

ESG Report

The world requires reliable and affordable transportation fuels. We are committed to advancing the future of energy through innovation, ingenuity and unmatched execution.



August 2024

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 and/or consolidated joint ventures, 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, methodologies, procedures, processes, systems, programs, initiatives, assessments, technologies, practices, and similar measures related to our operations, ESG-related data, actions and compliance systems (collectively, “Policies and Procedures”). References to Policies and Procedures in this document do not represent guarantees or promises about their efficacy or continued implementation or use, or any assurance that any 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 different implementation thereof 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, 2023.

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,” “potential,” “committed,” “advancing,” “developing,” “evaluating,” “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 2038 update, our 2050 ambition, our support of the development of an onboard CO₂ capture system, 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 or issuance of future reports and other disclosures, 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 risk 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 caps or penalties, global geopolitical and other conflicts and tensions, 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 (SEC), 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. Such statements speak only as of the date of this report and 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.

The information provided in this report is intended for interested readers in the United States. Because science is evolving, references and analyses relied upon are merely provided as an aid to readers.

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ON THE COVER: Valero partners with organizations to enhance habitats surrounding its facilities. The cover shows the Meraux Terracing Project where the focus is to conserve, restore and manage wetlands near the Valero Meraux Refinery in Louisiana.

A Message from Our CEO

2023 was another strong year for Valero, with our company achieving its best year ever for both refining environmental scorecard incidents and refining mechanical availability. These accomplishments are a testament to our long-standing commitment to safe, reliable and environmentally responsible operations. This will always be our top priority.

Last year, the company also set many records, including annual sales volumes for our wholesale system and for our renewable diesel segment, as well as throughput volumes for our ethanol business. Valero delivered strong financial performance in 2023, earning \$24.92 per share, the second highest in our company history.

As I think about our community, I am proud of Valero's culture and legacy of giving back, as demonstrated through the successful fundraising activities we conducted during the year such as the Valero Texas Open and Benefit for Children, as well as the incredible generosity of our employees through volunteerism and employee giving.

Team Valero is committed to executing strategic projects that enhance the earnings capability of our business and expand our long-term competitive advantage. Our premier refining portfolio and low-carbon fuels businesses have made us the best-in-class producer of liquid transportation fuels and products that are essential to modern life.

On the refining side, we are the lowest-cost producer while achieving reliable top-quartile operations. For many years, we have prioritized capital expenditures to sustain our operations to ensure safety and reliability. We are pursuing projects focused on increasing operational efficiencies and feedstock flexibility, optimizing the value of our product mix and maximizing the utilization of existing conversion capacity.

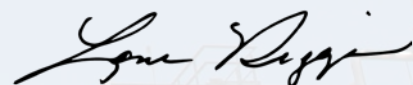
On a consolidated basis, we have invested more than \$5.4 billion in a profitable low-carbon portfolio. Our renewable diesel segment continues to target high-return projects in growing low-carbon markets and we are also diversifying as demonstrated by the development of Sustainable Aviation Fuel or SAF. The SAF project at our renewable diesel plant in Port Arthur, Texas, is progressing ahead of schedule and is expected to be operational in the fourth quarter of 2024. With the completion of this project, the renewable diesel segment is expected to be one of the largest manufacturers of SAF in the world.

We also continue to evaluate and develop economic projects to further reduce the carbon intensity of our ethanol business. With that in mind, we expect to participate as a shipper on a large-scale proposed carbon capture pipeline connecting to eight of our ethanol plants. Once implemented, we estimate a substantial reduction of carbon as well as an uplift in the economics of this segment.

Looking ahead, we remain focused on the things that have been a hallmark of our strategy – maintaining operating excellence, executing our projects well, discipline around capital investments and our commitment to stockholder returns.

As global energy supply increases to meet the demand created by a growing world population, we remain committed to advancing transportation fuels solutions through innovation, ingenuity and unmatched execution.

My deepest gratitude to our 9,900-plus employees for their commitment, our Board for its unwavering support, our stockholders for their investment, and our business partners and other stakeholders for their trust.



R. Lane Riggs
Chief Executive Officer & 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 path to reduce and displace the equivalent to 100% of the tonnage from our refinery GHG emissions (Scopes 1 and 2) by 2035 through Board-approved projects.¹

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 by Q4 2024.
- 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 traditional diesel.²
- 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 dry distillers grains.
- High-octane, low-carbon fuel offering at least 30% reduction in life cycle GHG emissions, compared with petroleum gasoline.²
- Developing carbon capture and storage 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.



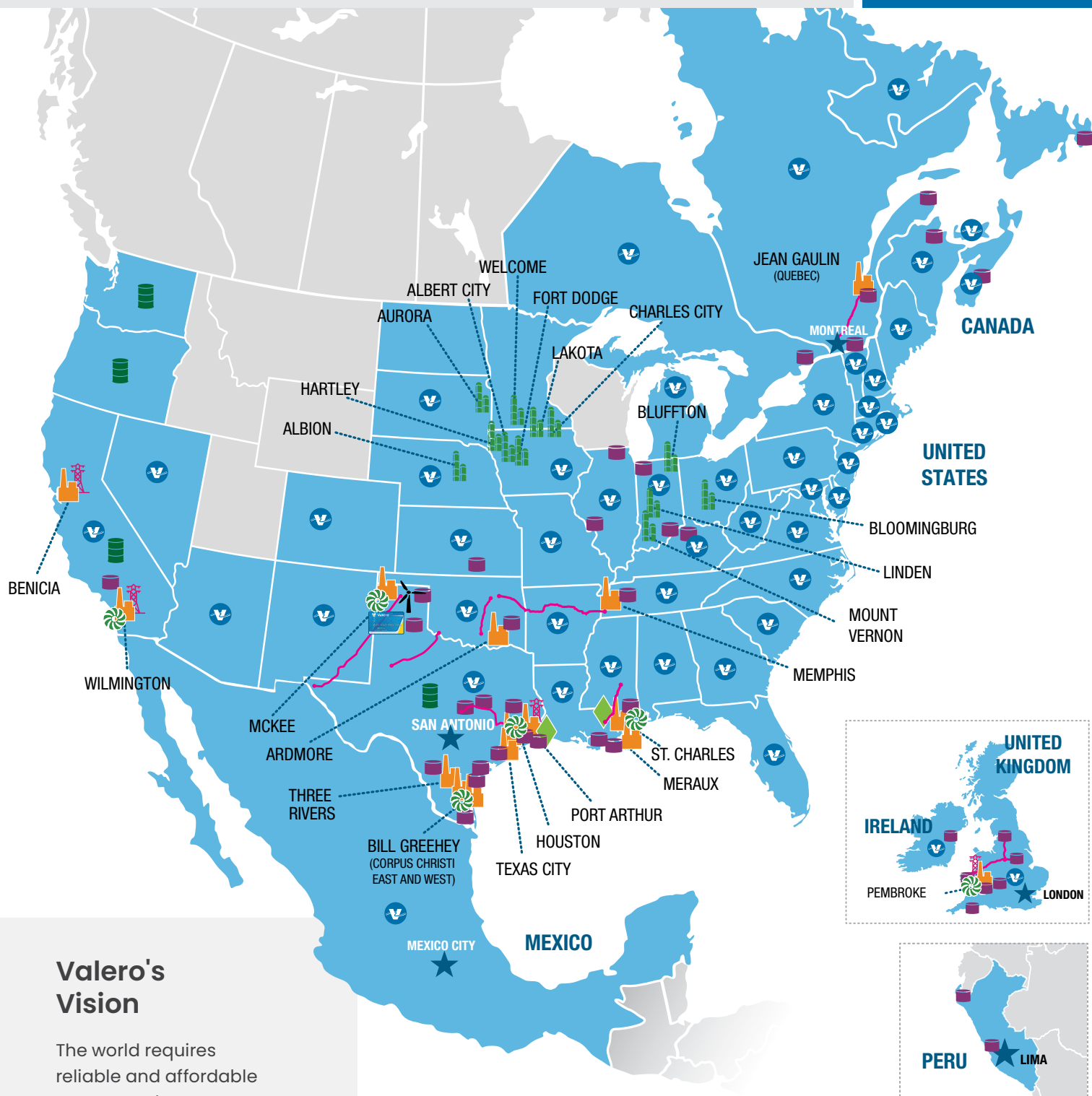
Employees

We consider our employees a competitive advantage and our greatest asset. We foster a supportive culture and 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.



Highlights

Environment

GHG Emissions

- Exceeded 2025 short-term GHG emissions target.
- Remained on track to achieve 2035 medium-term GHG emissions target.
- Disclosed 2038 company-wide GHG emissions update.
- Disclosed 2050 long-term ambition.
- Received independent third-party limited assurance on/of:
 - Company-wide 2023 Scopes 1 and 2 GHG emissions, including refining, renewable diesel and ethanol.
 - Company-wide 2023 life cycle GHG emissions displacements from our renewable diesel and ethanol production, as well as the blending of and credits from low-carbon fuels.
 - Company-wide 2023 GHG emissions from the use of our products on an intensity basis (Use of Product GHG Emissions Intensity).
 - The validation of our 2035 GHG emissions reduction/displacement target.

Low-Carbon Investments

- Invested \$5.4 billion as of December 31, 2023, in low-carbon fuels businesses.
- Low-carbon projects held to the same after-tax internal rate of return (IRR) hurdle, just like other refinery growth projects.
- Largest low-carbon liquid fuels producer with existing production capacity of renewable diesel, renewable arctic diesel, renewable naphtha, renewable propane, ethanol and cellulosic ethanol.
- Expected to be completed in the fourth quarter of 2024, our SAF project at our Texas renewable fuel plant to provide optionality to upgrade approximately 50% of the plant's current 470 million-gallon renewable diesel annual production capacity to neat SAF.
- Exporting lower carbon transportation fuels produced with low-carbon hydrogen.
- Supporting the development of a prototype to reduce CO₂ from internal combustion engines with an onboard tailpipe carbon capture system.

Safety and Environmental Performance

- Achieved our best-ever refinery environment performance in 2023 as measured by environmental scorecard metrics.
- Accomplished our best-ever refining segment mechanical availability of 97.4% in 2023, which minimizes environmental impacts and avoids unplanned downtime.

Social

- Generated more than \$77.6 million for charities in 2023 to support education and workforce development, healthcare, housing and basic needs, and food security.
- Recorded more than 129,400 employee volunteer hours in 2023.
- Continued to foster a strong team culture that supports our employees and is built upon our value of employee talents, experience, education and perspectives.
- Continued to attract and retain top talent through our competitive and comprehensive compensation and Total Wellness benefits and programs.
- Supported personal and professional development through training and growth opportunities.
- Conducted a voluntary independent third-party audit in 2023, which concluded that Valero's commitment to environmental justice, environmental protection, community engagement and involvement, and community investment goes beyond compliance and aligns with environmental justice pillars as described by the U.S. Environmental Protection Agency (EPA).

Other ESG Disclosures

- [SASB Report](#) (page 76 on this Report)
- [TCFD Report](#) (IEA Net Zero by 2050), including a value chain analysis for GHG emissions
- [Environmental Justice Audit Report](#)
- [Climate-Lobbying Report](#)
- [EEO-1 Report](#)
- Limited Assurance Statements: [Scope 1](#), [Scope 2](#) and [Use of Product GHG Emissions Intensity, low-carbon fuel displacements](#) and [validation of 2035 GHG emissions target](#)

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

Governance

Executive Compensation Linked to HSE, Sustainability and Climate-Related Initiatives

- Annual bonus program, including metrics for health, safety and environment (HSE) performance, as well as sustainability efforts and improvements.
- Performance shares component of long-term incentive program tying executive compensation to Valero's low-carbon fuels strategy.

Board Diversity

- 100% of our committee chairs either women or racially/ethnically diverse.
- Of our directors, 36.4% women and 36.4% racially/ethnically diverse.

Cybersecurity

- Enterprise approach to information security risk management and governance:
 - Periodic third-party expert cybersecurity and risk assessment testing, including annual payment card industry data security standard testing and firewall reviews, penetration testing as needed and periodic review of our information security framework.
 - Annual incident response exercise/security incident simulation with company-wide cross-functional team facilitated by a third-party expert.
- Mandatory cybersecurity training at least annually for all employees and annual cybersecurity awareness month campaign.

Other Governance

- Mandatory training on compliance and ethics matters for all employees and contractors.
- Annual company-wide corporate compliance and ethics week awareness campaign.
- Reporting political disclosures, including contributions, lobbying and trade associations.

Valero's Strategy

Our strategic actions have enabled us to be a low-cost, efficient, reliable and leading producer of liquid transportation fuels for the world. Liquid transportation fuels use existing infrastructure, are affordable and scalable, and we believe they will continue to be essential products well into the future as global energy supply increases to meet the demand created by a growing world population and economic output.

Throughout Valero's history, we have proactively managed our business portfolio through acquisitions and divestitures and have made strategic investments to build a portfolio of assets that we expect to thrive under most reasonable energy demand forecasts.

Valero is the world's premier independent refiner with a demonstrated commitment to capital discipline, innovation and unmatched execution

Refining

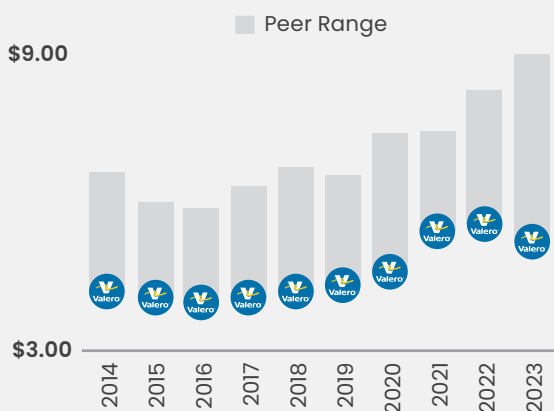
Many of our refineries are located in regions with advantaged operating expenses, raw material costs and access to skilled labor. Many of our investments have resulted in a high-complexity coastal refining system that offers extensive connectivity to inland and imported crudes, as well as operational flexibility to process a wide range of feedstocks. An extensive wholesale network receives more than 1.5 million barrels per day (more than 50% of our light products), and our global operations support optimization of product exports.

Long-term competitive advantage³



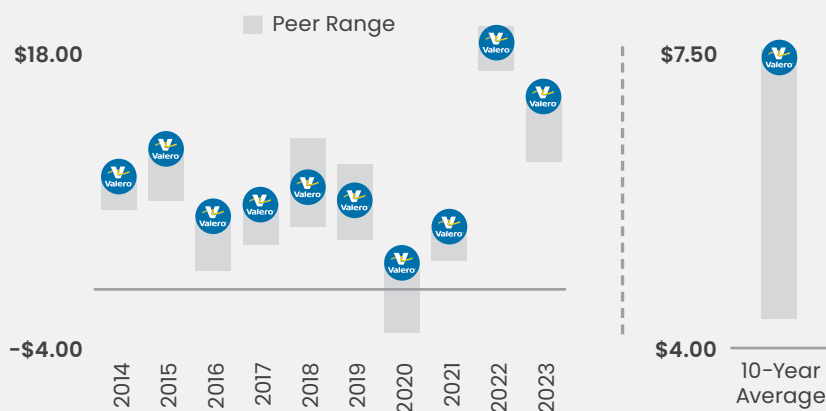
Operational and supply flexibility coupled with low-cost operations drive profitability³

Refining Segment Cash Operating Expenses Per Barrel of Throughput (excludes turnaround and D&A expenses)



Peer group includes PSX, MPC, DINO and PBF.

Refining Segment Adjusted EBITDA Per Barrel of Throughput (excludes turnaround and D&A expenses)



See non-GAAP disclosures beginning on page 80.

Independent assessments of our refining strategy, under multiple carbon-constrained scenarios, found Valero's overall refining portfolio to be resilient

Responding to the requests of certain stakeholders regarding independent assessments of the resilience of our strategy under hypothetical oil and biofuel demand scenarios, we have issued three reports following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and using 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 HSB Solomon Associates (Solomon), a leading refining benchmarking data provider and advisory firm, to conduct an independent analysis under multiple demand scenarios, including the potential transition to a lower-carbon economy consistent with one of the International Energy Agency's (IEA) 2°C scenarios. 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 of the IEA Net Zero by 2050 Scenario, as applied by Solomon. The assessments in such reports found Valero's overall refining portfolio to be resilient.⁴

The world is calling for low-carbon alternatives...

