances the future of energy and the future of our workforce for years to come.



For more than 40 years, Valero has enlisted the world's best and brightest engineers, operators, maintenance crafts and business professionals to drive exceptional results. Our people strategies have been tested and validated through two vastly different business environments over the past three years. Our unwavering focus on our culture, adaptability, responsiveness, people development, and customized benefits and programs continues to strengthen and sustain our workforce.

— **Julia Rendon Reinhart**, SVP & Chief Human Resources Officer

Our people deserve an exceptional work environment that welcomes new ideas, cultivates inclusive and creative teams, and promotes a safe, healthy and rewarding career. Valero's engrained culture values are built on trust and respect, and act as the compass and source of inspiration for everything we do.

SAFE+Y

Safety is our foundation for success. From workplace safety to health and wellness, employees are encouraged to promote and demonstrate their commitment to safety at all times.

ACCOUNTABILITY

Employees make a personal choice to take ownership of performance. Creating an environment of accountability helps achieve important company goals and drives excellence.

TEAMWORK

Strong teams drive successful organizations. Valero believes that great teamwork and strong relationships are built through respectful collaboration, the sharing of diverse perspectives and strong communication.

EXCELLENCE

Valero employees treat every day like game day – working hard, being disciplined and holding ourselves to the highest standards to deliver best-in-class results.

DO THE RIGHT THING

Our commitment to integrity means doing the right thing for the right reason. Our people are trustworthy and set positive examples, leading to open, honest and sincere communication.

CARING

Through caring, we create opportunities to positively impact the teams we support, the environment we share, the customers we serve and the communities where we live and work.

Board Oversight — The Human Resources and Compensation Committee assists the Board in overseeing Valero's compensation and talent management programs, as well as succession planning for our CEO and other senior executives. At least annually, our senior management team, including the Senior Vice President and Chief Human Resources Officer, reports to the Board on these key focus areas.

Moving Forward Together

Valero strives to build a sense of community and belonging for our people through shared experiences and mutual respect. A more open, welcoming work environment is fostered through teamwork, networking and open discussion, along with annual observances and outreach activities.

Stronger Connections Through Engagement

Valero offers employees unique opportunities to build understanding and gain a stronger sense of belonging through employee networks, open discussions, guest forums and cultural experiences.

From day one, employees are immersed in experiences that help them understand Valero's culture, vision and business objectives, as well as our company's position as a responsible, team-oriented industry leader. We work to create supportive environments for all employees.

Employee Networks – Our employees have opportunities to connect, both in person and virtually, through company-driven and employee-driven networks, including:

- 'Hello Mom' Support Network.
- Valero Volunteer Councils.
- Valero Mentor Program (Intern Program).
- Total Wellness Ambassadors.
- Women's Engineering Network.
- Emerging Leaders Network.
- New Employee Integration and Frontline Leadership Cohorts.

Valero is a proud corporate sponsor of



Women's Energy Network[®]
SOUTH TEXAS CHAPTER



Veteran recognition event at the Valero Port Arthur Refinery.



Valero Three Rivers Refinery.



Members of Valero's commercial team at company headquarters in San Antonio, Texas.

Attracting the Best Talent

We strive to hire the best and brightest talent.

900+ New Employees in 2022.

In 2022, we continued to enhance our recruitment process to ensure that Valero attracts the most qualified candidates from a variety of backgrounds. Our hiring practices support efforts to build the best teams, through robust interview protocols; expanding recruiting efforts to broaden our pool of qualified candidates; conducting blind resume reviews; creating inclusive job postings; and partnering with external recruiters. Our policies, training and guidance for hiring managers ensure that new talent strengthens our culture in order to bring innovation, a range of skills and expertise, and unique perspectives to our workforce.

Recruiting Highlights

Hiring Training –

Hiring managers and college recruiting teams are required to complete interview training, which provides tools to ensure that all applicants receive fair and equitable treatment in the recruitment and hiring process.



Valero IT professional.

Expectations and Standards – We provide equal opportunities for applicants to ensure inclusion of women, minorities, veterans with protected status and qualified individuals with disabilities. Valero's Code of Business Conduct and Ethics further outlines our expectations, including zero tolerance for workplace discrimination based on race, ethnicity, religion, sex, sexual orientation, disability, gender identification, age or any status protected under applicable law, or harassment of any kind.

Reporting Systems – We provide a confidential crisis hotline to all of our employees. Additionally, all contractors and employees have access to a confidential, toll-free Ethics Helpline that is independently operated and available 24 hours a day, seven days a week to report concerns.

Women at Valero

Valero values the impact and contributions made by women throughout the company. For women in professional and operational roles, Valero provides programs and resources that support peace of mind at different stages of life and career progression.

We continue to improve our gender demographics with respect to women's achievement in leadership and in closing gender gaps in voluntary terminations, which now differs by less than 1%.

Five-Year Impact

	2018	2022	Change
Women in Executive Leadership (VP and above)	11%	16%	↑45%
Women in Senior Leadership (Director and above)	17%	20%	↑18%
Women in Engineering	17%	21%	↑24%



Developing Stronger Teams

For a dynamic, global workforce, opportunities are provided to help employees connect, develop expertise and strengthen teams. These include, but are not limited to:

- **New Hire Orientation.**
- **New Employee Integration Program.**
- **Informal Mentorship Program.**
- **Renewables Operator Qualifications (ROQ).**

A twelve-week program for newly hired ethanol plant operators prepares trainees for optimal performance once on the job, teaching them to safely monitor, operate and troubleshoot units in their designated areas.

- **Refinery Basic Operator Training (BOT).**
A twelve-week refinery-based program lays the groundwork for a safe and successful career in operations. By leveraging internal subject matter instructors and bringing experienced employees into the classroom to share their experience and knowledge, new-operator integration is built on a foundation of existing expertise at Valero. In 2022, more than 10,000 applications were received for more than 200 openings across our refineries. Successful applicants demonstrated mechanical aptitude, a willingness to learn and dedication to safety. Our selection process is designed to produce a slate of

highly qualified candidates with diverse backgrounds who, once hired, are provided this paid BOT to prepare them for their first post and a long-term career.

BOT Graduate Average Starting Pay and Rewards Exceed \$100,000.³³



BOT session at the Valero Port Arthur Refinery.

Education and Community Partnerships

In addition to strategic partnership with major universities, Valero also partners with local workforce agencies, colleges and high schools that stimulate and support a community-based workforce. Our education partnerships include Hispanic Serving Institutions, Historically Black Colleges and Universities and other academic institutions. We leverage these relationships to connect with local talent and to extend our outreach to underrepresented populations.

Ardmore, Oklahoma

- Southern Tech
- Southern Riders Rodeo
- Ardmore High School
- Madill High School
- Military Organizations (Tinker AFB, Fort Sill Army Base, Oklahoma National Guard)

Corpus Christi, Texas

- Del Mar Community College (Hispanic-Serving Institution) – Process Tech Pgm., Operator Application Workshop
- Texas A&M University – Kingsville
- Coastal Bend Workforce Commission

Sunray, Texas

- Amarillo College
- Frank Phillips College
- Dumas ISD
- Amarillo Hispanic Chamber of Commerce
- Texas Veteran Commission

Memphis, Tennessee

- William R. Moore College of Technology
- Goodwill Excel Centers Memphis
- Historically Black Colleges & Universities – Lemoyne-Owen College, Rust College, Jackson State University, The National Coalition of 100 Black Women, Latino Memphis, Alpha Omega, Shelby County Veteran Services

New Orleans, Louisiana

- River Parishes Community College
- St. Charles Parish High School Satellite Center
- Fletcher Community College
- NextOp (Military/Veteran Organization)
- LA Workforce Commission Veterans Alliance

Pembroke, Wales

- Pembrokeshire College

Port Arthur, Texas

- Lamar University
- Lamar State College – Port Arthur & Orange
- Port Arthur ISD Career & Technical Center
- Beaumont ISD
- Nederland High School
- 100 Black Men of Greater Beaumont
- Texas Workforce Solutions – Vocational Rehabilitation Services

Valero Talent Pipeline

Creating a sustainable and robust talent pipeline is foundational to identifying and developing future leaders. We continue to enhance our recruitment process to reach the most talented pool of candidates

possible. Our college and university partners, intern program and Engineering Summit help us to not only identify top talent but also create new opportunities for such talent to emerge.



Valero Intern Program

Through summer and ongoing opportunities and co-ops, we extend internships to high-performing college students across a variety of business functions, including engineering, accounting, commercial, marketing, information systems, cybersecurity, legal, communications and human resources.

In addition to providing an avenue for students to gain valuable job experience and to learn about Valero's culture, our intern program allows Valero to attract and retain the company's future talent. Our intern program includes:

- Competitive pay.
- Company-paid medical and dental benefits.
- Company-matched 401(k) and Pension Plan.
- Formal mentorship program.
- Professional and personal development.
- Relocation assistance.
- Exposure to business operations, company leadership and industry experts.
- Social and community involvement.
- Annual all-intern symposium at Valero headquarters.

In 2022, 37% of engineering interns were female.