Low-carbon fuels and carbon capture and storage (CCS), which are key components of Valero's low-carbon fuels strategy and its GHG emissions targets, are viewed by both the United Nations (U.N.) Intergovernmental Panel on Climate Change (IPCC)⁵ and IEA⁶ as critical to 1.5°C-aligned, net zero by 2050 ambitions. Furthermore, the **U.N. Climate Change Conference (COP28)** resulted in a multilateral agreement, published on December 13, 2023, that **explicitly calls for contributions to rapid and sustained reductions in GHG emissions with efforts such as:**

- "Utilizing zero- and **low-carbon fuels**"
- "[A]ccelerating zero- and low-emission technologies, including, inter alia, **renewables**, nuclear, abatement and **removal technologies such as carbon capture and utilization and storage, particularly in hard-to-abate sectors and low-carbon hydrogen production**"⁷

Attended by some 85,000 participants from nearly 200 countries, the COP28 agreement also explicitly "[r]ecognizes that transitional fuels can play a role in facilitating the energy transition while ensuring energy security."⁸

Additionally, the U.S. Department of Energy recently published a report on pathways to decarbonize the refining industry, which describes phased approaches for refiners to achieve net zero by leveraging technologies such as clean hydrogen, CCS and bio-based feedstocks/low-carbon fuels, among others.⁹

The conclusions from these influential organizations and initiatives that explicitly place importance on low-carbon fuels and CCS projects have informed and reaffirmed Valero's views on the key role of its current low-carbon fuels strategy and GHG emissions targets. Low-carbon fuels, CCS and other low-carbon projects are also supported and incentivized by the regulations, policies and standards of various government authorities around the world.

...Valero is answering that call!

We still encounter certain stakeholders who recognize the value of our low-carbon fuels initiatives and CCS projects but give no credit to these efforts when accounting for GHG emissions reductions, and would like us to exclusively focus on significant reductions from our refineries (which can only be accomplished by curtailing production or closing assets).

Low-Carbon Innovation

For Valero, investments in low-carbon fuels that began in 2009 have provided an advantage for the company to capture market opportunities.

As of December 31, 2023, we have invested more than \$5.4 billion in our low-carbon businesses, and we expect additional growth opportunities

in this area. These investments, which have been held to the same minimum after-tax IRR hurdle rate as our refining growth projects, have created value for our stockholders and lowered GHG emissions in the transportation sector.

The following are examples of high-return, low-carbon projects that we are producing, developing and/or evaluating:

Today, Valero is the world's largest producer of liquid low-carbon transportation fuels.

Renewable Diesel, Renewable Naphtha and Renewable Propane

A drop-in fuel interchangeable with petroleum diesel, our **renewable diesel is manufactured primarily from waste feedstocks**, including used cooking oil, recycled animal fats and inedible corn oil, as well as other feedstocks such as soybean oil. These feedstocks are pretreated and purified prior to conversion into renewable diesel and niche grades, such as renewable arctic diesel.

Renewable diesel reduces life cycle GHG emissions by up to 80%, compared with traditional diesel.²

Valero is the world's second-largest renewable diesel producer and currently operates two renewable diesel plants located in St. Charles Parish, Louisiana, and Port Arthur, Texas, with a total annual production capacity of 1.2 billion gallons of renewable diesel and 50 million gallons of renewable naphtha.

Renewable naphtha and renewable propane are produced in the process and recovered as co-products. With an annual production capacity of 50 million gallons, **renewable naphtha** can be used as a gasoline blendstock or a feedstock for producing low-carbon petrochemicals.

Renewable propane, similarly, has multiple end uses, including as a low-carbon fuel, a renewable petrochemical feedstock or a feedstock in the production of **low-carbon hydrogen**. Currently, renewable propane from our renewable diesel plants is co-processed in the hydrogen plants at two of our refineries to generate low-carbon hydrogen. The low-carbon hydrogen is re-routed into the production process further decreasing the carbon intensity (CI) of renewable diesel, renewable propane and renewable naphtha.

We are also co-processing **renewable natural gas** from municipal solid waste in the hydrogen plant at one of our refineries. The low-carbon hydrogen is used in the production of lower carbon transportation fuels for export to Europe. This fuel has a higher market value compared with petroleum fuels, and certain governments in Europe use it to help meet GHG emissions reduction targets or goals. In 2023, we processed nearly 2 trillion BTUs of renewable natural gas, which doubled the amount processed in 2022.

Since 2013, Valero has grown to become the world's second-largest producer of renewable diesel.

Ethanol

Ethanol is a low-carbon, high-octane fuel. When used as a gasoline blendstock, ethanol boosts the octane rating of the finished fuel.

Valero operates 12 ethanol plants located in the U.S. Midwest, with a combined production capacity of 1.6 billion gallons per year. The 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. DDGs and syrup are sources of supplemental energy and protein for livestock and poultry.

Ethanol offers at least 30% lower life cycle GHG emissions, compared with petroleum gasoline.²

Sustainable Aviation Fuel or SAF

Made with feedstocks used in the renewable diesel process, synthetic paraffinic kerosene (SPK) or neat SAF is a non-petroleum-based fuel. Blending SPK and traditional jet fuel results in SAF, and current aviation regulations allow SPK to be blended up to 50% with jet fuel for use in an aircraft. Valero has announced a large-scale SAF project at its renewable diesel plant in Texas, which is expected to be completed in the fourth quarter of 2024. The SAF project is intended to provide optionality to upgrade approximately 50% of the plant's annual 470 million-gallon renewable diesel production capacity to SPK. See global SAF mandates to decrease GHG emissions in the aviation sector on page 15.

An alternative pathway for producing SAF is the alcohol-to-jet (ATJ) process. With abundant supply of ethanol, Valero's participation in carbon sequestration projects may provide a competitive advantage for ATJ production, as the CI of ethanol is expected to decrease by more than 40% with carbon sequestration.

The commonly used term, SAF, includes a wide range of neat SAF blended with jet fuel. Based on ASTM, the industry standard specification, the maximum blending limit for neat SAF is 50%.¹³

Benefits of Renewable Arctic Diesel^{10 11 12} – The cold truth is that winter temperatures greatly affect the charging and range of electric vehicle (EV) batteries. Unlike EVs, renewable arctic diesel is designed to withstand freezing temperatures in arctic climates and maintain its performance.

EVs in Cold Temperatures	Renewable Arctic Diesel (Arctic RD)
The lower the temperature, the longer it can take to charge EV batteries.	Arctic RD is a drop-in fuel, just like renewable diesel, made to withstand freezing temperatures.
Cold can decrease battery power, making it challenging to fulfill optimal charge range and accessories, such as cabin heating, seat heating or defrosting functions.	Vehicles powered with Arctic RD can use all accessories, just like in any other liquid fuel-powered vehicle.
EV driving range can start to deplete at 40°F, an unexpected concern if you are not in proximity to chargers.	Emergency vehicles running on Arctic RD are reliable and dependable.
In cold temperatures, EVs may need to be recharged more frequently.	Refueling of Arctic RD is quick, and frequency is not affected by temperatures.

According to Consumer Reports:

"...we found that short trips in the cold with frequent stops and the need to reheat the cabin saps 50 percent of the range [of an EV]."¹¹

"Under the coldest conditions, the rate of charging [of an EV] was roughly three times slower than at warmer temperatures."¹²

Fiber Cellulosic Ethanol

In addition to starch ethanol, we use an enzymatic process to convert waste fibers into cellulosic ethanol, a second-generation fuel.

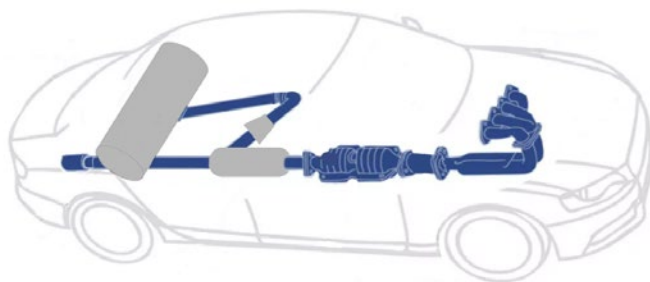
"When [cellulosic ethanol is] used as a vehicle fuel, it can support deep reductions in [life cycle] greenhouse gas emissions, with a carbon footprint 73% smaller than conventional gasoline."¹⁵

Compared to gasoline's CI of approximately 100 gCO₂e/MJ and EV's average CI of about 50 gCO₂e/MJ (depending upon battery components, manufacturing place and the electric grid),¹⁴ cellulosic ethanol has a CI in the high 20s.¹⁵ When combined with carbon sequestration, the cellulosic ethanol product can have a CI in the single digits, further increasing the value of ethanol in low-carbon markets.

Tailpipe CO₂ Onboard Capture System

Valero continues to support Southwest Research Institute (SwRI) in the development of a solid CO₂ separation membrane to remove CO₂ from the exhaust gas of internal combustion engine vehicles, with the objective of providing an affordable solution to lowering GHG emissions. To date, SwRI has improved upon the initial concept and demonstrated performance enhancements through design and optimization efforts.

Plans are in place for prototype scaling and testing, and we have filed patent applications for several novel technologies. If successful on a commercial scale, cars built with this technology could compete with EVs as a low-cost solution for reducing tailpipe emissions. In addition, even greater benefits to life cycle GHG emissions reductions are possible if low-carbon fuels are used in combination with the onboard capture system.



Carbon Capture and Storage or CCS

CCS is a proven technology that has been in commercial use for decades in the oil and gas and fertilizer industries. It involves three steps:

1. Capture:

Separation of CO₂ from other gases produced at industrial process facilities.

2. Transport:

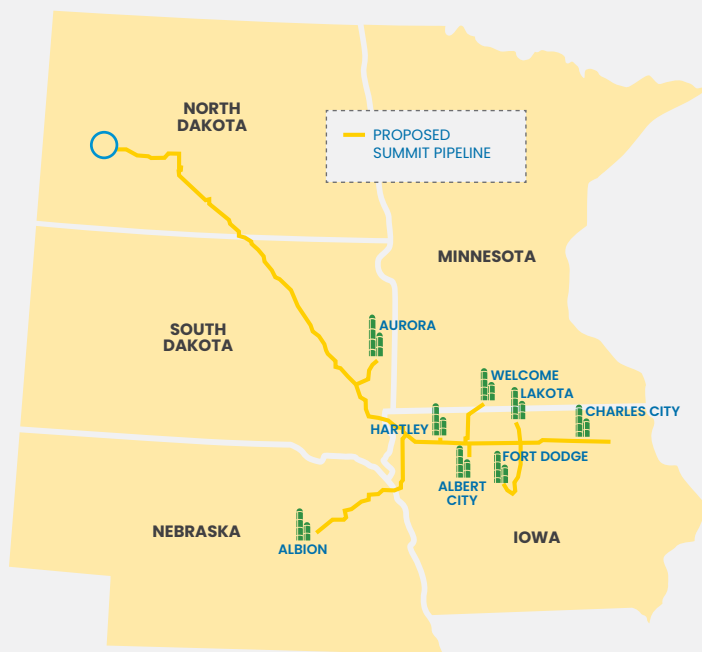
Separated CO₂ dehydrated and compressed prior to being transported by pipeline, rail, trucks or ships for storage.

3. Storage:

CO₂ destined for permanent storage and injected into deep rock formations.

Industrial Carbon Capture — Valero first used carbon capture technology in 2013 at its refinery in Port Arthur, Texas. Approximately **1 million metric tons of CO₂ per year** is captured from two third-party hydrogen plants that produce hydrogen from natural gas.

Large-Scale CCS — Valero has agreed to participate as a shipper on Summit Carbon Solutions' proposed pipeline project by connecting eight of Valero's ethanol plants and enabling the capture and storage of approximately **3.1 million metric tons CO₂ annually**, which could potentially reduce Valero's ethanol's CI by approximately 40%.



Stand-Alone CCS — We are continuing to evaluate and develop stand-alone carbon sequestration projects at several of our Eastern ethanol plants, potentially capturing more than **1 million metric tons of CO₂ a year**. Certain of our ethanol plants are located near geology believed to be suitable for successful CCS projects, making them potentially attractive for development.

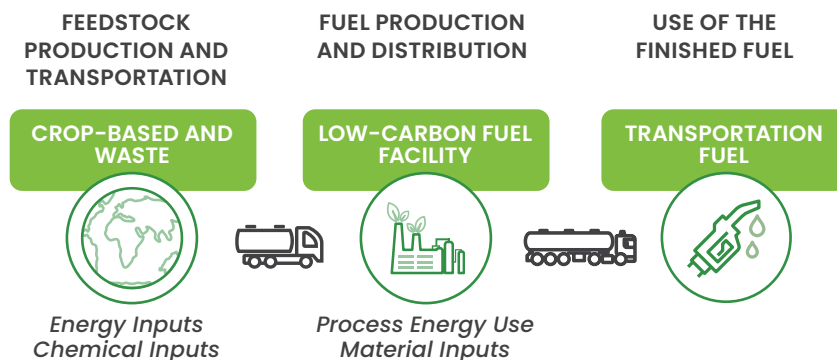
About Low-Carbon Fuels

What is carbon intensity or CI?

CI means the quantity of life cycle GHG emissions for a particular fuel per unit of transportation energy delivered, which is expressed in grams of carbon dioxide equivalent per megajoule (gCO₂e/MJ).

What is life cycle analysis or LCA?

It is a cradle-to-grave analysis. In the case of liquid transportation fuels, life cycle analysis (LCA) means calculation of the aggregate quantity of GHG emissions related to the full fuel life cycle, including all stages of fuel and feedstock production and distribution, from feedstock generation or extraction through the distribution, delivery and use of the finished fuel by the ultimate consumer, as depicted in the graphic to the right.



Do low-carbon fuels reduce GHG emissions?

Yes, low-carbon fuels reduce life cycle GHG emissions. In the case of corn ethanol, our product offers at least 30% lower life cycle GHG emissions,² compared with petroleum gasoline. The reduction percentage could be higher if certain feedstocks such as corn kernel fiber are used or if the energy intensity in ethanol's production or supply chain decreases.

Depending on the feedstocks and the LCA pathway, renewable diesel offers up to 80% lower life cycle GHG emissions,² compared with traditional diesel. The reduction percentage changes depending on the LCA methodology or pathway, feedstocks and energy intensity in the supply chain, such as feedstock gathering mileage or distribution mileage of finished product. In addition, global low-carbon fuel programs calculate life cycle GHG emissions with different assumptions, which can also affect the differential between the CI of renewable diesel and the CI of the diesel benchmark.



Are there enough feedstocks to produce low-carbon fuels?

Our ethanol and renewable diesel plants are in advantaged locations. In the case of ethanol, the U.S. Midwest offers abundant corn supply. Our renewable diesel production is competitively located in the U.S. Gulf Coast with access to domestic and global feedstocks, which allows for flexibility of supply of used cooking oil, animal fats, soybean oil and corn oil. In addition, the other member of our renewable diesel joint venture is the world's largest renderer, which provides a source of animal fats.

Do low-carbon fuels have tailpipe emissions?

Yes, low-carbon fuels combust just like the fossil fuel counterparts. However, low-carbon fuels have lower life cycle emissions than fossil fuels due to the biological origins of the feedstock. For instance, in life cycle GHG emissions calculations, the tailpipe emissions released from combusting ethanol are offset by the carbon uptake during new corn crop growth. As a result, vehicles running on low-carbon fuels produce less net CO₂ per mile traveled than vehicles running on conventional fuels.

Do low-carbon fuels displace fossil fuels?

Yes, California, one of the world’s largest consumers of low-carbon fuels, has reported that, even with increased population and economic growth, **more than 44% of transportation diesel and more than 6% of gasoline have been displaced by low-carbon fuels since 2011.**¹⁷

Where are Valero's low-carbon fuels sold?

Our low-carbon fuels are sold around the world, including continental Europe, Scandinavia, the U.K., Latin America, Mexico, Canada and the United States, especially in California, Oregon and Washington. We believe that our ability to supply these low-carbon fuels can play an important role for governments and others to achieve their GHG emissions reduction targets. See table below for global low-carbon fuel regulations and table on page 15 for global SAF.

Are Valero's GHG emissions of low-carbon fuels audited and certified?

Yes, our low-carbon fuels are audited and certified not only as part of the limited assurance engagement by external auditors but also by independent auditors representing the countries, states or provinces where we sell low-carbon fuels.

In the case of California’s LCFS, each certified pathway follows very stringent rules and certifications processes. As of 2023, California’s LCFS had certified more than 1,350 fuel pathways of low-carbon fuel CI calculations. Pathways are “[v]ariations in feedstock types, origin, raw material production processing efficiencies and transportation,” all of which contribute to an individual producer’s fuel pathway CI¹⁸ and are independently verified. California’s certifications are based upon ISO 14064-3 and 14065. The EU requires certification bodies be accredited to ISO 17065 and 14065 and for audits to be conducted in accordance with ISO 19011 or the equivalent. **In 2023, more than 50 independent verifications were conducted on our low-carbon fuels production, some of which included a partial or full traceability review of the supply chain.**

Why don’t you use the GHG Protocol to measure the carbon content of your low-carbon businesses?

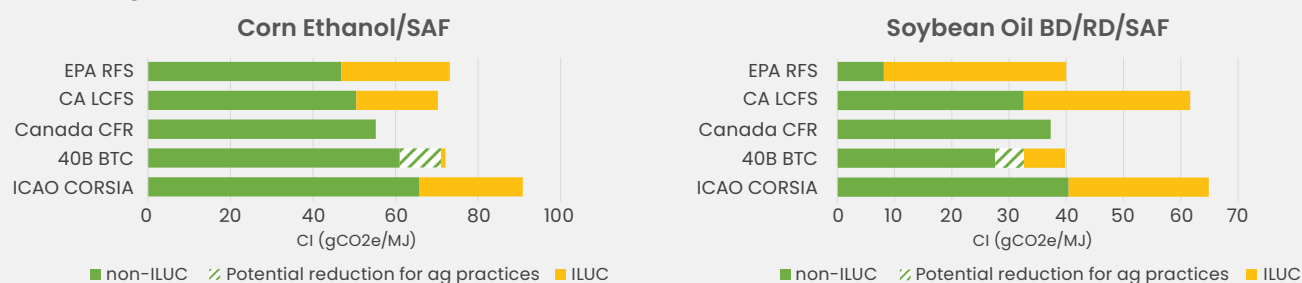
We don’t use it because the GHG Protocol is inconsistent with global low-carbon fuel regulations, which base CI calculations on LCA and account for the full fuel life cycle. For instance, combustion of biofuels is not part of the accounting of Scope 3, Category 11 in the GHG Protocol.

Global Low-Carbon Fuel Regulations¹⁹

	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 (LCFS)	Reduce the CI of transportation fuels by at least 20%
Canada	40 to 45%	Net zero by 2050	Clean Fuel Regulations (CFR)	Reduce the CI of transportation fuels by 15%
EU	55%	Net zero by 2050	Renewable Energy Directive III (REDIII)	Replace 29% of transport fuels with renewable energy, or reduce sector GHG intensity by 14.5%
UK	68%	Net zero by 2050	Renewable Transport Fuel Obligation (RTFO)	Replace 19% of transport fuels with renewable fuels
Other Policies in Place	• Oregon’s Clean Fuels Program requires a 20% CI reduction by 2030 and a 37% reduction by 2035. • Washington State’s Clean Fuel Standard requires a 20% CI reduction by 2034. • New Mexico enacted a Clean Fuel Standard in 2024, for implementation in 2026. • British Columbia’s LCFS requires a 30% CI reduction by 2030. • 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	• Hawaii, Illinois, Massachusetts, Michigan, Minnesota, New Jersey, New York, Nevada and Vermont are considering low-carbon fuel programs.			

Indirect Land Use Change (ILUC) negatively impacts certain domestic crop-based biofuels, benefits certain imported biofuels, and does not fairly penalize land used for all renewable energy and mining.

Most of the biofuels policies commonly assess ILUC penalties to account for indirect land conversion that potentially result from increased biofuels demand. These ILUC penalties – which tend to be fixed values rather than reflecting the actual practices of the feedstock producer – can account for more than half of a biofuel's carbon intensity and be the ultimate determiner of the fuel's qualification under low-carbon programs. As shown in the charts below, the EPA Renewable Fuel Standard (RFS) penalizes soybean with an ILUC of 80% of the entire CI calculation, and corn ethanol with an ILUC of 36% of the CI. While California's LCFS penalizes soybean with 47% of the CI and corn ethanol with an ILUC of 28% of the CI of the fuel. These are among the highest of such penalties imposed on U.S. biofuels programs. By contrast, the same models assign a much lower ILUC penalty to Brazilian sugarcane ethanol. For instance, the RFS penalizes sugarcane ethanol by only 13% of the CI²⁰ and the LCFS assigns the lower penalty of all biofuels to sugarcane ethanol.²¹



Canada's CFR excludes ILUC from the model due to limitations such as lack of data and high uncertainty.^{24 25}

Inconsistently, ILUC penalties are not extended to the installation of solar arrays, wind turbines, or the extraction of minerals to support EV batteries, despite their potential for significant direct and induced land use changes. For instance, the Department of Energy projects that 10.4 million acres of solar arrays will be needed to help decarbonize the nation's power grid – as much as 83% of that acreage will likely be farmland,²⁹ which will need to be replaced.

Valero supports policies that eliminate inconsistencies in emissions calculations that disadvantage U.S. domestic crop-based biofuels. If ILUC is not entirely excluded (as in the case of solar arrays and stripped mining), at least, long-standing farmland in the U.S. Midwest should not be treated unfavorably compared with foreign crop-based fuels coming from potentially new deforested land.

Global SAF Mandates³⁰

Jurisdiction	SAF Mandates
CORSIA	Program aims to offset growth in CO ₂ emissions from international aviation above 85% of 2019 CO ₂ emissions. Participation is voluntary over 2021-2026 and becomes mandatory for participating nations starting in 2027.
EU	SAF mandate of 2% in 2025, 6% in 2030, 20% in 2035, 34% in 2040, 42% in 2045 and 70% in 2050.
France	SAF mandate of 1% in 2022, 1.5% in 2024 and 2% in 2025.
Germany	National implementation of RED II includes power-to-liquid. SAF sub-mandate of 0.5% in 2026, 1% in 2028 and 2% in 2030.
Malaysia	SAF mandate of 1% in 2026 and 47% in 2050.
Norway	SAF mandate of 0.5% in 2020 and 30% in 2030.
Singapore	SAF mandate of 1% in 2026 on outbound flights, possibly rising to 3%-5% in 2030, depending on availability and adoption.
Sweden	SAF mandate of 1% in 2021 and 30% in 2030.
British Columbia (Canada)	SAF mandate of 1% in 2028, 2% in 2029 and 3% in 2030.
UK	SAF mandate of 2% in 2025, 10% in 2030 and 22% in 2040. Expected to be adopted in 2024.

Climate Solutions Should be Efficient – EV Mandates are Not

We are often asked by stakeholders about EV mandates and how liquid transportation fuels compared with EVs in terms of performance, affordability and environmental impacts.

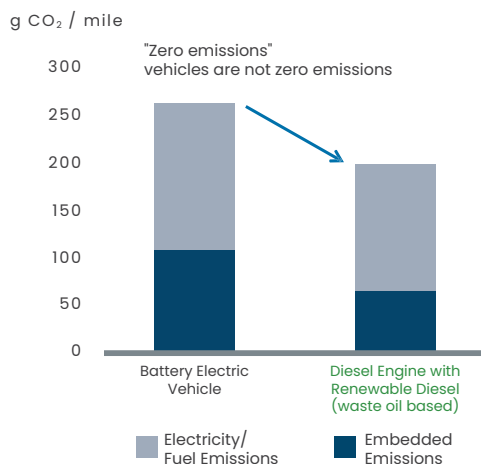
EV charging infrastructure is lagging and requires costly changes in existing power grids.

- Achieving the EPA's demand of widespread EV adoption is estimated to cost around \$1 trillion in grid updates by 2035.³¹
- Fewer than 10% of American consumers consider current EV charging infrastructure to be sufficient.³²
- Estimates show that it could take \$55 billion to meet charging needs, but the current U.S. Administration has only set aside \$7.5 billion.³³

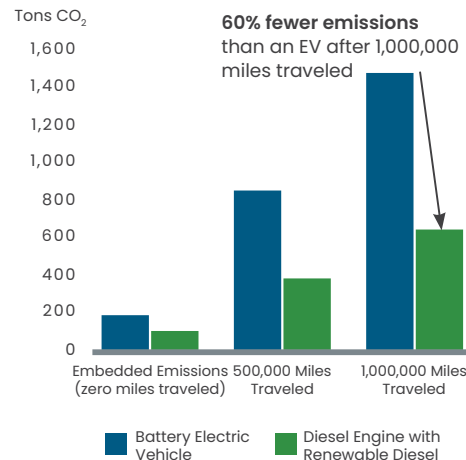


Renewable diesel is a drop-in fuel and can result in lower life cycle GHG emissions than EVs. It is 100% compatible with existing diesel engines, so no new infrastructure is needed.

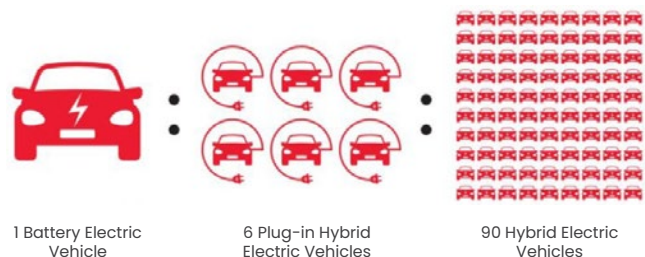
Light-Duty Vehicle Emits Fewer Emissions than an Electric Vehicle³⁴
2022 Southwest Research Institute Study
(U.S. light-duty vehicle life cycle emissions)



Diesel Engine with Renewable Diesel Outperforms Battery Electric Vehicle³⁴
2022 Southwest Research Institute Study
(U.S. heavy-duty long-haul vehicle life cycle emissions)



The amount of critical minerals used 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 a single battery electric vehicle.³⁵

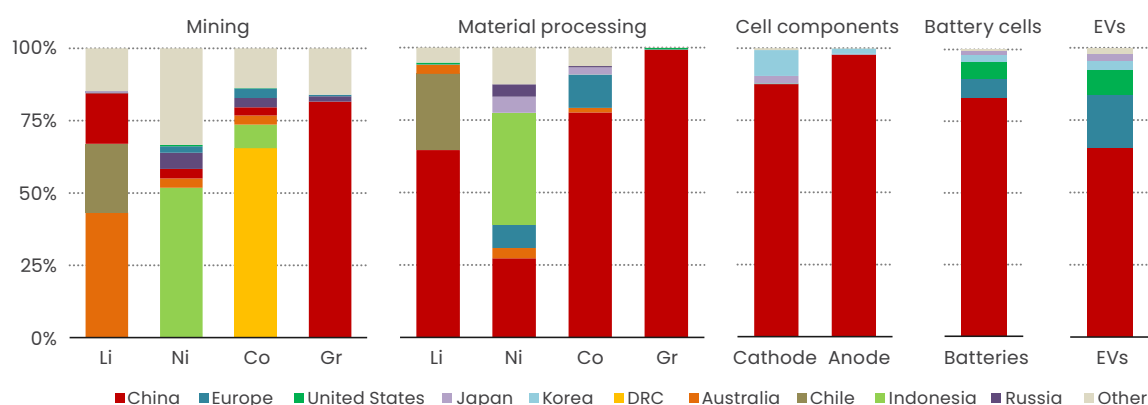


EV mandates are infeasible and require a seismic surge in mineral production (i.e., lithium's global demand is predicted to increase 40-fold from 2020 to 2040).³⁶

- Foreign countries of concern dominate the entire EV battery supply chain (including mining, material processing, cell components, battery cells and EV manufacturing). Certain locations where these activities take place have been associated with allegations of human rights violations, forced and child labor, and environmental degradation claims.³⁷
- The current U.S. Administration is attempting to shift mining and processing of critical minerals to domestic sites with more regulations, but these new mining sites often face significant opposition and permitting obstacles, and could take an average of 16.5 years to be fully functional.³⁸

China dominates the downstream and midstream global EV battery supply chain³⁶

Geographical distribution of the global EV battery supply chain, 2023



Source: International Energy Agency (2024), Global Critical Minerals Outlook 2024, page 30, IEA, Paris.



Low-carbon fuels such as renewable diesel and ethanol are available today and can reduce GHG emissions right now.

EV mandates are not affordable for many working families and will limit their physical and economic mobility.

- Current plans for EVs in California impair access to reliable and affordable vehicles for low- and moderate-income communities.³⁹
- EV mandates will disproportionately affect lower-income people by pushing them out to farther suburbs, increasing costs of living, and limiting job opportunities and school options.³⁹

46% of U.S. EV drivers want to go back to gas-powered cars.⁴⁰

More than 68% of U.S. adults believe a mix of fuels should be used.⁴¹

"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 right leaders committed to closing the wealth gap of hard-working families and individuals.

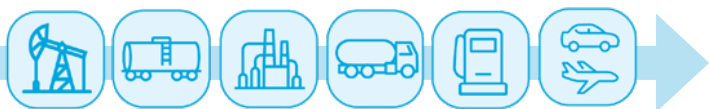


Instead of EV mandates, we support the use of transportation choices and are currently supporting the development of a wide range of solutions to reduce GHG emissions, from cellulosic ethanol to sustainable aviation fuel and a tailpipe CO₂ onboard capture system.

GHG Emissions⁴²

Value Chain Analysis

With the intent to address the demands of some stakeholders to disclose Scope 3 GHG emissions, we conducted a value chain analysis. The analysis proved to be complicated and yielded insufficient data to meaningfully quantify GHG emissions related to the use of the products we manufacture and highlighted the difficulty in accurately assessing upstream and downstream carbon emissions.



With approximately three million transactions conducted yearly with more than 3,000 counterparties upstream and downstream of our refineries (for feedstock purchases and product sales, respectively), we found that many of our crude oil feedstock suppliers provided limited or no

public disclosure of Scopes 1 and 2 GHG emissions. Similarly, an analysis of our more than 2,800 customers revealed that many, including some of the largest purchasers of our fuels, have limited or no public disclosure of Scopes 1 and 2 GHG emissions. Furthermore, as a merchant refiner, we are unable to ascertain the final use of all of our products. Although most of our products are sold as transportation fuels, some of our products have multiple potential uses. For example, some of our products, including naphtha and liquefied petroleum gases, have several downstream uses aside from combustion, such as in plastics and petrochemicals production.

After careful consideration, the lack of publicly available GHG emissions disclosures proved to be an insurmountable hurdle for accurately calculating our value chain GHG emissions. **Another limitation of the value chain analysis and methodologies, such as the GHG Protocol, is its inability to take into consideration the life cycle GHG emissions benefits from low-carbon fuels.**

To address the limitations of the value chain analysis, we introduced a metric called Use of Product GHG Emissions Intensity, which is the GHG emissions intensity of the assumed use of company-wide products on a per barrel basis, and recently, we added the same metric on a per unit of energy basis. Further details on these metrics are provided on pages 20 and 21.

Independent Limited Assurance

Since 2021, we have engaged one or more independent third parties to evaluate, validate and/or verify our GHG emissions disclosures, which we intend to continue completing annually going forward. In 2024, this included **limited assurance** on/of:

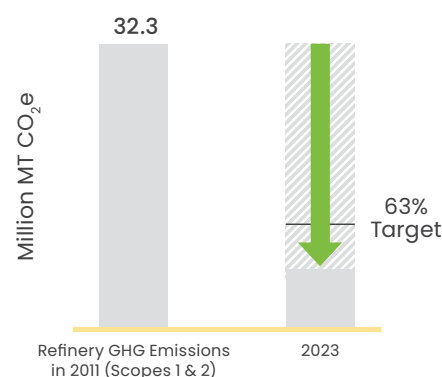
- Company-wide 2023 GHG emissions (Scopes 1 and 2), including refining, renewable diesel and ethanol.
- Company-wide 2023 GHG emissions reductions achieved with our renewable diesel and ethanol production, as well as the blending of and credits from low-carbon fuels.
- Company-wide 2023 Use of Product GHG Emissions Intensity per barrel and per unit of energy.
- The validation of our 2035 GHG emissions target.