In 2022, we welcomed 249 interns to Valero representing 41 colleges and universities. The largest and most diverse class to date included 43% female interns and 43% interns representing racial/ethnic minority. Approximately 85% of interns who received full-time offers accepted and chose to begin their careers at Valero.

Valero's Engineering Summit

Recognized by the National Association of Colleges and Employers in 2021 as a DEI Program of Excellence, the Engineering Summit is a four-day immersive experience for high-performing underrepresented engineering students who have completed their freshman year in college. Through workshops, roundtable discussions, a hands-on refinery tour, a volunteer event and exposure to Valero's talented workforce, the summit introduces a new generation of engineering talent to the world of energy and to our company. As part of their experience, each student receives a \$1,500 scholarship and an offer to apply to Valero's next summer intern program.



For the past 25 years, the Valero Intern Program has become the primary recruiting vehicle for our professional workforce.

Total People Investment³⁴ – \$2.2 Billion In 2022

PAY EQUITY RATIO

99%

Gender

100%

Minority

GLOBAL COMPENSATION

**\$1.3
BILLION**

Direct
Compensation

**\$320
MILLION**

Bonus
Payments

**\$100
MILLION**

Incentive Stock
Awards

BENEFITS AND PROGRAMS

**\$183
MILLION**

Physical
Well-Being

**\$374
MILLION**

Financial
Well-Being

**\$102
MILLION**

Emotional
Well-Being

90%

Employees feel that
"Valero is invested in their
health and wellness."³⁰

91%

Employees "satisfied with
the range of benefits
Valero has to offer."³⁰

MEDIAN-PAID EMPLOYEE

\$209,277 Total
Compensation.²⁹

Top 10 compensation
ranking in the S&P 500.³⁵

Valero supports living wage
principles.

EQUAL PAY COMMITMENT

Valero is committed to
equal pay opportunities for
all employees, regardless of
protected status.



Valero Wellness Center at
company headquarters in
San Antonio, Texas.



Valero Three Rivers Refinery.



Daycare facility for Valero
families.

Total Wellness and Rewards

Valero's Total Wellness benefits and programs support our employees' **Emotional, Physical and Financial Well-Being** and reflect our culture and thoughtful investment in our workforce.

Our Total Wellness mission is to create a work environment that fosters employee well-being while educating them in healthy lifestyle and sound financial choices. From hire to retire, this investment in our greatest asset delivers the ultimate return — a safe, healthy and productive workforce committed to the success of our company.

Our Approach:

- Foster a wellness culture that provides meaningful resources for every employee and promotes access regardless of personal circumstances.
- Provide competitive benefit offerings for every stage of life, from early career into retirement.
- Thoughtfully consider programs and resources that address challenges employees could face as they seek better overall health and well-being for themselves and their families.
- Provide financial education and security for employees' long-term stability as a complement to Valero's fair and equitable compensation practices and pay-for-performance philosophy.
- Provide adaptable policies and support that allow for individualized choice and that address the diverse needs of a large workforce.

We continually evaluate our benefit offerings to support the best possible health and wellness outcomes for our people and to help determine the most appropriate allocation of company resources. Through peer benchmarking, employee surveys and exit interviews, we work to ensure program investments are competitive in attracting and retaining top talent.



TotalWellness

Choose well. Live well. Be well.

1 Emotional Well-Being

Valero offers wide-ranging benefits to address emotional well-being, including:

Employee Assistance Program (EAP) – Life Connections:

Life Connections: Life Connections is a confidential, free support service that provides access to a wide range of employee and family support, including:

- Wellness tips and reminders.
- Child care and elder care referral services and suggestions.
- Counseling services for family, relationships, stress, grief and other concerns.

- Support programs for mental health conditions, such as insomnia, chronic pain and substance abuse.

Similar assistance programs and resources are offered for our international employees in the U.K., Canada and Mexico. In Peru, a certified social worker is employed to support the needs of our employees, from personal well-being and rehabilitation to conflict resolution/mediation, family counseling, student support and research, among others.



Behavioral and Mental Health Benefits

In an effort to build greater awareness of available mental health resources, we have added initiatives and access points to help employees meet their unique needs. This includes awareness campaigns, virtual and in-person access to wellness experts, meditation resources, stress and anxiety workshops, nutritional clinics and annual wellness assessments. Other benefits supporting behavioral health include:

- Virtual program focused on cognitive behavioral therapy (CBT).
 - Mobile app offering support for anxiety, depression and stress.
 - Virtual therapy sessions through multiple providers.
- Additional services and workplace events encourage habits that improve emotional health and support better work-life balance. Examples in the U.S. include:
- Total Wellness Fairs to bring health and wellness vendors and resources to employees.
 - 'Get Outside Valero' event encourages families to foster mental and physical health.
 - 'Pills and Paper Purge' event (partnership with DEA) to de-clutter and de-stress.
 - Fitness challenges to grow physical/mental wellness.
 - Virtual wellness incentive platform to encourage physical activity and take preventive steps to maintain health.
 - Internal 'Total Wellness' portal with resources.
 - Accessible videos encouraging proper form and movement during physical exercise.

Generous Vacation and Leave Programs

Valero recognizes the importance of providing the opportunity for rest, recovery, recreation and personal time to meet employee and family health needs. Competitive paid leave time provides short- and long-term support while employees are away, encouraging greater emotional and physical wellness upon return to work. Leave programs include, but are not limited to, the following:

- **Parental Leave Policy:** In the U.S., our childbirth leave is available on the date of hire and includes nine weeks of paid leave. In addition, three weeks of paid parental leave/bonding are offered for all new parents, including adoption and surrogacy. In total, birth mothers are given 12 weeks of paid leave. A package of helpful resources and support links are sent to Valero parents in advance of the birth, including a summary of leave provisions. For our non-U.S. employees, paid parental leave meets or exceeds legal requirements in those countries.

'Hello Baby' and Family Gift Program: From the time an employee provides notification about an expected new arrival, through their leave time and transition back to work, new parents receive continual support. Helpful resources, guidance and gifts are provided to parents as they navigate changes and welcome a new family member.

\$108 Million Vacation and Paid Leave in 2022.

- Family Illness Leave:** U.S. employees are eligible for 10 days of paid leave to care for family members. For non-U.S. employees, paid family leave meets or exceeds legal requirements of foreign countries.
- Military Service Leave Beyond Minimum Standards (U.S.):** Valero offers differential pay for employees called to active and reserve duty. For long-term assignments/deployment, Valero employees and

their families continue to be eligible to receive all company-sponsored health and welfare benefits.

- Vacation:** Competitive vacation schedules are offered based on years of service and recognition of prior relevant experience upon hire.
- Other:** Caregiver support network; adoption assistance and support programs; 24/7 confidential crisis hotline.

2 Physical Well-Being

Providing the time and resources our employees need to be healthy is critical for success inside and outside of work. Nutrition, exercise and rest are only part of the equation.

Being educated and motivated to improve physical and mental wellness is equally important. In support, Valero provides customized employee programs companywide, including:

Comprehensive healthcare plans – 97% of Eligible Employees Are Enrolled in Medical Coverage

Company-paid benefits for Valero's largest employee group include elective benefit options, such as Medical, Prescription Drug, Dental, and Vision Insurance; Flexible Spending Accounts; Health Savings Account; Life Insurance; Legal Insurance; and Group Critical Illness.

The majority of full-time U.S. employees receive company contributions to cover the full cost of coverage under most medical benefit options.

Referred to as "Valero Provided Dollars," this investment allows employees flexibility to fully customize benefit coverage for specific individual and family needs, while minimizing or eliminating employee healthcare premiums. Outside the U.S., employees receive a significant contribution toward the cost of healthcare coverage in their respective countries. In the majority of cases, contributions cover 100% of the cost for employees.

\$183 Million Invested in 2022 in the physical health of our employees.



On-Site Employee Wellness Centers / Family Wellness Center (U.S.)

The goal of Valero on-site wellness centers is to provide convenient access to high-quality primary care for acute, routine and preventive services for employees and, at corporate headquarters, their eligible dependents. At certain Valero locations, on-site wellness centers provide routine services, including:

- Diagnostics and treatment of employee illnesses and minor injuries.
- Physical-led management of chronic conditions.
- Annual vaccinations.
- Allergy shots.
- Smoking cessation.
- Weight loss support and diabetes intervention.

97% of respondents agree Valero's on-site wellness centers are a valued benefit.³⁰

Annual Wellness Assessments

Annual confidential wellness assessments are free to Valero employees and offered at a reduced rate for spouses and retirees. This valuable individualized assessment creates a comprehensive picture of personal health and a baseline to allow for more educated, proactive health decisions and discussions with the individual healthcare provider.

Fitness Centers, Subsidies and Online Resources

Equipped fitness centers are available on-site at most major U.S. locations, including a full-time fitness staff at company headquarters. Fitness subsidies are available to U.S. employees at locations outside of San Antonio.

Additionally, Total Wellness programs and resources are designed to support the ongoing physical health goals of our employees and to provide easy access through in-person and virtual means.

99% of employee survey respondents strongly believe Valero's corporate Fitness Center is a valued benefit.³⁰

Promoting Stress Relief with 'Get Outside Valero'

Hosted annually by Total Wellness, this fun and active event kicks off with a 5K for runners and walkers and a 10K for cyclists, followed by outdoor activities such as a 25-foot rock wall and a "trike" track.