Copies of independent limited assurance verifications can be found on our website at www.valero.com > Investors > ESG > Other Reports. **All calculations were found to be science-based and in conformity with acceptable engineering practices.**

2025 Short-Term Target¹

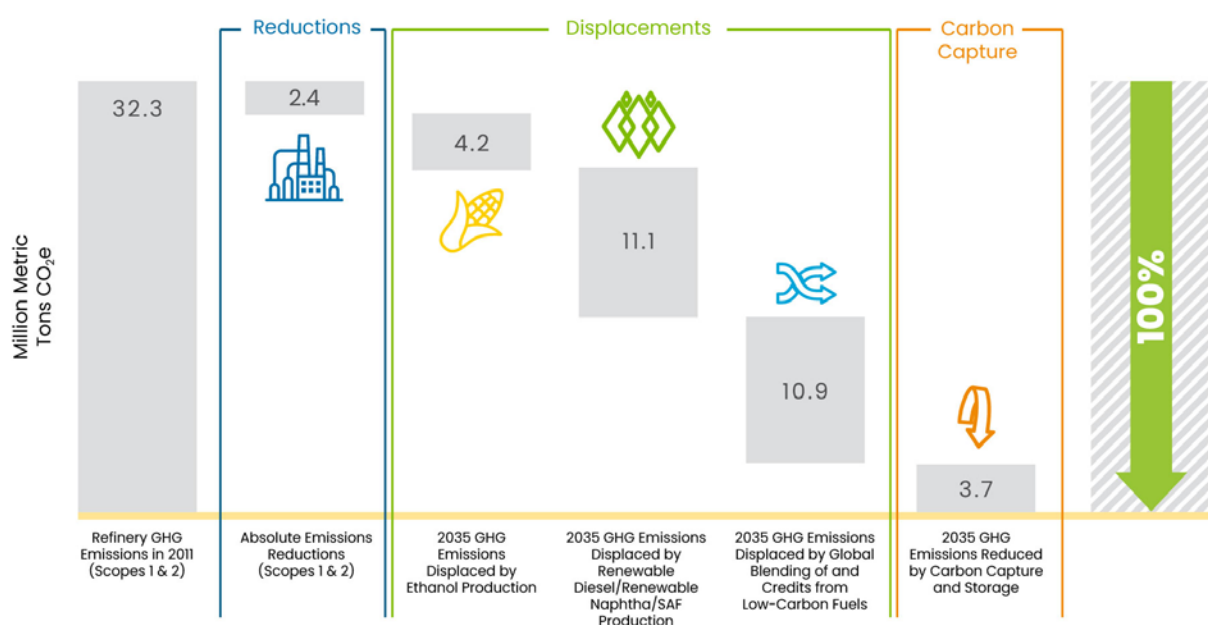
In 2022, three years ahead of schedule, we achieved our 2025 GHG emissions target to reduce and displace the equivalent to 63% of the tonnage from our global refinery GHG emissions (Scopes 1 and 2). In 2023, we continued to exceed this target.

/// Total Reductions and Displacements



2035 Medium-Term Target¹

Our GHG emissions target reflects our unique strategy. Refinery absolute reductions and our low-carbon projects are expected to generate reductions and displacements equivalent to 100% of the tonnage from our global refinery GHG emissions (Scopes 1 and 2) by 2035. Each component below showcases our strategy:



2038 Update

By 2038, refinery absolute reductions and our low-carbon projects are expected to generate reductions and displacements equivalent to 100% of the tonnage of the GHG emissions from our refining, renewable diesel and ethanol business segments (Scopes 1 and 2), including from refining, ethanol and renewable diesel production.

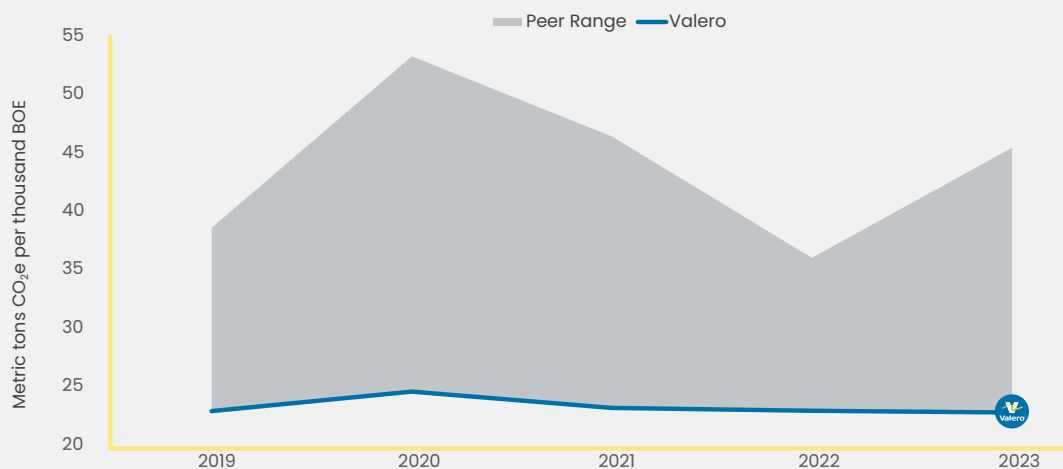
2050 Long-Term Ambition

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

Our Progress up to 2023

Scope 1 Intensity – GHG emissions from the refining process relative to refining peers

The chart to the right compares Valero's global refinery Scope 1 intensity in million metric tons CO₂e per thousand barrels of oil equivalent (BOE), relative to peers' performance using peers' publicly available disclosures, including annual reports on Forms 10-K and sustainability reports.



Refining peer group includes PSX, MPC, DINO and PBF.

GLOBAL REFINING	2021	2022	2023
Refining throughput of crude oil and other feedstocks (million BOE)	1,017.3	1,077.8	1,087.3
GHG emissions, Scope 1 (million metric tons CO ₂ e)	23.7	24.8	24.9
GHG emissions, Scope 2 Market-based (million metric tons CO ₂ e)	4.9	4.9	5.1
GHG emissions, Scope 2 Location-based (million metric tons CO ₂ e)	5.0	5.0	5.2
LOW-CARBON FUELS	2021	2022	2023
GHG emissions, Scope 1 (million metric tons CO ₂ e)	2.1	2.1	2.3
GHG emissions, Scope 2 Market-based (million metric tons CO ₂ e)	0.5	0.5	0.5
GHG emissions, Scope 2 Location-based (million metric tons CO ₂ e)	0.5	0.5	0.5
GHG emissions reduction achieved with displacements (million metric tons CO ₂ e)	16.7	20.5	22.4
COMPANY-WIDE GHG EMISSIONS INTENSITY FROM THE USE OF PRODUCTS	2021	2022	2023
Use of Product GHG emissions Intensity per barrel (Kg CO ₂ e / bbl)	266	266	253
Use of Product GHG emissions Intensity per unit of energy (g CO ₂ e / MJ)	51	51	48

GHG Emissions Methodologies

There is not currently a standardized methodology for calculating GHG emissions. For instance, direct GHG emissions that result from on-site sources controlled and owned by the firm, commonly referred to as Scope 1, can be calculated using different parameters and methodologies. Another well-known example is the calculation of Scope 3, which is inherently unreliable because of the varying interpretations of indirect emissions that are a consequence of the activities of the company, but are outside of its control.

At Valero, we have complied with mandated GHG emissions reporting requirements for more than a decade. As a result, we have established a robust process to disclose our GHG emissions inventory following the GHG emissions regulatory frameworks in the U.S., Canada and the U.K., and global LCA regulations applicable to low-carbon fuels. The methodologies we use to calculate our GHG emissions reporting are described below:

Direct GHG emissions (also known as Scope 1): corporate disclosure of our Scope 1 GHG emissions from fuel combustion and hydrogen production sources at our 15 petroleum refineries can be estimated following the GHG reporting program obligations under U.S. 40 CFR Part 98 (Subparts C, P, Y and PP); the 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.

We also calculate and separately disclose the direct GHG emissions (Scope 1) from our 12 ethanol plants and 2 renewable diesel plants following the GHG emissions reporting program obligations under U.S. 40 CFR 98 (Subpart C).

Indirect GHG emissions from the consumption of energy and steam purchased by the organization for its use (also known as Scope 2): to calculate Scope 2, we follow the guidance from two approaches in the GHG Protocol: market-based and location-based. We calculate Scope 2 for our three segments: refining, ethanol and renewable diesel.

Scope 1 Intensity: to calculate the GHG emissions from the refinery process per unit of throughput, we divide the global refinery Scope 1 in million metric tons CO₂e (as described above) by thousand BOE. Refining peer group includes PSX, MPC, DINO and PBF. Similarly, we calculated peers' Scopes 1 intensity by dividing refining Scope 1 by refining throughput disclosures, which were sourced from public filings, such as annual reports on Forms 10-K and sustainability reports.

Indirect GHG emissions intensity from the use of products on a per barrel or per unit of energy basis: there is not currently a standardized methodology for calculating Scope 3 GHG emissions, and the inherent unreliability of Scope 3 calculations renders such metric of limited value. At Valero, we have complied with mandated GHG emissions reporting requirements for more than a decade related to GHG emissions of the use of our products, as required by the EPA. Therefore, for the calculation of the numerator we follow the U.S. 40 CFR Part 98 (Subpart MM), which includes the complete combustion of each petroleum product and natural gas liquid produced, used as feedstock, imported, or exported during the calendar year, based upon the carbon content of each material. The numerator includes both the disclosure from our U.S. refineries as required under U.S. 40 CFR Part 98 (Subpart MM) and from our refineries in Canada and the U.K., in conformance with U.S. 40 CFR Part 98 (Subpart MM). Because it is a company-wide reporting, the calculation of this metric includes the GHG emissions from low-carbon fuels displacement of petroleum fuels ("displacements") and the absolute GHG emissions reductions from CCS, if any.

The denominator in the intensity calculation in kg CO₂e per thousand BOE is the company's refining throughput, ethanol production and renewable diesel sales. The denominator in the intensity calculation per megajoule (MJ) is the total energy from the company's refining throughput, ethanol production

and renewable diesel sales using energy factors (MJ/gal) from the California Air Resources Board's Greenhouse Gas, Regulated Emissions, and Energy Use in Transportation 3.0 model (CA-GREET3.0 model) used by California's Low Carbon Fuel Standard (LCFS).

Displacements: this represents the tonnage reduction of GHG emissions equivalent (CO₂e) that result from the substitution of petroleum fuels with the production of, blending of and credits from low-carbon fuels, including, but not limited to, products that we currently produce or are expected to produce as part of our publicly available GHG emissions targets (such as ethanol, cellulosic ethanol, renewable diesel, renewable naphtha, renewable propane and SPK or neat SAF), as well as low-carbon fuels we procure, including ethanol and biodiesel. This calculation is based on a comparison of low-carbon fuels LCA and the fossil fuel benchmark LCA, which could vary depending on the product and/or the jurisdiction.

For our production of renewable diesel, the CI estimations are based on the actual market-based CI assigned to the product from the verifications and audits from jurisdictions where renewable diesel production was sold. In the case of our production of ethanol, the CI estimations are based on the Argonne National Laboratory GREET3.0 2021 model. Regarding the CI estimations for ethanol and biodiesel that we procured to fulfill our blending obligations, we used the Argonne National Laboratory GREET3.0 2021 (ethanol) and 2019 (biodiesel) models and published papers. When calculating the displacements from blending and to avoid double counting, our low-carbon fuel production that contributes to our blending obligation is excluded.

Under the Sustainability Accounting Standards Board's (SASB) Standards Application Guidance 3.0 Reporting Boundaries, as the operator of the consolidated entity, displacements include the entire production of renewable diesel, renewable naphtha, renewable propane and SPK or neat SAF of the consolidated entities that we operate.

Scope 4: this calculation of avoided GHG emissions is used only in the 2050 Long-Term Ambition. It is informed by the GHG Protocol for Project Accounting and does not follow the LCA methodology. The calculation is 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. Energy densities and emissions factors were sourced from the CA-GREET3.0 model and U.S. 40 CFR Part 98 (Subpart MM). Under the SASB's Standards Application Guidance 3.0 Reporting Boundaries, as the operator of the consolidated entity, our avoided GHG emissions include the entire production of renewable diesel, renewable naphtha, renewable propane and SPK or neat SAF of the consolidated entities that we operate.

Environment

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



Geospatial Measurement of Air Pollution (GMAP) vans equipped with Duvas DV3000 instruments are used to tour most of our refineries' fenceline communities and allow for early response and mitigation actions even on small emissions sources.



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 company-wide GHG emissions; and participating in ecological and conservation projects. We have made

multibillion-dollar capital investments to sustain our operations as part of our commitment to safety, reliability, preventive equipment maintenance and environmental responsible operations for our refineries. Although we have formal processes and environmental monitoring systems designed to protect our people, our communities and the environment, we initiate mitigation actions as soon as we identify an environmental event.

Environmental Management Systems (EMS)

Environmental Risk Management: We have employees at each of our refineries, ethanol plants and renewable diesel plants dedicated to environmental excellence and risk mitigation. Formal risk assessments, including hazard identification, risk evaluation, analysis and mitigation are implemented 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 programs are designed to 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 our 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)

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 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 expectations, 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 help 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.
- **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 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 company-wide 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 accordance with the Valero Management of Change 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 or community advisory councils, 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 is reviewed to ensure they are appropriate and address the commitment for continual improvement.

In early 2024, we completed the first round of the refining EERA program by conducting environmental excellence and risk assessments on all 15 refineries during the last four years. In addition, progress on the improvement opportunities identified by each of these assessments has been monitored by subject matter experts and members of the management team.

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 (generally summarized 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)

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. 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.

Methane emissions are mainly associated with the extraction and transportation of oil and gas, and smaller methane emissions may also be emitted from process leaks from valves and connectors as part of the refining process. Although our refineries use natural gas, methane emissions account for less than 1% of our GHG emissions inventory.

Managing Air Emissions

In addition to the comprehensive air monitoring programs already deployed at our refineries as required by regulations and/or air permits, we have implemented advanced monitoring systems that go beyond regulations to identify and reduce air emissions. Ambient air readouts allow refineries to monitor the surrounding communities and take early response and mitigation actions even on small emissions sources. We have the following air monitoring programs:

1. GMAP Vans Equipped with Duvax DV3000

Instruments provide real-time mobile air monitoring and quality screenings. The vehicle-mounted DV3000 is a monitoring instrument with a gas analyzer that uses ultraviolet spectroscopy and a meteorological station to identify and quantify 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.

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.

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 our operating sites comply with the EPA's 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. In 2023, we implemented an enhanced LDAR program using optical gas imaging, resulting in improved leak identification and cost savings.

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, 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 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.

GLOBAL REFINING	2019	2020	2021	2022	2023
NO _x (MT)	8,700	7,900	8,400	9,200	9,100
SO _x (MT)	8,800	7,600	7,600	7,800	7,400
PM ₁₀ (MT)	2,200	2,200	2,600	2,400	2,200
VOCs (MT)	7,700	7,500	7,500	6,600	7,000
Fresh water withdrawn (million m ³)	164.1	164.6	166.1	182.0*	187.0
Oil spill events to land (>1 bbl)	14	21	28	23	23
Oil spill events to water (>1 bbl)	3	4	0	2	2

For more information, see SASB report and the notes thereto beginning 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.

Renewable Energy and Efficiency Initiatives

In 2023, roughly 26% 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, solar 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:** Fueled by natural gas, our cogeneration plants reduce our dependency on local power grids, which are often costlier. Cogeneration is a highly efficient and reliable way of producing electricity and thermal energy or steam with the steam used in the refining process. 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. 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.



The cogeneration unit at our Wilmington refinery reduces our reliance on the local power grid and increases energy efficiency.

- **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.

Waste Management

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

In 2023, Valero implemented a customized Waste Navigator database across the U.S. refining fleet. The database tracks waste from generation to ultimate disposition, driving standardized waste management practices and systemic improvements in waste reduction, reuse and recycling. In addition, the database allows closer oversight of disposal vendors.

Hazardous Waste: In 2023, more than 40 million pounds of catalyst were recycled to recover valuable metals. Valero's hazardous waste management program includes

96% of all refinery hazardous and exempted waste was recycled in 2023.

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.

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.

The Valero Houston Refinery, having only one Environmental Scorecard event in 2023, was awarded the Valero Chairman's Environmental Award for the seventh time in the 20-year history of this award.

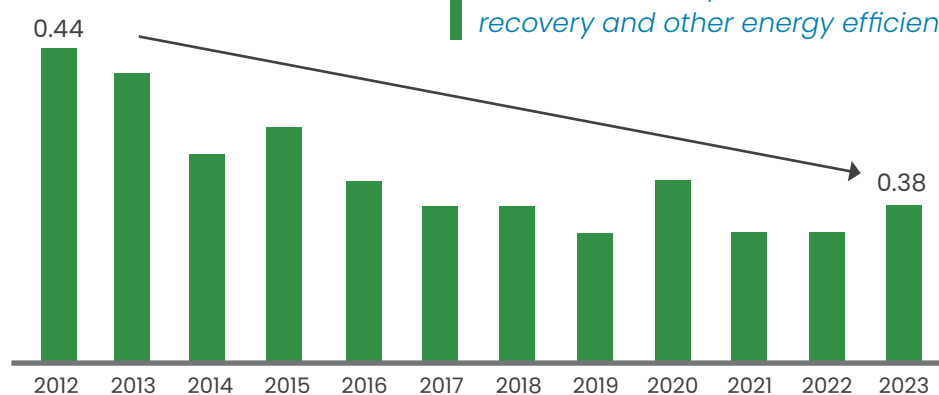
Reducing, Reusing, Recycling and Repurposing

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:** Nearly 80% of Valero's large process flares are 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 digest oil and treat wastewater streams to clean the water before returning it to the ecosystem.
- **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.

Refinery Energy Intensity⁴³

(Million Btu/bbl throughput)



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.
- 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 revised version of the World Resources Institute's Water Risk Atlas tool, Aqueduct, we determined that three 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 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 expect to save up to 420 million gallons of potable water per year, equivalent to roughly the annual amount consumed by 3,800 U.S. households.⁴⁴
- Our **Three Rivers refinery** recycles treated wastewater for use in irrigation for hay production.