Valero Child Care Center (or stipend for child care services)

The children of Valero employees are an important extension of Team Valero. Valero parents have access to state-of-the-art, licensed and accredited child care centers, either on-site or within the employee's local area. Back-up child care and tutoring services are also available through a Valero partnership.

Other: Medical specialist consultations, on-site mammograms, mother's rooms or designated areas and nursing pods.

3 Financial Well-Being and Rewards

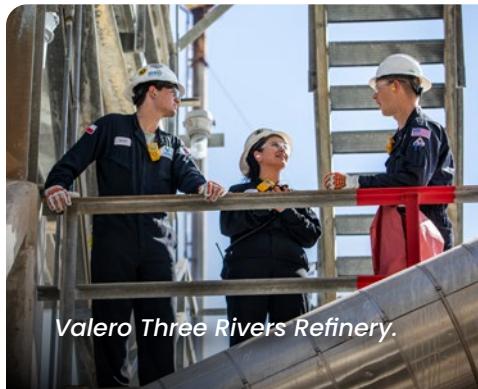
Attracting and retaining the best people in our industry requires a layered and uniquely personal approach to financial stability. Valero's compensation and financial wellness strategy greatly supports these objectives, providing motivation, rewards and investment opportunities for an exceptional workforce.

\$374 Million in Support of Financial Security and Retirement in 2022.

Generous 401(k) Match – 96% of U.S. Employees Enrolled in 401(k) Plan in 2022

Valero is proud to provide an excellent retirement savings plan that, if utilized to the fullest, helps provide significant financial security for employees later in life. For the majority of our U.S. employees, the available company match under the primary savings plan is up to 7% of eligible pay and vests immediately.





Company-Sponsored Pension Plan

As an added layer of financial security, the majority of U.S. employees are automatically enrolled in an exceptional pension plan after one year of service. Vesting reaches 100% after three years of service.

Annual Merit and Bonus Awards

The Annual Merit Award process adjusts eligible employees' salaries for market competitiveness, performance and relativity to peers. Managers are able to ensure equitable pay for all team members. Discretionary Annual Bonus Awards recognize employees who contribute to Valero's success, and serve as a pathway to review employee performance over the past year.

Valero Perks at Work

Perks at Work is a discount program that gives access to exclusive savings on quality of life enhancements and conveniences such as household items, travel, electronics and many more.

Employee Tuition Reimbursement

The Valero Educational Assistance Program supports employees' continuing education (college or specialized certifications) relevant to professional development. Upon approval, the program can provide up to \$10,000 per employee annually for tuition, fees and books.

More than \$872,000 was awarded to employees in 2022.

Customized Financial Education & Planning

Educational workshops have been created to assist in putting personal financial goals within reach. Employees have regular opportunities to attend free financial education webinars such as Valero's Planning for Retirement and Financial Habits that Matter workshops.

Adoption Assistance

Adopting a child is a life-changing experience for the child and his/her new family. Valero is proud to support families by reimbursing a portion of adoption-related expenses.

Valero Scholarship Program for Dependents

Each year, a selection of outstanding children of Valero employees receive a Valero Scholarship, based on scholastic achievement, community involvement and leadership qualities. Each recipient receives \$2,500 per year for up to four years of undergraduate studies.

Employees attended more than 1,300 hours of financial education in 2022.

Since 1981, Valero has awarded 791 scholarships totaling \$6.6 million to employee dependents.

Other: Retiree medical benefit (subsidized in certain cases); health savings account contribution; short- and long-term disability; and financial hardship funds.

Developing Our Leaders

We are committed to building a strong learning culture, where all employees are supported in reaching their full potential.

At the core of every successful Valero leader is a full understanding of our business, our culture and the people who drive our success. We develop our leaders and team members to motivate, engage and support an inclusive workforce that expands our talent pipeline and reduces turnover. With a range of technical, professional, operational and leadership development programs, Valero offers learning opportunities (in-person and virtually) for employees at all stages of their professional journey.

More than 751,000 hours of training and more than 8,700 training classes offered to employees in 2022.³⁶

More than 80% of training materials are internally generated by 600 instructors and subject matter experts from across the company. The professional and technical curriculum includes job readiness and skills evaluation. Training also focuses on year-round learning opportunities supporting our team-driven work culture, safety mindset and continual efforts to build expertise within our teams.

Training Programs

ALL-EMPLOYEE PROGRAMS / 78 different programs in 2022

Developing Team Valero – Instructor-led courses targeting professional and technical topics.

Individualized Development – Behavioral assessment review to understand individual strengths and weaknesses.

Other – Valero development library; compliance and regulatory training; and business acumen resources.

ROLE-SPECIFIC PROGRAMS / 875 different programs in 2022

Engineering Technical Excellence Program – Structured two-track program designed to enhance and sharpen the technical skills of early career and experienced engineers.

Subject Matter Instructor (SMI) Development – Program designed to cultivate Valero's internal experts across the organization and prepare them to deliver training sessions – virtually or in person – on a wide range of department-specific or professional topics.

Instructor Development – Individualized development and coaching of experts for preparation to facilitate courses.

Other – Engineering development virtual program; commercial development program; and operations qualification and unit specific courses.

LEADERSHIP PROGRAMS / 49 different programs in 2022

Supervisor Toolkit – To prepare our new supervisors for their role, we provide a 12-month road map on day one of promotion, which outlines information on developing essential skills, building strong teams, ensuring an inclusive work environment and understanding their leadership style.

Frontline & Beyond Frontline – Required program building essential skills for managing and leading others. Includes a year-long cohort learning experience with an executive leader coach.

LeaderTalks – Program supporting experienced leaders with unique opportunities to learn directly from executive leaders' first-hand experiences and perspectives on essential leadership skills.

Refinery Supervisor Development – Customized curriculum designed to reinforce expectations of field leaders to build strong teams and drive operational excellence.

Other – Leadership transition guide; extraordinary leaders program; and performance management resources.



Our unique culture drives our company's success and is the consistent thread that ties us all together.

As we stay committed to advancing the future of transportation fuels, it is also important to reflect on the commitment we have to maintaining the highest standards of ethical behavior. Our strong corporate governance policies and practices provide accountability and responsiveness to our employees, officers, directors and stakeholders.

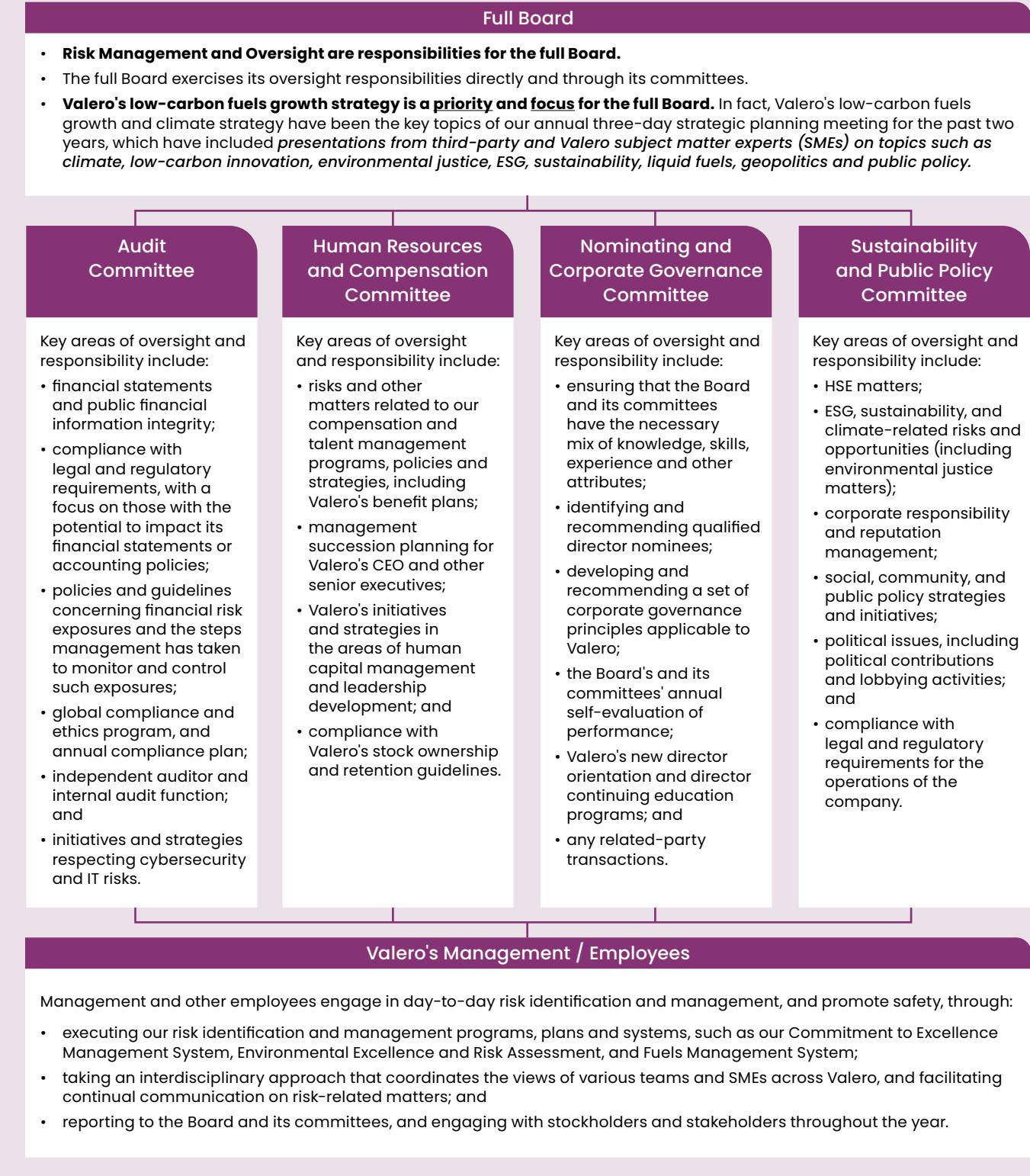
Joe Gorder
Valero's Executive Chairman

Governance

We view our stakeholders as partners to whom we seek to deliver operational excellence, disciplined management of capital and long-term value on a foundation of strong governance and ethical standards.