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.

- Our **McKee refinery** recently commissioned a novel Closed Circuit Reverse Osmosis Treatment technology to treat and reuse brine (water with high concentration of salt) instead of freshwater in the cooling tower process, which is expected to replace 25 million gallons of water annually from the Ogallala Aquifer.
- 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.

Biodiversity

We engage in diverse ecological projects with local, state and federal regulatory agencies, as well as with neighbors and nonprofit partners. We work together with local and regional organizations that provide a variety of environmental services ranging from the protection of endangered species and restoration of wetlands to reforestation, rehabilitation of former industrial sites and promotion of environmental awareness through educational training programs.

Biodiversity Impact Assessments

As part of our permitting processes, we comply with local, state and federal regulations related to potential biodiversity impacts in the planning, approval and implementation phases of 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 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 on 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.



Valero partnered with Ducks Unlimited for the Meraux Terracing Project to enhance marshlands by planting marsh grasses and trees, and sequestering CO₂ near the Valero Meraux Refinery in Louisiana.

2023 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.



Valero volunteers contributed to the restoration efforts by planting native bald cypress, water tupelo, and green ash trees in the LaBranche wetlands along Lake Pontchartrain.



Valero volunteers planted native and resilient tree species to promote urban greening at Valero's Montreal East terminal site in Canada.

Nature-Based Carbon Capture Programs:

- **Plant giveaway at Corpus Christi Refineries:** Since 2022, Valero has sponsored the annual Earth Day-Bay Day plant giveaway event where Valero volunteers have distributed a total of approximately 6,400 native trees and plants to the Coastal Bend community.
- **BCarbon:** Valero has supported BCarbon, a nonprofit nature-based carbon dioxide capture and storage registry, to continue research and development of BCarbon's living shoreline project in 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:** Valero continued its partnership with the Pontchartrain Conservancy committing \$1 million in support of the five-year reforestation project. In 2023, Valero St. Charles employees planted a total of 1,000 trees that consisted of bald cypress, green ash and water tupelo during two volunteer events. To date, over 52.5 acres have been restored with over 5,300 trees planted across multiple sites in and around St. Charles and St. Bernard Parishes.

Valero's commitment to environmental stewardship was recognized with the Wildlife Habitat Council's Conservation Certification for the marsh reforestation project in a partnership with the Pontchartrain Conservancy.



- **Tree Planting at Valero Montreal East Terminal:** In collaboration with the Société de Verdissement du Montréal Métropolitain, an organization that develops green space strategies in urban environments, Valero volunteers planted approximately 750 trees, including more than 20 species of native trees and shrubs well-suited to thrive in urban conditions. Soil characterization was performed to ensure quality and structure to create a resilient dense forest that can stand up to the stress of an urban environment for generations to come.

Wildlife Protection Programs:

- Nature Boardwalk (Pwllcrochan Environmental Centre):** Valero Pembroke Refinery in the U.K. has partnered with Pwllcrochan Environmental Centre for over 20 years to support their nature boardwalk educational program. In 2023, over 900 students visited the site where Valero volunteers support educators during teaching sessions to help students learn about the wildlife and habitats around the site.
- Biodiversity Action Plan:** Our Pembroke refinery implemented a Biodiversity Action Plan through which it creates and sustains habitat for wildlife on 500 acres it owns outside its fenceline. This includes initiatives such as the preservation of grass and wildflowers for pollinators, including bumblebees and butterflies, as well as bird rehabilitation and protection efforts. The work has focused on kestrel birds, an "Amber-listed" bird species of conservation concern in the U.K., which has resulted in successful kestrel breeding nests during the last 20 years at the refinery grounds.
- 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. In 2022 and 2023, over 100 goslings were banded, which will help the DNR track the population and observe their migration and travel patterns.

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 its 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. In 2023, students learned about the importance of watersheds, the "6 Rs" that include Rethink/Reuse/Reduce/Reuse/Rot/Recycle, impacts of marine debris and the steps they can take to reduce trash that enters waterways.



Digital microscopes were used enabling students to have a closer look at the aquatic animals at the Pwllcrochan Environmental Centre in Pembroke, U.K.

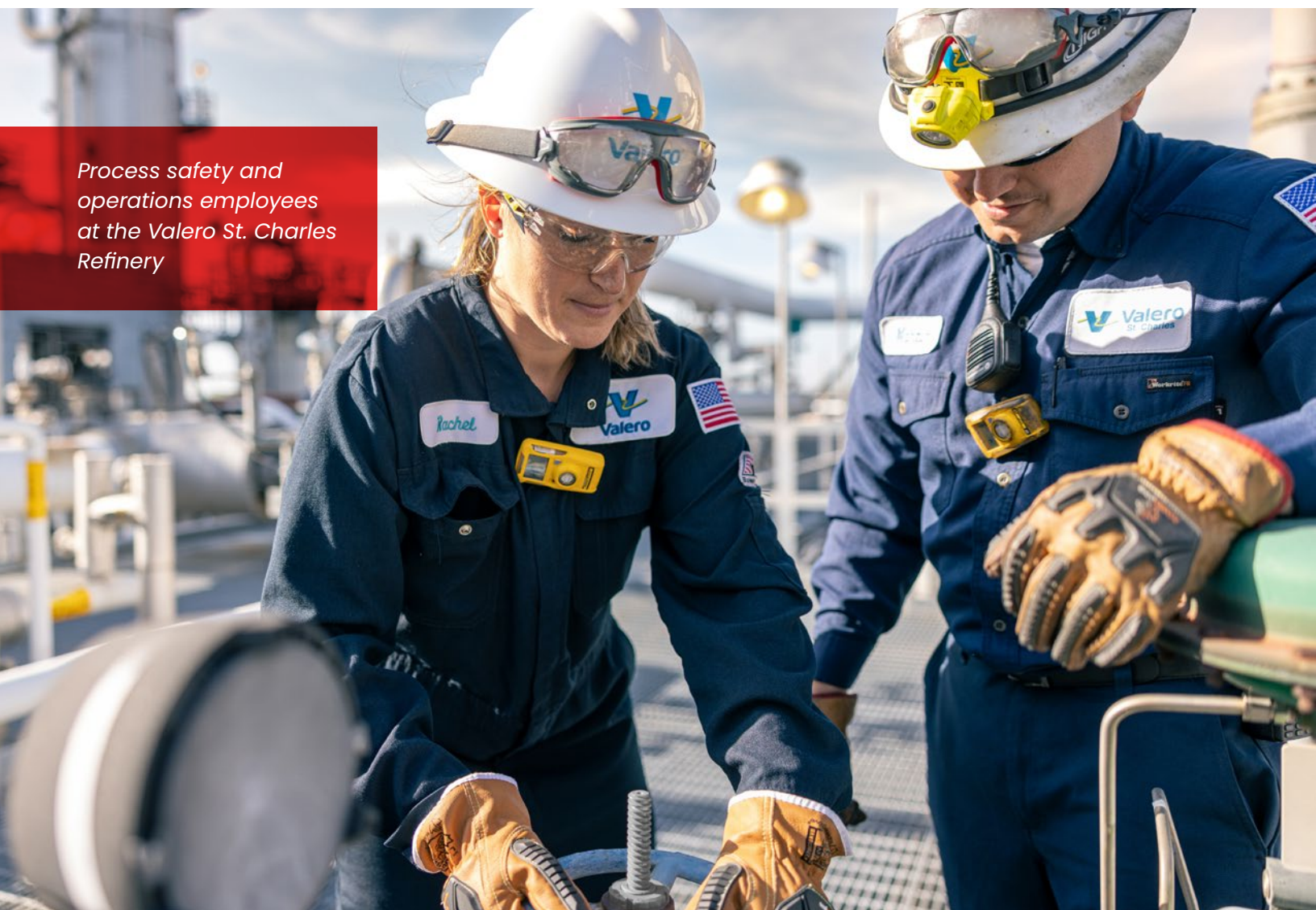


Students are learning how to be responsible and conscientious stewards of our waterways through Valero's support of the Ocean Guardian School Program at Lincoln Middle School in Port Arthur.

Safety

Safety is our foundation for success.

Process safety and operations employees at the Valero St. Charles Refinery



At Valero, we believe that safety and reliability are extremely important, not only for the protection of our employees and communities, and the cultural values we aspire to as a company, but also for operational success, as a decrease in the number of employee and process safety events should generally reduce unplanned shutdowns and increase the operational reliability of our refineries and plants. This, in turn, should also translate into a safer workplace with fewer

environmental incidents and stronger community relations. We strive to improve safety and reliability performance by offering year-round safety training programs for our employees and contractors, and by seeking to promote the same expectations and culture of safety. We also seek to enhance our safety performance by conducting safety audits, quality assurance visits, and comprehensive safety and risk assessments at our facilities.

Safety Initiatives Recently Implemented

Valero Safety Excellence Program (VSEP) – This tool aligns field audits with our proprietary Valero Safety Assessment for Excellence 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.

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 in the last stages to complete the rollout of an eEIL system designed to increase efficiency and ensure better protection of our employees and contractors when performing equipment maintenance.

Contractor Selection and Prescreening Criteria – We have enhanced the contractor evaluation and prescreening criteria to encourage continuous improvement and selection of best-in-class contractors. All business partners are expected to participate in our supplier management system, which begins with an initial screening and includes ongoing monitoring of risks related to health, safety, environmental and quality performance, as well as supplier selection, employee training and qualifications, insurance coverage, and financial strength and stability. The supplier management system also assesses contractor and supplier risk management policies and practices covering a wide variety of topics.

Valero McKee Refinery

Majority of refineries designated as VPP Star Sites by OSHA,⁴⁵ recognizing exemplary occupational safety, process safety and health programs.

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, including 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.
- Ensuring 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 receiving 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.

2023 Safety Awards

Valero Chairman's Awards

Valero McKee 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 Valero McKee Refinery include zero recordable employee or contractor injuries in 2023, zero employee injuries in three years, zero contractor injuries in five years, zero Tier 1 Process Safety events in 2023 and VPP Star site since 2019.

Valero Charles City Ethanol Plant – The **Chairman's Award for Excellence in Renewables** was awarded for no employee or contractor recordable injuries in nearly four years, no Tier 1 Process Safety Events in more than 10 years and no scorecard reliability events in 2023. Following this plant's turnaround in 2024, the Valero Charles City Ethanol Plant is projected to reach record run rates that are 60% higher than the original design.

Valero Houston 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. In 2023, for the sixth time in the award's 18-year history, the winner of this award was the Valero Houston Refinery. This refinery had no stewardable unit outages for two years straight and tied for best "time on tools" performance within our refining segment. Additionally, the site had no Tier 1 Process Safety Events, led the segment in non-turnaround downtime and had the least amount of unit downtime, outside of turnarounds over the last two years.

American Fuel and Petrochemical Manufacturers (AFPM) Safety Awards

The AFPM Annual Safety Awards are the industry's premier safety awards. The **Elite Platinum Safety Award** recognizes sites that have demonstrated superior program innovation and leadership over time; the **Elite Gold Award** recognizes facilities with safety performances in the top 5 percentile; and the **Elite Silver Award** recognizes the top 10 percentile of industry safety.

- One 2023 Elite Platinum Award – Awarded to the Valero Three Rivers Refinery.
- Two 2023 Elite Gold Awards – Awarded to the Valero Houston and McKee Refineries.
- One 2023 Elite Silver Award – Awarded to the Valero Wilmington Asphalt Plant.

Innovation Award (Occupational Safety) 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 eight of the 23 total innovation awards given.

- Two 2023 Innovation Awards – Awarded to the Valero McKee and Three Rivers Refineries.

Safety Achievement Award

- Five 2023 Safety Achievement Awards – Awarded to the Valero Houston, McKee, Memphis and Three Rivers Refineries, and the Valero Wilmington Asphalt Plant.

U.S. Department of Labor Occupational Safety and Health Administration's (OSHA) Voluntary Protection Program (VPP)

Our participation in **OSHA's Voluntary Protection Program** exemplifies our consistent pursuit of going beyond regulatory requirements by voluntarily submitting to robust safety 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.
- Other facilities with VPP Star Site status: Corpus Christi Asphalt Plant, Houston Asphalt Plant, St. James Terminal, Valero Aviation Department and the St. Charles renewable diesel plant.
- Valero's international refineries, Pembroke and Quebec, have received VPP's equivalent assessment and approval.

In 2023, the Valero Wilmington Asphalt Plant entered into a cooperative program with Cal/OSHA⁴⁶ called Cal/Reach that is designed to assist the site in becoming a VPP Star Site.

Goal Zero Safety Program

Our Goal Zero program is designed to eliminate incidents and injuries in six focus areas by taking a data-driven risk-based approach. The program utilizes comprehensive incident reporting data and evaluates each incident against the AFPM Personal Safety Incident Matrix, tailored for the refining industry. This matrix classifies incidents according to their potential outcomes, injury type/consequence and activity/cause contributing factors. Each of our Valero sites establishes goals and objectives aligned with each of the Goal Zero's six focus areas and provides monthly reports.



Valero Albert City Ethanol Plant

Valero's Safety Assessment for Excellence (VSAFE)

VSAFE re-engineers 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 more than 120 expectations that are key to driving culture and continuous improvement. Using a proprietary process with site data, field assessments, and employee/management interviews, subject matter experts work alongside site champions at each refinery to perform this assessment every three years.



Heavy Equipment/Vehicle Operations

- 360 Walk-Arounds/Circle for Safety.
- Refinery Vehicle Management.
- Management/Incident Accountability Meetings.
- Training Qualification Verification.

Energy Isolation and Control

- LOTO and Blinding.
- Energy Isolation Lists.
- Bleeder Management.
- Zero Energy Verification.
- Equipment Clearing to Return to Service.

Hand Awareness and Safety

- Impact/Cut-Resistant Gloves.
- Enhanced Job Hazard Analysis (JHA), Permitting and Assessment Tools.
- Pre-Job Hand Hazard Evaluation.
- Assessments and Inspection for Hand Power Tools.

Personnel Exposure

- Reducing Health Hazards such as:
 - H₂S.
 - Chemical Contact.
 - Heat Exposure.
 - Inhalation Hazards.
 - Low Oxygen.

Slips, Trips and Falls

- Focused Worksite Assessments.
- Mechanical Integrity Inspections (walking-working surfaces).
- SRLs (Self-Retracting Lanyards).
- Area Housekeeping Accountability.

Dropped Objects

- Maintenance Planning for Elevated Work.
- Tool Tethering.
- Barricades/Mesh/Canopies.
- Lifting Equipment Upgrades.
- Enhanced JHA, Permitting and Assessment Tools.



Valero Fort Dodge Ethanol Plant



Valero Memphis Refinery

Life-Saving Rules

In order to ensure full compliance with our safety policies 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.

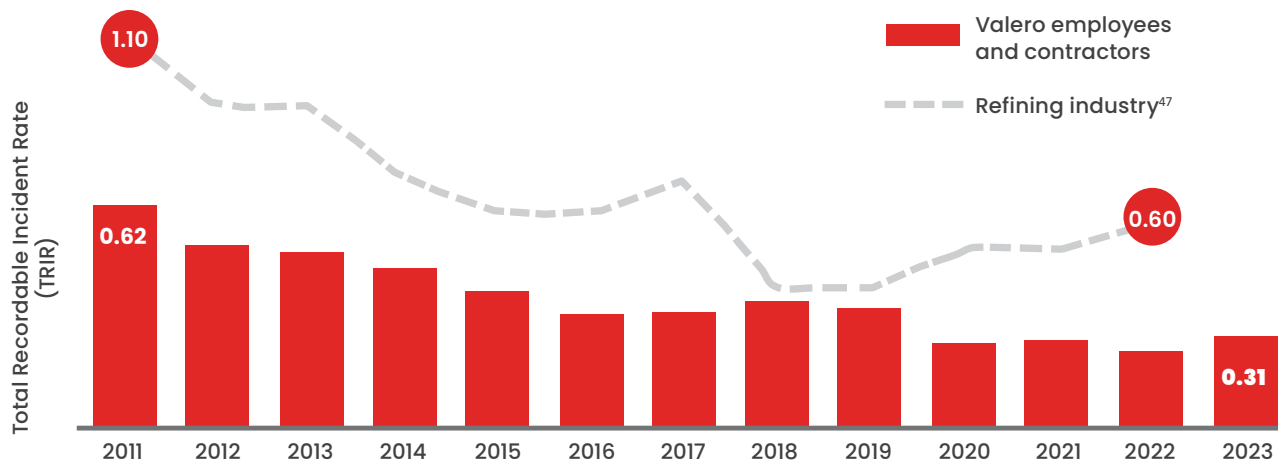
Employee Safety Training

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 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.

In 2023, our refinery employees completed more than 673,000 hours in safety training programs.

Personnel Safety Performance

(Recordable injuries per 200,000 working hours)



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 2023, our contractors completed more than 870,000 safety training hours. In addition, contractors working at Valero refineries have been awarded a total of 26 OSHA VPP Stars.

In the last two years, nearly half of our 12 ethanol plants have gone without an employee recordable injury and no Tier 1 Process Safety Events (PSE).

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

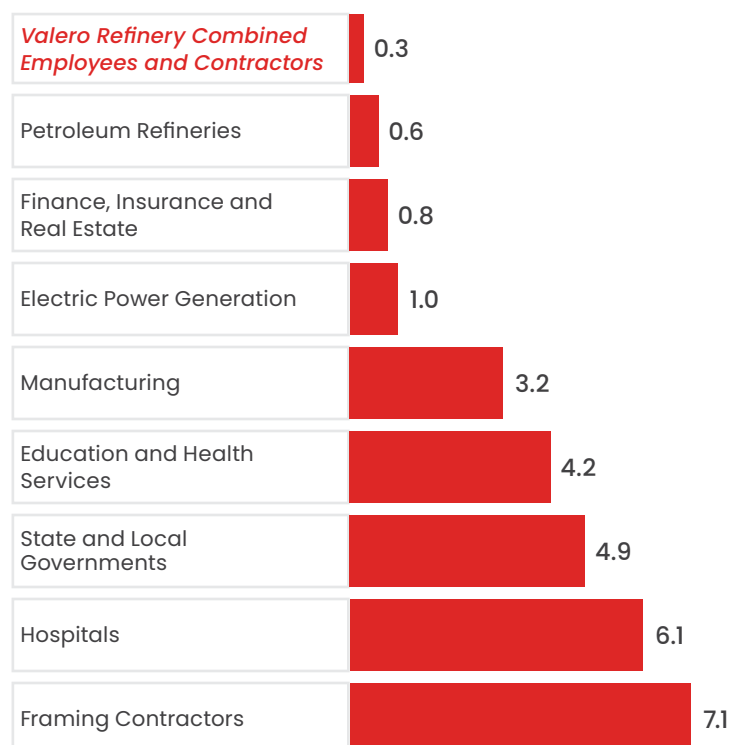
- Clear accountabilities and requirements for safety and contract performance.
- Requirements for contractors to have in place controls ensuring procured materials and services are verified and qualified as contracted.

Valero Leads the Transition to Non-Fluorinated Fire Suppression Foams

During the last five years, Valero has worked diligently on its commitment to set new industry standards with the elimination of PFAS-containing AFFFs⁴⁸ in fire suppression solutions in favor of non-fluorinated alternatives. This decision came after extensive testing of alternative fire suppression solutions while still meeting the stringent performance requirements for firefighting in highly flammable environments. This transition has also been enhanced with comprehensive training programs in emergency response protocols.

Safety Performance Metrics

Valero Refineries vs. Other Sectors⁴⁷ (Recordable injuries per 200,000 working hours)



Global Refining

(Recordable injuries per 200,000 working hours)

	2019	2020	2021	2022	2023
Personnel Safety Employee (TRIR)	0.25	0.35	0.21	0.32	0.40
Personnel Safety Contractor (TRIR)	0.39	0.15	0.27	0.15	0.24
Fatality Rate Employee	0.00	0.00	0.00	0.00	0.00
Fatality Rate Contractor	0.00	0.00	0.01	0.00	0.00
Process Safety Event Rate - Tier 1 ⁴⁹	0.05	0.06	0.05	0.08	0.05
Process Safety Event Rate - Tier 2 ⁴⁹	0.17	0.17	0.16	0.18	0.20

Process Safety and Reliability

Our process safety and reliability programs proactively contribute to our goal of operational 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 PSEs. Understanding the reasons for a PSE is the first step. We then take necessary actions to prevent repeat failures, address unreliable equipment or improve specific program expectations to ensure safe and reliable operations.

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

impactful areas. Below is a list of some of the most mature technical assessments and focus 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. Many of our more mature assessments were updated in 2023 to account for progress driven through our CTEMS annual focus areas and site-specific improvement plans. These updated assessments will allow priorities and resources to shift to remaining opportunities and new emerging issues.

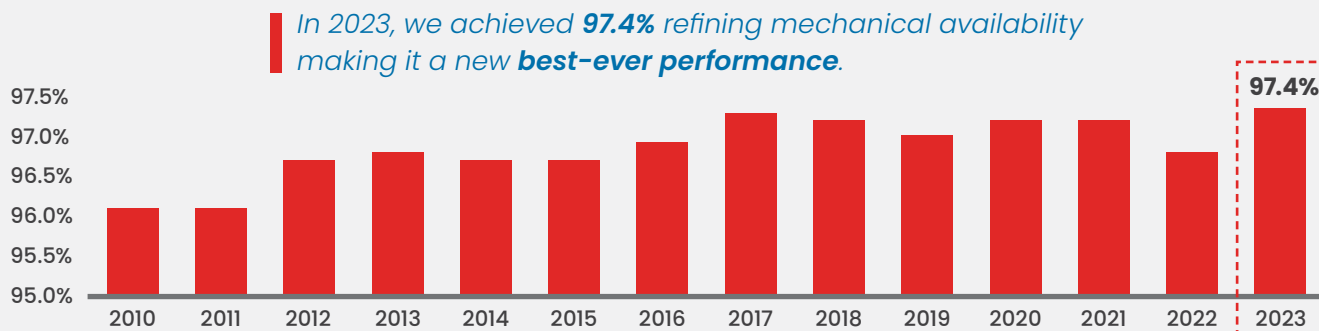
Mechanical Availability

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

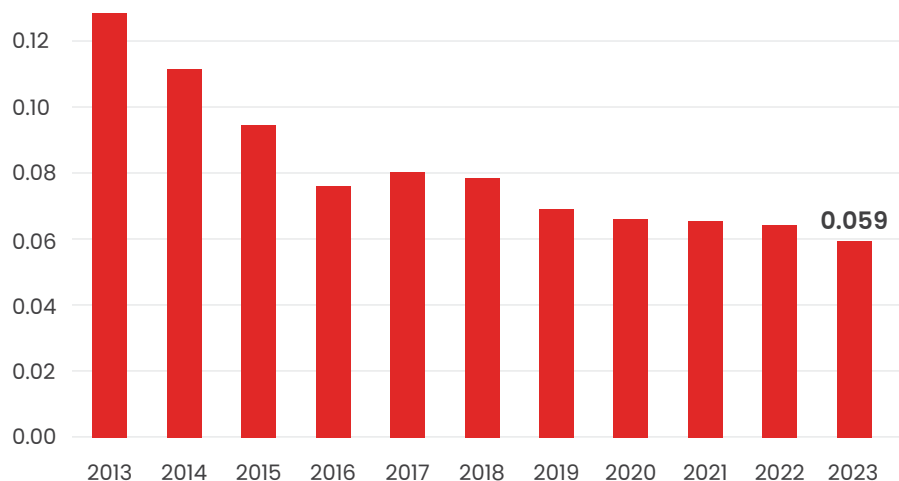
- Avoiding unplanned downtime.
- Minimizing environmental impacts.
- Implementing our structured turnaround planning process.
- Ensuring efficient use of resources.

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.

2023
BEST YEAR EVER FOR
MECHANICAL
AVAILABILITY



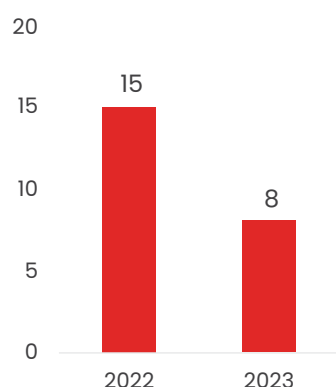
PSE Tier 1 Rate, Five-Year Average⁵⁰
(per 200,000 working hours)



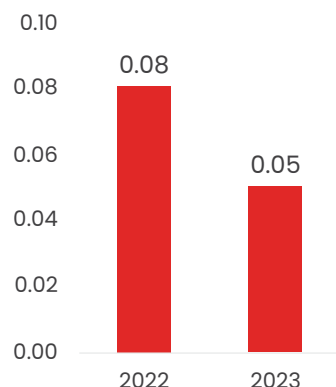
In 2023, Valero set multiple process safety performance records:

- The Five-Year Average PSE Tier 1 rate of 0.059 is our **best-ever performance**.
- Eight PSE Tier 1's is a record low and our **best year ever**.
- 2023 PSE Tier 1's is nearly half of 2022 PSE Tier 1's.
- The Annual 2023 PSE Tier 1 rate **equaled our best years ever** recorded in 2019 and 2021.
- A **record nine refineries** ended the year having recorded Zero PSE Tier 1's in 2023. In addition, two refineries have achieved **four straight years** with no PSE Tier 1's. This is a significant achievement and is recognized as **industry-leading process safety performance**.

PSE Tier 1 Count



PSE Tier 1 Annual Rate



Process Safety Initiatives Implemented in 2023:

Improved Operational Risk Management Programs – We developed and implemented new risk assessment standards and tools designed to improve the consistency and efficiency of existing programs. New electronic systems were introduced that leverage technology to provide more immediate operating data and system information for analysis, trending and corrective actions.

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 2023, Valero issued new tools and training focused on the identification of human and organizational performance opportunities for improvement.

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.

Managing Physical Risks

With refineries along coastlines 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.



Emergency response team at Valero St. Charles Refinery demonstrates Valero's strong relationships with local response personnel.

Hurricane Preparedness

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 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 ERT 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.

Valero Corpus Christi Refineries host large-scale, multi-agency drill



As part of Valero's ongoing efforts to improve emergency response, the Valero Corpus Christi Refineries hosted more than 100 participants from 15 outside organizations in a two-day training event to strengthen collaboration and response in case of emergencies.

"Conducting well-executed training exercises is imperative to build resilience and to validate our preparedness investments. While training alongside your response partners and regulators can be challenging, doing so demonstrates your commitment to the community and builds trusted relationships that will prove critical to our success during a crisis," said Danielle Hale, Director of Emergency Management, Port Corpus Christi. "We are proud of the team at Valero Corpus Christi Refineries and look forward to additional collaborative training opportunities in the future."

Valero invested in 13 quick-attack vehicles for its domestic sites to bolster its emergency response capabilities.

These vehicles are strategically equipped to deliver a rapid and efficient response to potential emergencies, further enhancing Valero's operations safety protocols and readiness. This investment reflects Valero's proactive approach to emergency preparedness and its commitment to adopting solutions for environmental protection and safety.



Quick-attack vehicle deployed to the Valero Meraux Refinery

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.

 More than 300 Valero volunteers participated in the 2023 United Way Day of Caring, helping to renovate the 80-acre campus at Boysville Children's Home and Shelter, in San Antonio, which provides a safe environment for over 300 children affected by abuse, neglect and family crisis. Valero volunteers assembled and installed new beds and cribs, painted outdoor and indoor cottages, landscaped, and cleaned kitchens and bathrooms throughout campus. Through the years, Valero has invested nearly \$2 million in Boysville.

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 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. In 2022, the EPA released guidance and principles to include EJ factors in air permitting applications.

In 2023, we published the Environmental Justice Audit Report, conducted by an independent third-party consultant with expertise in social/environmental justice and community assessments. This expert 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.⁵¹

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 address 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.

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.

2023 Community Highlights

In 2023, Valero and the Valero Energy Foundation generated more than **\$77.6 million** for charities through employee and company donations, corporate philanthropy, fundraising and volunteerism. This represents an increase of more than 14%, compared with last year, and more than 39% compared with five years ago.

● **\$77.6 MILLION+**

total generated for charities, including:

● **\$4.5 MILLION**

global employee giving and employee volunteerism

● **\$25.9 MILLION**

corporate investments in the U.S., U.K., Canada, Mexico and Peru

● **\$19.6 MILLION**

support for United Way agencies (U.S., Mexico and Peru)

● **\$27.6 MILLION**

Valero Energy Foundation investments (including net proceeds from major fundraising events such as the Valero Texas Open & Valero Benefit for Children)

● **129,400+**

Valero employee volunteer hours globally

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 community 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).

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.



In Wilmington, California, the CAP and Valero volunteers cook a monthly meal for families staying at the Ronald McDonald House.

Regulatory Agencies and Government Officials - 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 on infrastructure projects. We also work in partnership to address community issues. For example, Valero partnered with the Chickasaw Nation and the Ardmore, Oklahoma, YMCA to promote health and well-being through scholarships for youth sports such as flag football, basketball and baseball. In 2023, 11,000 kids were enrolled in youth sports.

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 and compliance with all laws and regulations, health, safety, environment, human rights, labor and governance.

Feedback from Our Neighbors

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 voluntarily 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.



Valero's Houston Refinery joins Houston Mayor John Whitmire and other representatives to celebrate "East End Day at City Hall" hosted by the East End Chamber of Commerce.

Valero is a founding member of this organization, serving residents and businesses in Houston's East End area, near the refinery.

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.

"Valero has a positive impact on the community and generationally; Valero is a true partner."

– Melissa Perrier, Manager, Campaign & Marketing, United Way St. Charles

"Valero is committed to making a better community for all to work and live in. We can't have a healthy community unless it is resilient. A resilient community starts with a resilient economy."

– Jesse Gilbert, President & CEO, Texas State Aquarium

"Our local Valero has developed a culture of giving that is unlike any other organization that I have ever seen. Valero supports and encourages employee volunteerism. Management welcomes ideas on how best to impact the community. It's truly an organization that believes that you have to invest in the community and they empower their employees to do it."

– Janie Johnson, President & CEO, United Way Port Arthur/Mid and South Jefferson County

The Impact of Our Investments⁵²

HEALTH AND WELLNESS

\$14.2 MILLION TOTAL FUNDS DONATED IN 2023

Valero has partnered with numerous healthcare initiatives in its communities to provide access to programs, clinical screenings, new state-of-the-art medical equipment and other resources that help promote health and well-being. The following are some examples of recent efforts.

Memphis, Tennessee – Valero invested \$49,000 in Regional One Health's oncology program. The program aims to establish the city's premier academic comprehensive cancer center by offering world-class cancer care close to home to more than 7,000 patients annually.

American Diabetes Association

Valero supports the Project Power for Youth initiative in Houston, San Antonio and Texas City, to help slow the trajectory of childhood obesity and prevent Type 2 diabetes through nutrition education, increased physical activity and family involvement for more than 350 at-risk children.



Communities in Schools of Houston, Wellness on Wheels program



Houston, Texas – Launched in 2020, the Communities in Schools of Houston program Wellness on Wheels came to life to take care of students' physical and mental health through cycling at Milby High School. Valero, a founding donor, has invested \$75,000 in the program and has contributed with bicycles, helmets and safety gear for the students.

Three Rivers, Texas – Valero provided a \$250,000 gift to help with the construction of a new state-of-the-art Live Oak Community Health Center located in Three Rivers, Texas. The new 6,750-square-foot medical clinic opened in the summer of 2024 and offers a part-time physician, two family nurse practitioners, a medical assistant, a behavioral health provider and other support staff.

Wilmington, California – Valero contributed \$25,000 to the Wilmington Community Clinic for pediatric equipment. In 2023, the clinic treated more than 3,000 children.

Port Arthur, Texas – Serving 7,000 patients a year, the Gulf Coast Health Center received \$100,000 from Valero to defray patient financial costs and to fund overall medical treatment.

Dumas, Texas – Valero partnered with the Moore County Health Foundation and provided \$75,000 for a new 3D mammogram system, which will help increase accuracy for diagnosing and detecting breast cancer.

EDUCATION AND WORKFORCE DEVELOPMENT

\$16.5 MILLION TOTAL FUNDS DONATED IN 2023

Recognizing that educational opportunities are a path to success, Valero has partnered with several agencies committed to ensuring that children and adults have the knowledge, skills, training and resources to help them thrive. The following are some examples of recent efforts.

Hartley, Iowa – Valero contributed \$100,000 to Iowa State University for a new educational center providing courses on youth development, agriculture, human sciences, and community and economic development.

Vital to the area's economic growth, the agricultural programs include farm management, crop and soil resources, natural resource management, livestock, women in agriculture, annual pesticide training and many more.

Memphis, Tennessee – The Valero Hope Works Program at the Palmer Home for Children gives young people the necessary work and life skills to prepare for adulthood. In 2023, more than 280 young people were involved in the program.

San Antonio, Texas – Valero donated \$500,000 to the YWCA Women's Live and Learn Center, where women, some with children, are provided with long-term housing and must commit to job-training or a degree program to help break the cycle of poverty and better prepare them for the workforce.

Texas City, Texas – Valero contributed \$187,000 to the College of the Mainland for a glass distillation unit in the new Industrial Careers building. The unit offers hands-on experience to train more than 600 process technology (PTECH) students in the operation of this type of machinery for future careers in refining.