Governance and Risk Management

Risk Management and Oversight Structure



Board of Directors



Joe Gorder
Executive Chairman,
Valero Energy
Corporation



Fred M. Diaz
Retired President,
CEO and
Chairman of the
Board of Directors
of Mitsubishi
Motors North
America, Inc.

Committee: Audit



**H. Paulett
Eberhart**
Chair and CEO,
HMS Ventures

Committee: Audit
(Chair); and
Sustainability and
Public Policy



**Marie A.
Ffolkes**
Former President
and CEO, TriMark
USA, LLC

Committee:
Nominating
and Corporate
Governance



**Kimberly
Greene**
Board Chair, CEO
and President,
Georgia Power
Company

Committees:
Nominating
and Corporate
Governance
(Chair); and
Sustainability and
Public Policy



**Deborah P.
Majoras**
Retired Chief
Legal Officer and
Secretary, The
Procter & Gamble
Company

Committees:
Sustainability
and Public Policy
(Chair); and
Nominating
and Corporate
Governance



Eric D. Mullins
Chairman and
CEO, Lime Rock
Resources

Committee: Audit



**Sen. Don
Nickles**
Retired U.S.
Senator (R-Okl.)
and Chairman and
CEO, The Nickles
Group

Committee:
Nominating
and Corporate
Governance



**Robert A.
Profusek**
Partner and
Practice Leader,
Global Mergers
and Acquisitions,
Jones Day;
Valero Lead
Director

Committees:
Human
Resources and
Compensation;
and Sustainability
and Public Policy



Lane Riggs
Chief Executive
Officer and
President,
Valero Energy
Corporation



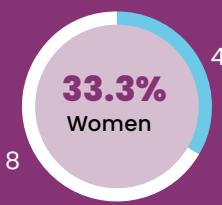
**Randall J.
Weisenburger**
Managing
Member, Mile 26
Capital LLC; former
EVP and CFO,
Omnicom Group
Inc.

Committee:
Human
Resources and
Compensation

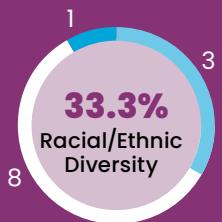


**Rayford
Wilkins, Jr.**
Retired CEO-
Diversified
Businesses, AT&T
Inc.

Committees:
Human
Resources and
Compensation
(Chair); and
Sustainability and
Public Policy



● Men ● Women



● White ● Black/African
American ● Hispanic/
Latino



● 50s ● 60s ● 70s

Age as of 12/31/2022.

5 New Independent
Directors Since 2016

10 Independent
Directors

7 Directors represent
gender or racial/
ethnic diversity

Director Skills and Experience

	Diaz	Eberhart	Folkes	Greene	Gorder	Majoras	Mullins	Nickles	Profusek	Riggs	Weisenburger	Wilkins
SKILLS AND EXPERIENCE												
CEO/Leadership	●	●	●	●	●	●	●	●	●	●	●	●
ESG/Sustainability	●	●	●	●	●	●	●	●	●	●	●	●
HSE	●	●	●	●	●	●	●	●	●	●	●	●
Human Capital Management	●	●	●	●	●	●	●	●	●	●	●	●
Corporate Governance	●	●	●	●	●	●	●	●	●	●	●	●
Cybersecurity/IT		●	●	●		●			●		●	●
Finance/Accounting	●	●	●	●	●		●	●	●	●	●	●
Global	●	●	●		●	●			●	●	●	●
Government, Legal, Regulatory, and Compliance	●	●		●	●	●		●	●	●	●	●
Risk Management	●	●	●	●	●	●	●	●	●	●	●	●
Industry	●	●	●	●	●		●	●		●		

Board Oversight – ESG, Sustainability and Climate

The full Board periodically reviews and discusses various ESG and sustainability matters (including those related to climate and environmental justice). Valero's low-carbon fuels growth and climate strategies are priorities for the full Board. The challenges and opportunities presented by ESG are broad-ranging, interrelated and complex, and as a result often overlap across multiple areas of respective responsibility of the Board committees, including the Audit Committee, Nominating and Corporate Governance Committee,

Human Resources and Compensation Committee, and Sustainability and Public Policy Committee.

At the corporate level, the Senior Vice President, General Counsel and Secretary has oversight of certain functions actively involved in climate-related management. This position is the executive officer who reports directly to the CEO, and provides updates to all levels of management, including the Board.

Comprehensive Liquid Fuels Strategy

We are working to advance the future of energy with capital discipline, innovation and unmatched execution. We support our commitment to stockholder returns with our **comprehensive liquid fuels strategy that drives economic growth projects and provides a viable path to reduce GHG emissions.**

Operations

Unmatched Execution with a Proven History of Operational Excellence

- Safe, reliable, environmentally responsible operations driving higher profitability and lower earnings volatility.
- The **lowest-cost producer** among peer group while maintaining first-quartile operating performance.
- Applying liquid fuels manufacturing expertise to optimize our low-carbon fuels businesses.

Capital Discipline

Demonstrated Commitment to Stockholders

- Disciplined capital allocation with solid free cash flow and returns to stockholders across margin cycles.
- Delivered on our **target payout ratio of 40% to 50%** of adjusted net cash provided by operating activities.

Earnings Growth

Growth Through Innovation

- Growth projects focused on operating cost control, market expansion and margin improvement.
- Leveraging our global liquid fuels platform to expand our long-term competitive advantage with investments in economic low-carbon projects.
- Minimum 25% after-tax IRR hurdle rate has applied to all growth projects.**

Executive Compensation

Alignment of Executive Pay with Company Performance and Long-Term Stockholder Value Creation

- Link of superior company performance and executive pay.
- Link of ESG and climate-related goals and executive pay.
- Alignment of interests of executives and stockholders.
- Risk management and adoption of best practices in executive pay.
- Balance of compensation over short- and long-term periods.
- Retention of top executive talent.

Valero is a constituent of 49 ESG indices³⁷



S&P Dow Jones Indices

A Division of S&P Global

S&P 500 ESG Index



Linkage of Executive Compensation to ESG and GHG Emissions Metrics

Annual Bonus Plan – Valero's annual bonus program includes both HSE performance measures and ESG efforts and improvements.

In 2022, we made performance within the Health, Safety and Environment sub-component of the annual bonus program more difficult to achieve by adjusting targets for certain metrics and through the implementation of a severity/volume enhancer on the Environmental Scorecard Incidents metric.

Long-Term Incentive (LTI) Program – In 2021, our Human Resources and Compensation Committee strengthened the ties between executive compensation and ESG priorities through the addition of an energy transition modifier to our LTI program, tying executive compensation with our publicly disclosed GHG emissions reduction/displacement targets and the deployment of capital to low-carbon initiatives.

In 2022, our performance exceeded our 2025 GHG reduction/displacement target, which is three years ahead of schedule. Accordingly, in February 2023, our Human Resources and Compensation Committee approved a modification to our energy transition performance modifier for performance shares granted beginning in 2023 that continues on to our 2035 GHG reduction/displacement target.

Awards

For the seventh year in a row, Institutional Investor Magazine named Valero among its "Most Honored Companies," based on results across several categories of its 2023 All-America Executive Team rankings. Out of over 1,300 companies receiving votes across 44 sectors, 10% earned the "Most Honored" distinction. The investment publication determined the rankings from votes of over 3,100 investors and over 330 research analysts who evaluated companies and executives.

- **1st Place Awards** in the **Integrated Oil** sector by Research Analysts:
 - **Best CEO** – Joe Gorder
 - **Best CFO** – Jason Fraser
 - **Best IR Professional** – Homer Bhullar
- We also ranked #1 in the Integrated Oil sector awards for **Best IR Team**, **Best IR Program**, **Best ESG Program** and **Best Company Board** by research analysts.

Awarded S&P Platts 2022 Energy Company of the Year.



Joe Gorder
Chairman and Chief Executive Officer until June 30, 2023;
Executive Chairman of the Board starting July 1, 2023.



Jason Fraser
Executive Vice President and Chief Financial Officer.



Homer Bhullar
Vice President
Investor Relations and Finance.

Supply Chain Management

Valero's [Conduct Guidelines for Business Partners](#) describes our standards and expectations for Business Partners—namely our **suppliers, vendors, contractors, consultants, distributors, agents, representatives** and any third parties or individuals acting on behalf of the company. Applicable in all countries where Valero operates, our Conduct Guidelines reflect our expectations of **high ethical standards** and the unwavering requirement to **act with integrity**.

We expect our business partners to commit to uphold Valero's reputation as a company with high standards of business ethics and conduct, including in the following areas:

- Anti-Bribery / Anti-Corruption
- Antitrust / Fair Dealing and Competition
- Conflicts of Interest
- Corporate Recordkeeping
- Data Privacy
- Fair Employment Practices
- Gifts and Entertainment
- Government Contracting and Small Business Engagement
- Health, Safety and Environment
- Human Rights
- Information Security and Intellectual Property
- Insider Trading
- International Trade Regulations
- Legal Compliance

Valero and business partners worked together to build the renewable diesel plant in Port Arthur, Texas.



Vetting Our Suppliers – Valero has a formal screening process for our suppliers, which looks at various risk indicators, such as reputation, local jurisdiction, sanctions, financial stability and commitment to comply with our policies and procedures. We manage various supplier-related risks through a counterparty due diligence vetting process. Additionally, audits may be conducted to ensure that suppliers uphold all standards listed in Valero's Conduct Guidelines for Business Partners.

Business Ethics and Compliance

Valero's **Code of Business Conduct and Ethics** is reviewed and approved by the Board and Valero's executive management team. Our Code provides guidance for our day-to-day work and the behaviors expected of us, as well as our legal and ethical responsibilities. The Code focuses on the following commitments:

In addition to our Chief Compliance Officer, Valero's Audit Committee oversees the company's global compliance function.

Commitment to Each Other



- Health, Safety and Environment
- Workplace Environment

- Community
- Human Rights
- Data Privacy

Commitment to Business Partners



- Expectations of Business Partners – **Conduct Guidelines for Business Partners**
- Gifts and Entertainment

Commitment to Shareholders



- Business Records and Internal Controls
- Protecting Company Assets
- Information Security

- Conflicts of Interest and Corporate Opportunities
- Insider Trading
- External Communications

Commitment to the Marketplace



- Anti-Bribery and Anti-Corruption
- Anti-Money Laundering
- Antitrust, Fair Dealings and Competition

- International Trading
- Anti-Boycott
- Participating in Political Activities

More than 745,000 hours of training was conducted in 2022 on various HSE regulatory, legal and other compliance-related matters, including conduct and ethics, use of ethics helpline, anti-bribery, data privacy, human rights and information security.

Our Ethics Helpline is a confidential external helpline operated by a trained third-party. It is available toll-free, 24 hours a day, seven days a week and in local languages. All reports are investigated fairly and thoroughly.

Other Published Governance Policies:

- Human Rights Policy Statement
- Policy on Vesting of Performance Shares
- Stock Ownership and Retention Guidelines for Directors and Officers
- Anti-Bribery and Anti-Corruption Policy
- Environmental Justice Policy Statement
- Health, Safety and Environment Policy Statement
- Policy on Political Contributions, Lobbying and Trade Associations
- Related Party Transactions Policy
- UK Tax Policy
- Anti-Slavery and Human Trafficking Policy Statement
- Compensation Consultant Disclosures Policy
- Policy on Executive Compensation in Restatement Situations

Visit our website at www.valero.com > Investors > ESG > Governance Documents.

Stakeholder Engagement

Our engagement program offers proactive outreach and opportunities for stakeholders to communicate their concerns and priorities to our management team. Additionally, the program undergoes a rigorous analysis, review and assessment process to ensure continuous improvement.

Proactive

Ongoing engagement with stakeholders is important to us. For instance, throughout the year we communicate with our stakeholders through a variety of means, including direct interface, investor presentations, ESG presentations, our website, community outreach and the publications and reports we issue.

Consistent Dialogue

As part of our engagement efforts, our senior management team reaches out to our stakeholders for dialogue concerning their priorities – which may include our corporate strategy, environmental initiatives, financial performance, capital allocation, ESG, sustainability, and climate-related risks and opportunities facing Valero, GHG emissions, human capital management, executive compensation, and/or corporate governance, among other relevant matters. **We value our stakeholders' views and input.**

Process: Review, plan, engage, and analyze and respond

Our engagement process follows a “review, plan, engage, and analyze and respond” cycle to build relationships and create meaningful interactions. Our engagements with stakeholders have been constructive and have provided management and the Board with insights on issues and initiatives that are important to our stakeholders. Additionally, we initiate formal outreach efforts throughout the year.

Assessment

Our engagement process is adjusted based on needs and business strategy. After each engagement opportunity, we assess the input received and share it with our management team and the Board, as appropriate. This constant communication with the management team and the Board allows us to develop policies, practices and disclosures to meet the expectations of our stakeholders.

Our Responsiveness to Engagement

As part of our engagement efforts, we proactively offer dialogue to stockholders and stakeholders regarding different matters, such as executive compensation, ESG, sustainability, proxy proposals, climate-related risks and opportunities, GHG emissions targets, environmental justice and community engagement efforts, human capital management, and political and lobbying activities. The robust ESG/compensation engagement efforts we undertook over the course of 2022 consisted of the following:

- Offering dialogue to our 100 largest stockholders;
- Holding at least 55 different meetings with stockholders and proxy advisory firms; and
- Engaging with stockholders that held approximately 50% of our outstanding shares of common stock.³⁸

In 2022 and early 2023, in response to **stockholder and stakeholder feedback, the following disclosures and/or changes were made:**

- Relative TSR performance target for Valero's performance shares was prospectively set above the median of the peer group for future grants of performance shares.³⁹
- A cap on overall performance share payouts at 100% of target, when Valero's TSR over the performance period is negative, will be applied to future grants of performance shares.
- Stock Ownership and Retention Guidelines were enhanced by increasing the required value of Valero Common Stock owned by senior executives as a multiple of salary by 50% above previous levels.⁴⁰
- Scope 3 intensity disclosure.
- Value chain analysis.
- TCFD Report (IEA Net Zero by 2050).
- Third-party assurance on Scope 1, Scope 2 and Scope 3 Intensity disclosures as well as low-carbon fuels displacements and the evaluation of our 2035 GHG emissions target.
- 2023 Environmental Justice Audit Report and Racial Equity Assessment.

Political Engagement

Valero believes that constructive participation in the political process is an important means of enhancing stockholder value and promoting good corporate citizenship.

- **Board Oversight** — The CEO and the General Counsel review and approve recommendations by Valero's government affairs team on political contributions and lobbying activities. Additionally, the Sustainability and Public Policy Committee is responsible for assisting the Board with oversight of Valero's political contributions and lobbying activities and receives, at least once annually, a formal report from management on these activities.
- **Policy Advocacy** — As part of our engagement, we may advocate directly or with trade associations on issues that affect our business and the energy industry. Our trade association participation focuses on being an active member of business communities where we work and live, learning and sharing best practices from safety and environmental to labor and technologies, as well as promoting dialogue and advocacy for positions that are in the best interest of our business.
- **Climate-lobbying Alignment Analysis** — We conducted a review of climate lobbying activities and concluded that certain trade associations with lobbying activities were substantially aligned with, or were in the process of aligning with, Valero's vision of providing affordable and sustainable energy, while reducing GHG emissions.
- **Political Participation** — Valero complies with all applicable laws and regulations when considering participation in the political process with corporate contributions.

Our political participation webpage provides comprehensive and updated political disclosures: www.valero.com > *Investors* > *ESG* > *Political Engagement* > *Political Participation*.

Cybersecurity

All Valero employees are required to complete annual computer-based cybersecurity and IT training. We engage third-party experts regularly to conduct cybersecurity and risk assessment testing, including penetration testing, firewall reviews and PCI Data Security Standard testing. In addition, we continue taking steps to reduce our vulnerability to such attacks, including through an ongoing cybersecurity awareness program.

Information Security Governance – The Audit Committee has formal oversight responsibilities concerning Valero's initiatives and strategies respecting cybersecurity and IT risks. At least once annually, heads of our Information Services and Internal Audit teams provide a report to the Committee on

Valero's information security operations, structure and framework; various cyber and IT security metrics; Valero's cybersecurity management program, improvement efforts and future projects; and Valero's governance and assessments related to cyber and IT security.

As part of the ongoing process of educating and training employees, Valero celebrates National Cybersecurity Awareness Month every year in October with training sessions, videos, presentations and news reminders to help employees to identify and prevent potential information security issues at Valero.

Our Information Security Framework

Secure <i>Controls that help build in security and protect against known threats</i>	Vigilant <i>Controls that help maintain security through continuous monitoring</i>	Resilient <i>Controls that provide the capability to respond and recover quickly</i>
<ul style="list-style-type: none"> • Security awareness and training • Risk & compliance management • Identity & access management • Data protection & management • Infrastructure security • Application security & secure development • Asset & change management • Third-party risk management • Physical & environmental security 	<ul style="list-style-type: none"> • Vulnerability management • Cyber threat intelligence • Endpoint monitoring • Cybersecurity operations 	<ul style="list-style-type: none"> • Resilience & recovery • Incident response & forensics



Valero I/S professionals at company headquarters in San Antonio, Texas.