St. Charles Parish, Louisiana – In 2021, Valero provided \$1 million to River Parishes Community College (RPCC) for a new college campus to focus on education and workforce training for local residents interested in pursuing careers in PTECH or instrumentation. In 2023, Valero contributed \$110,000 for a new advanced process control training system and mobile lab to provide invaluable hands-on training in measuring and controlling process variables for students.

Boys and Girls Clubs of America

For many young people, the Boys and Girls Club is a safe place for after-school or summer mentorship programs. Activities include academics, athletics, health and wellness, character leadership and workforce readiness. Since 2007, Valero has invested more than \$9 million in local Boys and Girls Club affiliates across fenceline communities in the U.S., including Amarillo, Corpus Christi, Houston, Port Arthur, San Antonio, Texas City and Three Rivers, Texas; Ardmore, Oklahoma; Aurora, South Dakota; Benicia and Wilmington, California; Bluffton and Linden, Indiana; Memphis, Tennessee; and Meraux, Louisiana.

Linden, Indiana – Since 2011, Valero's Linden Ethanol Plant has contributed more than \$110,000 to the Boys and Girls Club of Montgomery County. In 2023, Valero provided the funds to bring national programs such as Triple Play, Money Matters and DIY STEM to 70 after-school students per day.



FOOD SECURITY

\$2.8 MILLION TOTAL FUNDS DONATED IN 2023

Over the years Valero has supported numerous programs that provide nourishing meals to help end hunger. The following are some examples of recent efforts.



Corpus Christi, Texas

– Valero's \$1.5 million investment helped the Coastal Bend Food Bank open the doors to its new 108,000-square-foot building, which stores and distributes food for 970,000 individuals annually.

Houston, Texas

– Valero committed \$500,000 toward Kids Meals' new 54,000-square-foot building. The organization serves nearly 7,500 children per day and expects demand to increase to 26,000 children daily by 2031.

Pembroke, UK – Valero donated \$12,000 to Pembroke Food Bank. Refinery employees donated thousands of pounds of food, helping more than 5,000 families.

Port Arthur, Texas – Valero partnered with Nutrition & Services for Seniors and provided \$45,000 for building renovations to the food distribution center that feeds more than 500,000 seniors in Southeast Texas.

Callao, Peru – More than 6 tons of food was donated to the Beneficiencia de Callao, an organization that cares for the elderly and underprivileged in the Callao area, near Valero's terminal.



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.

Backpack Food Program – Since 2007, Valero has contributed more than \$3.3 million to local agencies to ensure students and families have meals on the weekends, during school holidays and summer breaks. In 2023, Valero invested more than \$550,000 to serve more than 10,000 students across these organizations:

- Albion, Nebraska – Blessings in a Backpack
- Amarillo, Texas – Snack Pak 4 Kids
- Aurora, South Dakota – Brookings Backpack Program
- Benicia, California – Food Bank of Contra Costa
- Charles City, Iowa – Community School District, Project Rise
- Crawfordsville, Indiana – Montgomery County Youth Service Bureau, Nourish Backpack Program
- Houston, Texas – Kids Meals and Target Hunger
- Hartley, Iowa – Kids Backpack Program
- Lafayette, Indiana – Food Finders, Tippecanoe Backpack Program
- Port Arthur, Texas – Southeast Texas Food Bank
- St. Bernard Parish, Louisiana – Community Center of St. Bernard
- Texas City, Texas – Galveston County Food Bank
- Waterloo, Iowa – Northeast Iowa Food Bank
- Wilmington, California – Food Finders, Food 4 Kids Program

Feeding the Soul at the Holidays – In the spirit of caring for its communities, Valero provided 1,900 families with food items to help prepare holiday meals, partnering with the Los Angeles Police Foundation in Wilmington, California; Feed the Needy in Memphis, Tennessee; Corpus Christi Food Bank in Corpus Christi, Texas; Charlotte's Cupboard in Port Arthur, Texas; the City of San Antonio; and neighbors in St. Charles Parish, Louisiana.

Wilmington, California, 400 families
Memphis, Tennessee, 475 families
Corpus Christi, Texas, 300 families

Port Arthur, Texas, 400 families
San Antonio, Texas, 250 families
St. Charles Parish, Louisiana, 75 families

HOUSING AND BASIC NEEDS

\$13.2 MILLION TOTAL FUNDS DONATED IN 2023

Housing is critical to reducing poverty, increasing economic mobility, and helping families build strong social and cultural ties with their communities. Valero works with various agencies that help provide families with a place to call home. The following are some examples of recent efforts.

Memphis, Tennessee – Since 2019, Valero has partnered with Alpha Omega Veterans Services, which provides lodging services to transitional veterans. In 2023, Valero provided a \$50,000 grant to the agency's Homes for Heroes program for a new state-of-the-art home for veterans in a campus-style facility that will also offer enhanced supportive services such as an exercise gym, library, basketball gymnasium, arts and music therapy and a full-service computer lab. More than 250 veterans are served annually.

Benicia, California – Valero supported Rebuilding Together Solano County's Veteran Home Rehab that provides necessary health and safety repairs for low-income veterans. With Valero's contribution, the agency was able to distribute safe-at-home kits to 1,600 veterans, active military and surviving families of veterans.

Corpus Christi, Texas – Valero partnered with Sea City Work Camp, a group organized in 1993. The camp teaches young people technical and leadership skills, and helps them build self-esteem, while they provide home repairs for families in need. In 2023, through Valero's donation of \$10,000, volunteers repaired the roof of a family's home near the refinery in the Dona Park neighborhood.



Ronald McDonald House – *Keeping children near the care they need so families can get better together.*

Through the years, Valero has provided more than \$3.4 million to Ronald McDonald House in many communities where it has operations, including Wilmington, California; San Antonio, Houston, Dumas, Corpus Christi and Texas City, Texas; Memphis, Tennessee; Aurora, South Dakota; Bloomington, Ohio; Charles City, Iowa; and South Louisiana.

In 2023, Valero provided over \$275,000 to help more than 1,500 families with travel expenses for their children's healthcare needs.

In addition to providing funding support, Valero volunteers in Wilmington helped the local Ronald McDonald House by building a children's playhouse and added trikes, patio furniture, plants for the garden and lighting, so that families could enjoy nights outside.

Greyson was born 10 weeks early. During Greyson's 51-day stay at his hospital's neonatal intensive care unit, the

Ronald McDonald House of South Louisiana provided his mom, Charlene, with lodging, daily transportation to and from the hospital and hot meals. Charlene said, "Our stay here has been wonderful. The staff were always helpful and nice. They treat you like family."



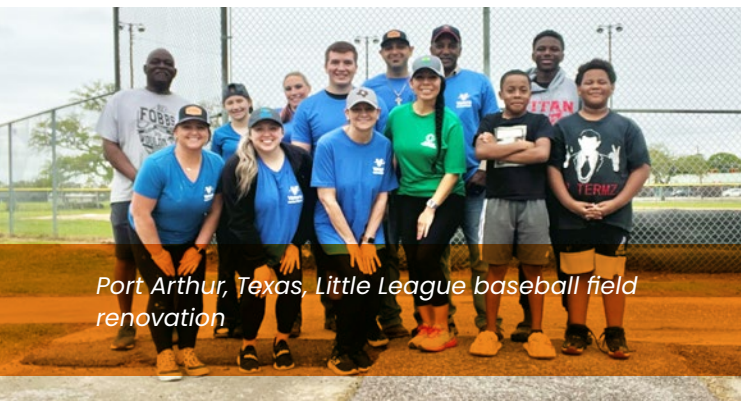
Volunteerism is Part of Valero's Culture

*More than 129,400 Employee
Volunteer Hours in 2023*



Mexico City, Mexico – In partnership with Fondo Unido de Mexico (United Way Mexico), Valero volunteers helped local schools by completing painting projects, updating bathrooms, enhancing sports facilities, and creating a safe and clean student environment.

Port Arthur, Texas – Valero volunteers completely renovated an old baseball field for Port Arthur's Little League, giving 200 local baseball players a safe place to learn the game and take pride in their home field.



Port Arthur, Texas, Little League baseball field renovation

Three Rivers, Texas – Valero volunteers collected 131 binders and 57 backpacks to provide school supplies in Live Oak and McMullen counties.

Houston, Texas – To help local students prepare for the school year, Valero volunteers distributed 200 backpacks filled with school supplies to children in neighborhoods near the Valero Houston Refinery.

Texas City, Texas – Valero volunteers supported Galveston County's Food Bank haunted house by cooking barbecue plates for more than 4,000 people.

Benicia, California – Valero volunteers supported the Benicia Lion Club's Crab Feed, which raised more than \$12,000 for community events, such as vision and health screenings.

Amarillo, Texas – Valero volunteers from the company's Amarillo Payment Service Center assisted in packaging more than 25,000 meals to residents in partnership with High Plains Food Bank.

Major Valero Fundraisers Generated More Than \$44 Million

United Way

In 2023, we pledged more than \$20.4 million to United Way, making our total contribution since 1980 more than \$275 million. Last year's campaign supported 60 United Way affiliates across 32 states.

"Valero's support has been an anchor of stability for us to provide relief and temporary housing after events like hurricanes and tornados. Put simply, the support from Valero makes our community a better place."

– John Dias, Executive Director, United Way of St. Charles

"Valero's partnership with United Way of North Central Iowa has been so valuable. They are true leaders in giving back to the community."

– Jen Arends, CEO, United Way of North Central Iowa, serving Charles City and Lakota

"Year after year, the Valero Meraux Refinery consistently ranks among the top most generous workplaces in the region. Their support has been instrumental in driving local community impact, closing gaps, and creating pathways to a better future for countless individuals and families."

– Michael Williamson, President and CEO, United Way of Southeast Louisiana, serving St. Bernard Parish

"Valero earns huge success on the many services to our community and United Way."

– Jackie Wiswell, Executive Director, United Way of Moore County, serving the Texas Panhandle

"Valero continuously considers the community's needs and how they can create a positive impact and then take action. Valero is the company that every community hopes for."

– Janie Johnson, CEO, United Way of Mid & South Jefferson County, serving the Port Arthur, Texas, community

Valero Texas Open and Valero Benefit for Children

The Valero Texas Open continues to be a leader on the PGA TOUR in charitable fundraising, with an all-time total of \$256 million, including funds raised in 2024. **With the support and generosity of Valero's business partners and sponsors, the Valero Texas Open, Valero Benefit for Children and Champions for Charity generated \$24 million in proceeds in 2024 alone.**

In 2023, funds were directed to:

Basic Needs: 32%

Education: 44%

Healthcare: 24%

The Valero Benefit for Children funds children's programs in the communities where Valero operates, to support initiatives targeting basic needs, education, and healthcare.



Eric Fisher, Senior Vice President Product Supply, Trading and Wholesale, is joined by the 2024 Valero Texas Open champion, Akshay Bhatia, and children at the First Tee of San Antonio during the tournament.

Business Partner Spotlight: Burns & McDonnell – Since 2003, Burns & McDonnell has been a critical business partner offering various services, especially engineering, procurement and construction. They have been involved in the development of Valero's renewable diesel plant and the SAF project adjacent to the Valero Port Arthur Refinery. In addition, Burns & McDonnell has been a significant supporter of the Valero Benefit for Children since 2017, supporting hundreds of agencies dedicated to the well-being of children.



"We Invest in a Better World" is a principle we at Burns & McDonnell deeply resonate with, and we take great pride in the opportunity to contribute alongside our Valero friends. Together, we strive to make meaningful differences in communities across the U.S."

–Ed Anello, Vice President, Burns & McDonnell

Making a Difference Around the World

We are a significant employer, and we strongly contribute to the local economy in the communities where we operate. Our direct and indirect financial support helps local businesses, education and other economic development needs, thereby contributing to the overall health and vitality of the communities where we operate across the globe.

9,908⁵³

direct jobs bolstering local economies with payrolls

10,000+
contractors

\$233,331

median total annual compensation of all employees for 2023, excluding our CEO⁵⁴

\$1.8 billion

spent in 2023 on maintenance and growth projects boosting construction and service jobs

See non-GAAP disclosures beginning on page 80.

People

Our people and our company culture are fundamental to our success.



Members of Valero's operations team at the Valero Wilmington Refinery

Our company culture and well-defined expectations of ethics and behavior guide the daily work of our employees and support our efforts to produce exceptional results. The six values that define our culture are **Safety, Excellence, Accountability, Teamwork, Do the Right Thing and Caring.**

Our Company Culture and Human Capital Strategy

Our people strategy and programs are designed and implemented in support of our business and strategic objectives. In building and fostering great teams, we are guided by the following:

- We strive to hire and promote top-talent employees with team-oriented work ethics and values;
- Our pay, benefits and support programs are designed to attract and retain excellent employees and to reward innovation, ingenuity and excellence;
- We seek to provide a best-in-class work environment built on a foundation of respect, accountability and trust;
- We promote a culture of learning intended to drive excellence at all levels of the organization and to foster career-long growth and development opportunities for employees; and
- We continually assess employee performance, organizational structures and succession plans to support operational excellence, efficiency and effectiveness.

91% of employees are "satisfied with the range of benefits Valero has to offer."⁵⁵

From our intern program to our Board, and at all levels in between, we strive to build dynamic and engaged teams. We evaluate the effectiveness of our outreach, recruiting and retention efforts, in part by reviewing the demographics of our intern program and of our existing employee population each year, in accordance with our obligations as a federal contractor.

Driving Success Through Culture

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

SAFETY

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.

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.

Workforce Commitment – We believe that having employees from different backgrounds with a variety of talents, experience, education and perspectives helps create diverse, innovative and engaged teams, which provide strengths and advantages for our success. Our policy is to ensure equal employment opportunity without illegal discrimination or harassment based on race, color, religion, national origin, age, sex, marital status, physical or mental disability, veteran status or any other characteristic protected under applicable law. Our outreach and recruiting efforts include analyzing and broadening where we recruit and the business partnerships we foster, and ensuring our recruiting teams are trained on objective hiring, along with the importance of hiring candidates who add to our team culture.

Board Oversight – The Human Resources and Compensation Committee assists the Board in overseeing Valero's compensation, succession planning for our CEO and other senior executives as well as initiatives and strategies in the areas of human capital management and leadership development. 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.

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.

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.

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.

Our Workforce in 2023⁵⁶

Global Employees
9,908

Represented by Labor Unions
18%

Workforce Locations

83% US **8%** U.K./Ireland **7%** Canada **2%** Mexico/Peru

Operations

77% Field Operations **23%** Corporate

People Leaders (U.S.)
(Supervisor and Above)

23% Women **27%** Minority

Veteran (U.S.)
12%

Self-Disclosed Disability (U.S.)
14%

Race / Ethnicity

61% White **39%** Minority **25%** Hispanic
7% Black **7%** Other

Female Representation

19% Women **10%** Hourly **19%** Senior
30% Professional Leadership (Director and Above)
21% Engineers

Years of Service

31% < 5 Years **20%** 5–9 Years **31%** 10–19 Years **18%** 20+ Years

Turnover Rate (U.S.)

4.1%

U.S. Interns (290 in 2023)

39% Women **61%** Men **47%** Minority **53%** Non-Minority

Generations

6% Gen Z **40%** Millennial **44%** Gen X **10%** Boomer



Creating connections through shared values includes our U.S. veterans, who comprise 12% of our workforce companywide.



Valero Volunteer Council presidents from across our operations attended training at headquarters, and volunteered at Meals on Wheels.



Interns at our Corpus Christi refineries learn on the job through subject matter experts as part of the Valero Intern Program.

Moving Forward Together

Valero strives to build a sense of community and belonging for our employees through shared experiences and mutual respect. A collaborative, 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 create strong connections through employee networks and discussions, guest forums and cultural experiences. From day one, employees are immersed in experiences that reinforce Valero's culture, vision and guiding principles, as well as our company's position as a responsible, team-driven industry leader. We work to create supportive environments for all employees.

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

- **Team Valero Ambassadors:** An employee engagement network to promote observances, education and awareness. At field locations, ambassadors also participate in recruiting and outreach efforts for talent acquisition to engage top talent across our communities.
- **Valero Volunteer Councils:** Employees who lead and promote employee volunteer activities in their communities.
- **Valero Mentor Program (Intern Program):** A mentoring group assigned to summer interns for support and guidance throughout their internship.
- **Total Wellness Ambassadors:** An employee team that promotes wellness awareness and activities to our workforce.
- **Women's Engineering Network:** A grassroots network to share knowledge and experiences unique to women in the field of engineering.
- **Emerging Leaders Network:** A United Way-inspired group of early career employees who connect with each other and company leaders, build industry knowledge and understand how their roles support the business.
- **New Employee Integration, Frontline Leadership and Beyond Frontline Cohorts:** Network-building programs for peers with access to leadership advice to continue their professional development.