SASB Report

This report aligns our performance data with the recommendations of the Sustainability Accounting Standards Board (SASB) framework in the Oil & Gas – Refining & Marketing industry standard.

Topic	Accounting Metric	Code	2022 Valero
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	EM-RM-110a.1	24.8 million metric tons CO ₂ e 100%
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		Valero's performance in 2022 exceeded the company's short-term GHG emissions target (Scope 1 and 2) to reduce/displace 63% by 2025, which is three years ahead of schedule. Valero is on track to further reduce/displace 100% of its global refinery Scope 1 and 2 GHG emissions by 2035 through Board-approved projects and carbon capture and storage projects under development.
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) particulate matter (PM10), (4) H2S, and (5) volatile organic compounds (VOCs)	EM-RM-120a.1	(1) NOx: 9,200 metric tons; (2) SOx: 7,800 metric tons; (3) PM10: 2,400 metric tons; (4) H2S: De minimis; (5) VOCs: 6,600 metric tons
	Number of refineries in or near areas of dense population		11
Water Management	(1) Total fresh water withdrawn, (2) percentage recycled, (3) percentage in regions with High or Extremely High Baseline Water Stress	EM-RM-140a.1	(1) 182 million m ³ ; (2) 1,626%; (3) 11.5%
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations		2022 Annual Report on Form 10-K , Item 3 (page 33)
Hazardous Materials Management	Amount of hazardous waste generated, percentage recycled	EM-RM-150a.1	(1) 40,100 metric tons; (2) recycled hazardous waste without incineration: 31%; recycled hazardous waste with incineration of waste fuels: 38%
	(1) Number of underground storage tanks (USTs), (2) number of UST releases requiring cleanup, and (3) percentage in states with UST financial assurance funds		(1) 6; (2) 0; (3) 0
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) full-time employees and (b) contract employees	EM-RM-320a.1	(1)(a) Global refining TRIR Employee: 0.32; (1)(b) Global refining TRIR Contractor: 0.15; (2)(a) Global refining Fatality Rate Employee: 0.00; (2)(b) Global refining Fatality Rate Contractor: 0.00
	Discussion of management systems used to integrate a culture of safety		ESG Report (pages 26 to 36)
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	EM-RM-530a.1	2022 TCFD Report 2022 Annual Report on Form 10-K, Item 1A (pages 18-32)
Critical Incident Risk Management	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1) and lesser consequence (Tier 2)	EM-RM-540a.1	Tier 1 process safety: 0.08 Tier 2 process safety: 0.18
Activity Metric	Refining throughput of crude oil and other feedstocks	EM-RM-000.A	1,077.8 million barrels of oil equivalent (BOE)
	Refining operating capacity	EM-RM-000.B	3.15 million barrels per calendar day (MBPD)

Due to lack of data, relevancy in our business or competitive nature, as applicable, we have opted for not disclosing the following topics:

- Product Specifications & Clean Fuel Blends, Percentage of Renewable Volume Obligation (RVO) met through: (1) production of renewable fuels and (2) purchase of "separated" renewable identification numbers (RIN), code EM-RM-410a.1.
- Product Specification & Clean Fuel Blends, total addressable market and share of market for advanced biofuels and associated infrastructure, code EM-RM-410a.2.
- Pricing Integrity & Transparency, code EM-RM-520a.1.
- Critical Incident Risk Management - Challenges to Safety Systems indicator rate (Tier 3), code EM-RM-540a.2.
- Critical Incident Risk Management - Discussion of measurement of Operating Discipline and Management System Performance through Tier 4 Indicators, code EM-RM-540a.3.

Greenhouse Gas Emissions

EM-RM-110a.1:

- Valero's refining reportable segment (see our 2022 Annual Report on Form 10-K, page 7), includes the operations of our 15 petroleum refineries, the associated activities to market our refined petroleum products and the logistics assets that support those operations (refining logistics assets). Scope 1 GHG emissions from the 15 petroleum refineries follow regulatory reporting obligations under U.S. 40 CFR Part 98 (Subparts C, P, Y and PP); Commission Implementing Regulation (EU) 2018/2066 of 19 December 2018 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council; and Quebec – Q-2, r. 15 – Regulation respecting mandatory reporting of certain emissions of contaminants into the atmosphere, respectively.
- Scope 1 emissions from the associated activities to market our refined petroleum products and the logistics assets that support those operations are de minimis and account for less than 0.2% of the refining reportable segment.
- Scope 1 GHG emissions related to the ethanol and renewable diesel segments of 2.1 million metric tons CO₂e are excluded in this disclosure, as they are not applicable to the SASB framework in the Oil & Gas – Refining and Marketing industry standard.
- Percentage of global refinery GHG emissions (Scope 1) covered under an emissions-limiting regulation that is intended to directly reduce emissions, including the California Cap-and-Trade Program, the United Kingdom Emissions Trading Scheme, Quebec Cap-and-Trade System, and the U.S. federal New Source Review (NSR) permitting program for greenhouse gases.

EM-RM-110a.2:

- Base year (2011) includes:
 - Refining Scope 1 emissions from the 15 refineries in our current portfolio. Sales, acquisitions and closures were accounted for following SASB guidelines in the calculation.
 - Refining Scope 2 market-based GHG emissions for purchased electricity and steam were calculated according to the GHG Protocol using EPA-derived steam emissions factors and energy supplier-specific emissions factors. Scope 2 location-based GHG emissions were also calculated following the GHG Protocol.
- The accuracy and reliability of the data and information, as well as the conformance with the GHG Protocol, with respect to 2011 refining GHG emissions Scope 1 and 2 (market-based and location-based), were verified by Lloyd's Register Quality Assurance, Inc. (LRQA), an independent third-party and an affiliate of Lloyd's Register North America, Inc. We intend to seek independent assurance statements on our refining Scope 1 and 2 GHG emissions annually. Copies of independent third-party verifications and assurance statements can be found on our website at www.valero.com > Investors > ESG > Other Reports.
- Base year (2011) excludes Scope 1 and 2 GHG emissions related to the ethanol and renewable diesel segments.
- Target years 2025 and 2035 and Performance to Date:
 - In 2022, due to the early completion and start-up of renewable diesel plants in Louisiana and Texas as well as reductions of GHG emissions, our performance exceeded our short-term 2025 goal of reducing/displacing refining Scope 1 and 2 GHG emissions by 63%, three years ahead of schedule.
 - Estimated displacements of GHG emissions for future years are based on measured and estimated data with respect to the anticipated amount of low-carbon fuels produced, the level of global low-carbon fuels blending and the number of low-carbon fuels credits from low-carbon fuels, using currently available information and our estimations of anticipated carbon intensity as well as carbon capture and storage projects under evaluation. Calculations are based on life cycle analysis.
- The initiatives included in the 2035 target are:
 - (1) the absolute reduction of refining Scope 1 and 2 GHG emissions (against 2011 base year). Estimated refining Scope 1 and 2 GHG emissions are based on a combination of measured and estimated emissions data using available information, including the anticipated emissions reductions derived from operational improvements (Scope 1) and energy suppliers (Scope 2). Scope 1 and 2 disclosures are based on U.S. 40 CFR Part 98 and the GHG Protocol, respectively.
 - (2) the avoided GHG emissions resulting from the substitution of petroleum gasoline and diesel with the production of, blending of and credits from low-carbon fuels. The calculation of avoided GHG emissions follows life cycle analysis and is based on a combination of publicly reported low-carbon fuels production amounts of Valero's ethanol and renewable diesel, low-carbon fuels blending of and the number of credits

from low-carbon fuels, and the carbon intensity from low-carbon fuels we produce and sell or blend as well as from the low-carbon fuels we purchase and blend.

- When calculating the avoided emissions from blending and to avoid double counting, our low-carbon fuel production that contributes to our blending obligation is excluded.
- (3) the reduction of carbon emissions using carbon capture and storage projects under development.
- Carbon intensity estimations for actual progress and future years are based on market-based carbon intensity calculations based on the verifications and audits of applicable jurisdictions where these low-carbon fuels are sold as well as two sources of low-carbon life cycle GHG emissions analysis models, the California Air Resources Board's CA-GREET3.0 used by California's Low Carbon Fuel Standard (LCFS); and the Argonne National Laboratory GREET3.0 2021 (ethanol) and 2019 (biodiesel) models and published papers.
- As the operator of the consolidated entity (Standards Application Guidance -3.0 Reporting Boundaries), avoided GHG emissions from the lower carbon intensity of renewable diesel include the entire production of renewable diesel of the consolidated entities.
- Independent verification statements for low-carbon fuels inventory and validation statement of the 2035 GHG emissions target can be found on our website at www.valero.com > Investors > ESG > Other Reports.

Air Quality

EM-RM-120a.2: global refineries located in or near areas of dense population, which are defined as urbanized areas with a population greater than 50,000.

Water Management

EM-RM-140a.1: (1) Total fresh water withdrawn and used by refining operations (fresh water with less than 1000 parts per million of dissolved solids); (2) water recycled divided by the volume of fresh water withdrawn. Water reused multiple times is counted as recycled each time it is recycled and reused; (3) fresh water withdrawn in locations with high (40–80%) or extremely high (>80%) baseline water stress as a percentage of the total refinery fresh water withdrawn.

EM-RM-140a.2: In measuring the number of instances of non-compliance in any calendar year that resulted in formal enforcement actions we look to the views of the SEC and define such number to be the amount of environmental proceedings which occurred during that calendar year that are (i) based on non-compliance with water quality permits, standards or regulations and (ii) required to be disclosed pursuant to Regulation S-K 103 (applying the lowest numerical disclosure threshold in effect at the time). Please see Valero's Quarterly Reports on Form 10-Q and 2022 Annual Report on Form 10-K.

Hazardous Materials Management

EM-RM-150a.1:

- Hazardous waste amounts based on calculated dehydrated hazardous constituents from wastewater disposed in underground injection controls at our McKee refinery.

EM-RM-150a.2:

- Valero currently has 6 operating refining USTs none of which had any known releases or reimbursement fund claims during the reporting period. Valero also owns 20 retail USTs that are independently operated by third parties. While Valero does not operate those USTs, Valero is not aware of any releases or reimbursement fund claims related to these USTs during the reporting period. Valero also brands independently owned and operated service stations that may have USTs but Valero is not involved in the operation or remediation obligations of such USTs. Finally, Valero has, in certain circumstances, assumed or retained liability for legacy service stations sites, which may have remedial obligations but any related USTs remaining at those sites are owned and operated by a third party who is responsible for their operation.

Workforce Health & Safety

EM-RM-320a.1: (1)(a)/(b) global refining employee and contractor total recordable incident rate (TRIR), which includes recordable injuries per 200,000 working hours, as defined by the U.S. Department of Labor's Occupational Safety and Health Administration; (2)(a)/(b) fatality rate for work-related fatalities for global refining employees and contractors; (3) NMFR data is not available.

Critical Incident Risk Management

EM-RM-540a.1: global refining Tier 1 process safety event (PSE) rates and Tier 2 PSE rates as defined by the API RP-754.

Activity Metric

EM-RM-000.A and EM-RM-000.B: total combined average throughput volumes on an annual basis (See Valero's 2022 Annual Report on Form 10-K, page 47).

Global Footnotes for SASB Data

(a) The performance data presented is based on the company's interpretation and judgment of the SASB framework in the Oil & Gas – Refining & Marketing industry standard. References to specific SASB Code numbers do not indicate the application of any or all definitions, metrics, measurements, standards or approaches set forth in the SASB framework.

(b) SASB standards are not intended to, and cannot, replace any legal or regulatory requirements that may be applicable to the company's operations.

Notes

- 1** Carbon intensities for ethanol and renewable diesel are benchmarked against gasoline and petroleum diesel, respectively. Carbon intensity of gasoline and diesel are approximately 100 gCO₂e/MJ based on the life cycle analysis models sourced from Argonne National Laboratory and California Air Resources Board. The carbon intensity of Valero's ethanol is up to 70 gCO₂e/MJ, which results in at least 30% lower life cycle GHG emissions, compared with petroleum gasoline. The carbon intensity of Valero's renewable diesel can be as low as 20gCO₂e/MJ, which results in up to 80% lower life cycle emissions, compared with petroleum diesel.
- 2** Industry benchmarking and Valero's performance statistics from Solomon Associates and Valero. Personnel index represents annual total company staff and contractor work hours per refinery equivalent distillation capacity (EDC). EDC is a measure that equalizes complexity differences among refineries in order to compare performance. Maintenance index represents the sum of the non-turnaround maintenance costs per EDC and the annualized turnaround costs per EDC. 2018 is the most reliable industry data set, as the results of Solomon's 2020 Fuels Study were impacted by COVID-19-related demand destruction. The 2022 Fuels Study is expected to be available later in 2023.
- 3** Refining peer group includes PSX, MPC, DINO, and PBF. 2021 refining cash operating expenses per barrel of throughput include impacts from Winter Storm Uri.
- 4** Free cash flow is defined as net cash provided by operating activities less capital expenditures of VLO and DGD, deferred turnaround and catalyst cost expenditures, investments in joint ventures, and changes in current assets and liabilities. Average free cash flow reflects 2012 through the 2022 Form 10-K filing. Refining peer group includes PSX, MPC, DINO, and PBF.
- 5** Third-party scenarios and other third-party reports or data discussed in this document reflect the modeling, beliefs, assumptions and outputs of their respective authors, not Valero, and their use, reference to, or inclusion herein is not an endorsement by Valero of their underlying assumptions, likelihood or probability. Any reference to Valero's support of, alignment with, work with, or collaboration with a third-party organization within this document does not constitute or imply an endorsement by Valero of any or all of the positions or activities of such organization.
- 6** EV's average carbon intensity in the U.S. is calculated using the U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, Vehicle Technologies Office, FOTW #1208, Oct 18, 2021; and other EV's life cycle analysis calculations conducted internally by Valero.
- 7** Half of the SAF project's estimated cost of \$315 million is attributable to Valero.
- 8** Worldwide low carbon fuel standard programs prefer life cycle GHG emissions analysis over the traditional Scope 1, 2 and 3 metrics.
- 9** Based on data from the U.S. Department of Energy, agency websites and industry consultants.
- 10** International Energy Agency (2021), The Role of Critical Minerals in Clean Energy Transitions, IEA, Paris. And IEA (2022), Global Supply Chains of EV Batteries, IEA, Paris. <https://www.iea.org/reports/global-supply-chains-of-ev-batteries>, License: CC BY 4.0.
- 11** Jenkins Jr., H., July 18, 2023, Of EVs and Heat Waves. The Wall Street Journal.
- 12** National Renewable Energy Laboratory, June 2023, "The 2030 National Charging Network: Estimating U.S. Light-Duty Demand for Electric Vehicle Charging Infrastructure."
- 13** Pew Research Center, June 2023, "Majorities of Americans Prioritize Renewable Energy, Back Steps to Address Climate Change."
- 14** S&P Global Commodity Insights, May 2023. Tracking battery-electric vehicle prices – 2023 update.
- 15** International Energy Agency (2021), Net Zero by 2050. A Roadmap for the Global Energy Sector, IEA, Paris, last updated July 2021 (3rd version). All rights reserved.
- 16** U.S. Light-Duty Vehicle (LDV) Life Cycle Emissions study conducted by Southwest Research Institute – "Life Cycle Analysis Report" (2022) based on simulations performed using the GREET life cycle analysis tool. LDV with 12 year life and 160,000 miles travel, renewable diesel emissions are based on 100% waste oil based renewable diesel blend, electricity based on 2019 EIA average mix, and no battery replacement for 300 mile range electric vehicle. Vehicle class mix of 30% sedans, 20% crossovers, and 50% pickup/SUV trucks. Embedded emissions captures the emissions involved in the manufacturing, assembly, and production of the vehicle as well as maintenance items over the lifetime of the vehicle i.e. battery, fluids, ADR (assembly, disposal, and recycling), and components.
- U.S. Heavy-Duty Long-Haul Vehicle (HDV) Life Cycle Emissions study conducted by Southwest Research Institute – "Life Cycle Analysis Report" (2022). Class 8 heavy-duty truck with a 1,000,000-mile (~15 years) lifetime, electric truck with a 500-mile battery range, electricity based on 2019 EIA average mix, one battery replacement, and diesel engine running on 100% waste oil based renewable diesel. Embedded emissions capture the emissions involved in the manufacturing, assembly and production of the vehicle as well as maintenance items over the lifetime of the vehicle such as battery, fluids, ADR (assembly, disposal and recycling), and components.
- 17** We believe our targets and 2050 ambition related to GHG emissions reductions/ displacements reflect our current business strategy and related projections, estimates and assumptions, and are reasonable as of the date this document is published, but they should not be considered guarantees. As our business or applicable methodologies, processes, assumptions, standards, or regulations develop and evolve, we may revise or cease reporting or using certain disclosures and methodologies, including our current GHG targets and 2050 ambition, if we determine that they are no longer advisable or appropriate. See Forward-Looking Statements at the beginning of this document.
- 18** A total of 24.2 million MT of CO₂e were reduced and displaced in 2022, including absolute reductions of Scope 1 and 2 as well as avoided emissions from the use of low-carbon fuels that substituted fuels from other refining producers. Based on this result, the 2025 GHG Emissions target was achieved and surpassed, three years early. See code EM-RM-110a.2 of the SASB Report in this document for details.
- 19** See code EM-RM-110a.2 of the SASB Report in this document for details.
- 20** Valero's 2050 GHG ambition to reduce and displace more than 45 million MT CO₂e of companywide Scope 1, 2, 3 and 4 emissions includes absolute refining emissions reductions, avoided emissions from the production and blending obligations of low-carbon fuels, and emissions reductions from CCS. Calculations for avoided emissions are detailed on footnote 22. Valero's 2022 companywide Scope 1 and 2 of 32.17 million MT CO₂e includes GHG emissions related to our Refining, Ethanol and Renewable Diesel segments. Scope 1 and 2 emissions attributed to Ethanol and Renewable Diesel in 2022 were 2.40 million MT CO₂e and 0.15 million MT CO₂e, respectively. Refining emissions are provided in the Environmental Metrics table on page 19.
- 21** Valero's Scope 3 intensity (equivalent to category 11) represents the GHG emissions that result from the complete combustion of each petroleum product and natural gas liquid produced, used as feedstock, imported, or exported during the calendar year per barrel of refining throughput, ethanol production and renewable diesel sales. GHG emissions from the use of these products were calculated based upon the carbon content of each material according to U.S. 40 CFR Part 98 (Subpart MM) and we included the GHG emissions reductions from low-carbon fuels displacement of petroleum fuels (avoided emissions) and carbon capture. Calculations for avoided emissions are detailed in footnote 22. GHG emissions from the use of products for the refineries in Canada and the U.K. were calculated in conformance with U.S. 40 CFR Part 98 (Subpart MM). Energy densities and emissions factors were sourced from the CA-GREET3.0 model and U.S. 40 CFR Part 98 (Subpart MM), respectively. Peer group consists of publicly listed independent pure play refiners. Scope 3 intensity for the peer group was calculated using company reported 2022 GHG emissions, if publicly available, or otherwise 2021 GHG emissions (latest reported GHG emissions) under the U.S. 40 CFR Part 98 (Subpart MM), including avoided emissions from low-carbon fuels, if publicly available or based on assumed 2021 U.S. national averages of blending and credits for 10.3% ethanol and 4.6% for biodiesel and renewable diesel (sourced from the U.S. Energy Information Administration's Monthly Energy Review) divided by total refining throughput, and actual ethanol, biodiesel and/or renewable diesel production as disclosed in publicly available financial statements for the same year as the peer latest reported GHG emissions. There is not currently any standardized methodology for calculating Scope 3 emissions, and the inherent unreliability of Scope 3 calculations renders such metric of limited value. Scope 3 intensity itself is not based on any standardized industry methodology and is not necessarily calculated in the same manner or comparable to similarly titled measures presented by other companies, including the peer group, or estimates published by third parties.
- 22** Calculations for avoided emissions, commonly known as Scope 4, were informed by the GHG Protocol for Project Accounting, and are based upon Valero's total production of, blending of and credits from ethanol, and sales of, blending of and credits from renewable diesel, renewable naphtha, and biodiesel. The low-carbon fuels volumes were converted to energy-equivalent volumes of the corresponding petroleum products and multiplied by the emissions factors of the petroleum fuels. When projected SAF production was included, an energy-equivalent volume of jet fuel was multiplied by its corresponding emission factor. Energy densities and emissions factors were sourced from the CA-GREET3.0 model and U.S. 40 CFR Part 98 (Subpart MM), respectively. Cumulative avoided emissions since 2009 include our ethanol and renewable diesel production. As the operator of the consolidated entity (SASB's Standards Application Guidance 3.0 Reporting Boundaries), avoided GHG emissions from the lower carbon intensity of renewable diesel include the entire production of renewable diesel of the consolidated entities.
- 23** Based on EPA's WaterSense average U.S. household consumption.
- 24** Refining industry employees (U.S. Bureau of Labor Statistics, year 2021).
- 25** Incidents reclassified in 2022 (post publication of the 2022 ESG Report) resulted in a slight adjustment of this metric.
- 26** Global refining Tier 1 process safety event (PSE) rate and Tier 2 PSE rate as defined within API Recommended Practice 754.
- 27** The Environmental Justice Audit Report can be found on our website at Valero.com > Investors > ESG > Reports and Presentations.
- 28** Includes funds donated by Valero and the Valero Energy Foundation.
- 29** 2023 Proxy Statement, page 89.
- 30** Responses were given by employees in different company surveys, including the 2022 Annual Benefits Statement Survey, 2023 Valero Fitness Center Survey and 2023 Employee Wellness Center Survey (Field).
- 31** Unless otherwise noted, workforce data reflects Valero's global population as of December 31, 2022.
- 32** Voluntary turnover rate, excluding retirement. Data reflects significant efforts to close the gender gap in attrition over the past five years (5.6% for women vs. 4.7% for men).
- 33** Average includes salary, health and wellness benefits, financial benefits and other incentives.
- 34** Valero's total investment in global employees includes direct compensation; bonus payments; incentive stock awards; employee benefits, including retirement, medical and welfare benefits as well as other employment-related investments and expenses.
- 35** McAllister, K., Rattner, N., Francis, T., June 29, 2023, Want a job that pays \$200,000? See how much the biggest companies pay. The Wall Street Journal.
- 36** Includes training related to regulatory compliance, leadership and other topics.
- 37** Nasdaq: LSEG. As of the second quarter of 2023.
- 38** Measurements reflect our reasonable determinations based on available data and information regarding the composition and holdings of our stockholders over the course of our engagement efforts in 2022.
- 39** Beginning with 2023 grants, relative TSR performance for Valero's performance shares was set at above the median of the peer group.
- 40** See the Corporate Governance Guidelines in our website for more details on our Stock Ownership and Retention Guidelines.

Non-GAAP Disclosures

Capital investments attributable to Valero

Capital investments attributable to Valero is a non-GAAP financial measure that reflects our net share of capital investments and is defined as all capital expenditures, deferred turnaround and catalyst cost expenditures, and investments in nonconsolidated joint ventures, excluding the portion of DGD's capital investments attributable to the other joint venture member and all of the capital expenditures of other consolidated variable interest entities (VIEs).

We are a 50 percent joint venture member in DGD and consolidate its financial statements. As a result, all of DGD's net cash provided by operating activities (or operating cash flow) is included in our consolidated net cash provided by operating activities. DGD's members use DGD's operating cash flow (excluding changes in its current assets and current liabilities) to fund its capital investments rather than distribute all of that cash to themselves. Because DGD's operating cash flow is effectively attributable to each member, only 50 percent of DGD's capital investments should be attributed to our net share of capital investments. We also exclude all of the capital expenditures of other VIEs that we consolidate because we do not operate those VIEs. We believe capital investments attributable to Valero is an important measure because it more accurately reflects our capital investments.

Capital investments attributable to Valero should not be considered as an alternative to capital investments, which is the most comparable GAAP measure, nor should it be considered in isolation or as a substitute for an analysis of our cash flows as reported under GAAP. In addition, this non-GAAP measure may not be comparable to similarly titled measures used by other companies because we may define it differently, which may diminish its utility. See page 58 of 2022 Form 10-K for more information.

Reconciliation of Total Capital Investments to Capital Investments Attributable to Valero (in millions)		Year ended December 31, 2022
Capital expenditures (excluding VIEs)		\$ 788
Capital expenditures of VIEs:		
DGD		\$ 853
Other VIEs		\$ 40
Deferred turnaround and catalyst cost expenditures (excluding VIEs)		\$ 1,030
Deferred turnaround and catalyst cost expenditures of DGD		\$ 26
Investments in nonconsolidated joint ventures		\$ 1
Total capital investments		\$ 2,738
Adjustments:		
DGD's capital investments attributable to our joint venture member		\$(439)
Capital expenditures of other VIEs		\$ (40)
Capital investments attributable to Valero		\$ 2,259

Free Cash Flow

Valero defines free cash flow as net cash provided by operating activities less capital expenditures of Valero and DGD, deferred turnaround and catalyst cost expenditures, investments in joint ventures, and changes in current assets and liabilities. Valero believes that the presentation of free cash flow provides useful information to investors in assessing Valero's ability to cover ongoing costs and Valero's ability to generate cash returns to stockholders. The GAAP measures most directly comparable to free cash flow are net cash provided by operating activities and net cash used in investing activities.

Reconciliation of Net Cash Provided by Operating Activities Under GAAP to Free Cash Flow (in millions)											
	Year Ended December 31,										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net cash provided by operating activities	\$ 5,270	\$ 5,564	\$ 4,241	\$ 5,611	\$ 4,820	\$ 5,482	\$ 4,371	\$ 5,531	\$ 948	\$ 5,859	\$ 12,574
Less: Capital expenditures of VLO and DGD	2,931	2,121	2,153	1,618	1,278	1,353	1,628	1,769	1,537	1,555	1,641
Less: Deferred turnaround and catalyst cost expenditures	479	634	649	673	718	523	915	780	648	793	1,056
Less: Investments in joint ventures	57	76	14	141	4	406	181	164	54	9	1
Less: Changes in current assets and current liabilities	(302)	922	(1,810)	(1,306)	976	1,289	(1,297)	294	(345)	2,225	(1,626)
Free cash flow	\$ 2,105	\$ 1,811	\$ 3,235	\$ 4,485	\$ 1,844	\$ 1,911	\$ 2,944	\$ 2,524	(\$946)	\$ 1,277	\$ 11,502
Total free cash flow, 2012 – 2022											\$32,692
Number of years											11
Average free cash flow, 2012 – 2022											\$2,972

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ETHANOL

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AVIATION FUEL

LOW-CARBON
HYDROGEN

RENEWABLE
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