Attracting the Best Talent

We strive to hire the best and brightest talent to advance our company goals and our industry.

*Nearly
900 new
employees
in 2023.*

In 2023, we continued to enhance our recruitment process to expand our talent network and ensure that Valero attracts the most qualified candidates. Our hiring practices support efforts to build the best teams through robust interview protocols; expanded recruiting efforts to broaden our pool of qualified candidates; blind resume reviews; and partnerships with external recruiters. Our policies, training and guidance for hiring managers ensure that new talent strengthens our culture through innovation, a range of skills and expertise and unique perspectives

Recruiting Highlights

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

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 – Employees and contractors have access to a confidential, toll-free Ethics Helpline that is independently operated and available at all times.

Valero Pembroke Refinery

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.

Five-Year Impact

	2018	2023	Change
Women in Executive Leadership (VP and above)	11%	18%	64%
Women in Senior Leadership (Director and above)	17%	19%	12%
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
- Frontline Leadership
- Performance Management Training

Renewables Operator

Qualifications – A 12-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 10-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 2023, 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 who, once hired, are provided this training to prepare them for their first post and a long-term career.

BOT graduate typical starting pay and rewards exceed \$100,000.⁵⁷



Education and Community Partnerships

In addition to strategic partnerships 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 to connect with local talent and widen our outreach.

Ardmore, Oklahoma

- Southern Tech
- Strength In Numbers
- Ardmore ISD
- Madill ISD
- Marietta ISD
- Oklahoma School for the Deaf
- Veterans and DRS (Rehabilitation Services) – Okla. Workforce Solutions
- Military Organizations (Tinker AFB, Fort Sill Army Base, Okla. National Guard)
- Murray State College – Single Mothers Success Program (focused on STEAM)

Corpus Christi, Texas

- Buccaneer Commission
- Corpus Christi ISD
- Craft Training Center
- Del Mar Community College Process Tech Program, Operator Application Workshop
- Texas A&M Univ. – Corpus Christi
- Texas A&M Univ. – Kingsville
- Tuloso-Midway ISD
- Coastal Bend Workforce Commission

Sunray, Texas

- Amarillo College
- Frank Phillips College
- Dumas ISD
- Amarillo Hispanic Chamber of Commerce
- Texas Veteran Commission
- West Texas A&M University

Memphis, Tennessee

- Goodwill Excel Centers Memphis
- HBCUs – Lemoyne-Owen College, Rust College, Jackson State University
- Latino Memphis
- Alpha Omega Veteran Services
- Soulsville Charter School
- Vision Prep. School
- Creative Life Prep. School
- Riverview Middle School

New Orleans, Louisiana

- River Parishes Community College
- St. Charles Parish High School Satellite Center
- Destrehan High School
- Hahnville High School
- 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
- Bridge City ISD, Hamshire Fannett ISD, Vidor ISD, Beaumont ISD (Teacher Externship Programs)
- 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 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.

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

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 2023, we welcomed 290 interns to Valero representing 43 colleges and universities. The largest and most diverse class to date included 39% female interns and 47% interns representing racial/ethnic minority. Approximately 86% of interns who received full-time offers accepted and chose to begin their careers at Valero.

In 2023, 36% of engineering interns were female.

Valero's Engineering Summit

The Freshman Engineering Summit is a four-day immersive experience for high-performing engineering students from various socio-economic and education backgrounds (including first-generation) who completed their freshman year of 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 invitation to apply to Valero's next summer intern program.

Total People Investment – \$2.3 Billion in 2023⁵⁸

PAY EQUITY RATIO:

99% Gender
100% Minority

GLOBAL COMPENSATION:

\$1.3 BILLION Direct Compensation
\$338 MILLION Bonus Payments
\$104 MILLION Incentive Stock Awards

BENEFITS AND PROGRAMS:

Physical Well-Being **\$187 MILLION**
Financial Well-Being **\$336 MILLION**
Emotional Well-Being **\$102 MILLION**

MEDIAN-PAID EMPLOYEE:

\$233,331 Total Compensation⁵⁴
Top 10 compensation ranking in the S&P 500⁵⁹
Valero supports living wage principles.

EQUAL PAY COMMITMENT:

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

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.

90% of employees feel that "Valero is invested in their health and wellness."⁵⁵

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.



Valero's Total Wellness program is designed to help employees find balance and wellness at work and in their home life.

1. Emotional Well-Being

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

Employee Assistance Program – 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 United Kingdom and Ireland, 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 the U.S. Drug Enforcement Agency) 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

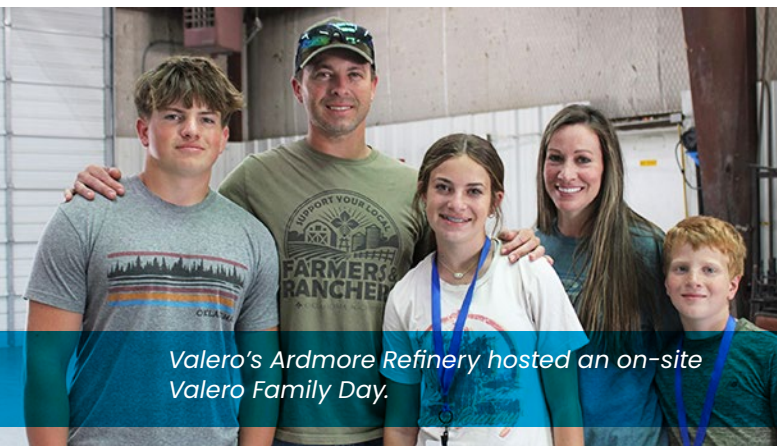
Valero recognizes the importance of providing the opportunity for rest, recovery, recreation and personal time to meet employee and family health needs. Competitive paid leave allowances provide short- and long-term support while employees are away, encouraging greater emotional and physical wellness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

*\$108 million
vacation and
paid leave in
2023.*

- **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 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.*

- **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.



Valero's Ardmore Refinery hosted an on-site Valero Family Day.

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:

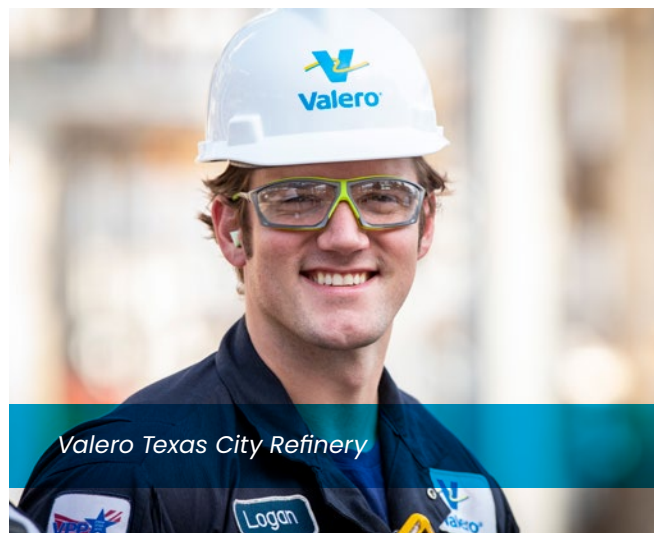
\$187 million invested in 2023 in the physical health of our employees.

Comprehensive healthcare plans – 96% of Eligible Employees Enrolled in Medical Coverage in 2023

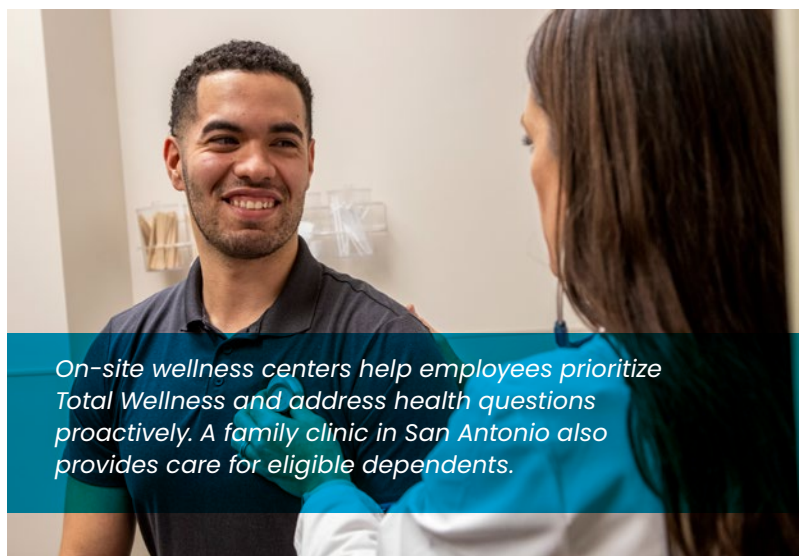
Company-paid benefits for Valero's largest employee group include elective benefit options, such as Medical, Prescription Drug, Dental, and Vision Insurance; Flexible Spending Accounts; Health Savings Account; Life Insurance; Legal Insurance; and Group Critical Illness.

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.



Valero Texas City Refinery



On-site wellness centers help employees prioritize Total Wellness and address health questions proactively. A family clinic in San Antonio also provides care for eligible dependents.

On-Site Employee Wellness Centers and 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.
- Physician-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.⁶⁰

Annual Wellness Assessments

Annual confidential wellness assessments are free to Valero employees and offered at a reduced rate for spouses and

3,698 employee annual wellness assessments were completed companywide in 2023.

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.



Wellness resources include an on-site fitness center at many Valero locations, and a fitness subsidy for employees at U.S. sites without gyms.

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.

99% of employee survey respondents strongly believe Valero's corporate Fitness Center is a valued benefit.⁶¹

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.

Valero Child Care Center (or stipend for childcare services)

The children of Valero employees are an important extension of Team Valero. Parents have access to state-of-the-art, licensed and accredited childcare 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.

\$336 million in support of financial security and retirement in 2023.

Generous 401(k) Match – 95% of Eligible U.S. Employees Enrolled in 401(k) Plan in 2023

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 Aurora Ethanol Plant

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.

More than \$838,000 was awarded to employees in 2023.

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.

Employees attended more than 2,029 hours of financial education in 2023.

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.

Since 1981, Valero has awarded more than 800 scholarships totaling \$6.9 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.



Valero Hartley Ethanol Plant Manager

Developing Our Leaders

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

More than 705,000 hours of training and more than 9,950 training classes offered to employees in 2023.⁶²

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.

We offer a comprehensive training and development program for our employees in subjects such as engineering and technical excellence, safety, environmental, maintenance and machinery/equipment repair, ethics, leadership and employee performance. We also require all employees to complete training on technical matters, such as cybersecurity and information technology security, and various compliance and corporate conduct matters, including business ethics, conflicts of interest, and anti-bribery and anti-corruption, among others. Our employee development initiatives include customized professional and technical curriculums, efforts to engage our leadership in the employee's development process, and providing employee performance discussions. We offer a robust virtual training curriculum, which allows for greater availability and access for employees located across our many facilities and enables timely training.

Training Programs

ALL-EMPLOYEE PROGRAMS / 36 programs in 2023

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 / 1,088 programs in 2023

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 / 68 programs in 2023

Supervisor Toolkit – Designed 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 supports 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.



Valero San Antonio Headquarters



Valero Three Rivers Refinery



Valero Memphis Refinery

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

Full Board

- Risk management and oversight are responsibilities of the full Board. The full Board exercises its oversight responsibilities directly and through its committees.
- Valero's low-carbon fuels strategy is a priority and focus for the full Board. In fact, for the past three years Valero's low-carbon fuels strategy has been one of the key topics of the Board's annual three-day strategic planning meeting with management.

Audit Committee

Key functions and areas of oversight and responsibility include Valero's:

Human Resources and Compensation Committee

Key functions and areas of oversight and responsibility include:

Nominating and Corporate Governance Committee

Key functions and areas of oversight and responsibility include:

Sustainability and Public Policy Committee

Key functions and areas of oversight and responsibility include:



*Please see next page for
Board of Director names
and committees.*

- Financial statements and public financial information integrity;
- Compliance with legal and regulatory requirements, with a focus on those with the potential to impact its financial statements or accounting policies;
- Policies and guidelines concerning financial risk exposures and the steps management has taken to monitor and control such exposures;
- Global compliance and ethics program, and annual compliance plan;
- Independent auditor and internal audit function; and
- Initiatives and strategies with respect to cybersecurity and information technology (IT) risks.

- Risks and other matters related to our compensation and talent management programs, policies and strategies, including Valero's benefit plans;
- Management succession planning for Valero's CEO and other senior executives;
- Valero's initiatives and strategies in the areas of human capital management and leadership development; and
- Compliance with Valero's Stock Ownership and Retention Guidelines.

- Ensuring that the Board and its committees have the necessary mix of knowledge, skills, experience and other attributes;
- Identifying and recommending qualified director nominees;
- Developing and recommending a set of corporate governance principles applicable to Valero;
- The Board's and its committees' annual self-evaluation of performance;
- Valero's new director orientation and director continuing education programs; and
- Reviewing and acting on any related-party transactions.

- HSE matters;
- Sustainability and climate-related risks and opportunities;
- Corporate responsibility and reputation management;
- Social, community, and public policy strategies and initiatives;
- Political issues, including political contributions and lobbying activities; and
- Compliance with legal and regulatory requirements for the operations of the company.

Management and other employees engage in day-to-day risk identification and management, and promote safety, through:

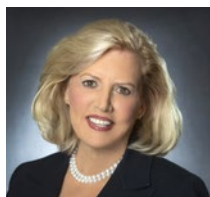
- Executing our risk identification and management programs, plans and systems, such as our CTEMS, EERA and FMS;
- Taking an interdisciplinary approach that coordinates the views of various teams and subject matter experts across Valero, and facilitates continual communication on risk-related matters; and
- Reporting to the Board and its committees, and engaging with stockholders and stakeholders throughout the year.

Valero's Management / Employees

Board of Directors



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



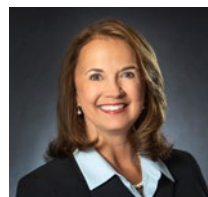
**H. Paulett
Eberhart**
Chair and CEO,
HMS Ventures
Committees:
Audit (Chair); and
Sustainability and
Public Policy



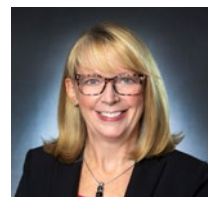
**Marie A.
Ffolkes**
Managing Partner,
GenNx360 Capital
Partners; former
CEO, TriMark USA,
LLC
Committee:
Nominating
and Corporate
Governance



Joe Gorder
Executive
Chairman,
Valero Energy
Corporation



**Kimberly S.
Greene**
Board Chair, CEO
and President,
Georgia Power
Company
Committees:
Nominating
and Corporate
Governance
(Chair); and
Sustainability and
Public Policy



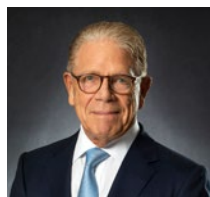
**Deborah P.
Majoras**
Retired Chief
Legal Officer and
Secretary, The
Procter & Gamble
Company
Committees:
Sustainability
and Public Policy
(Chair); and
Nominating
and Corporate
Governance

Director Skills and Experience

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



Eric D. Mullins
Chairman and
CEO, Lime Rock
Resources
Committee: Audit



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

Board Oversight – HSE, Public Policy, Sustainability and Climate

Integrated and Multidisciplinary Approach to Oversight

The challenges and opportunities presented by sustainability and climate-related matters are particularly broad-ranging, complex and interrelated, and as a result often overlap across multiple areas of respective responsibility of each of our Board committees. In order to manage and oversee such matters, each of the Board's committees assists the full Board with oversight of certain sustainability and climate-related matters within its area of respective responsibility and expertise. Public policy, sustainability and climate-related matters are a particular focus of the Sustainability and Public Policy Committee, and such matters have been discussed at every meeting the committee has ever held. The committee also receives, at least annually, a report on Valero's HSE efforts and climate lobbying and political activities.

Tailored Structure and Codification of Duties

The structure and composition of the Sustainability and Public Policy Committee was specifically tailored to enhance the Board's oversight of HSE, public policy, sustainability and climate-related matters, and its committee charter codifies its oversight and responsibilities with respect to such matters. In order to provide knowledge and insight from each of the Board's committees, as well as its senior independent leadership, and facilitate collaboration and coordination with the full Board and among the Board's other committees, the Sustainability and Public Policy Committee is comprised of five independent members, consisting of Ms. Majoras (as the committee's current chair), the chairs of each of the Board's other committees, and Valero's Lead Director. We also encourage, but do not require, all directors to attend meetings of the Sustainability and Public Policy Committee. This structure allows the HSE, public policy, sustainability and climate-related matters discussed at Sustainability and Public Policy Committee meetings to permeate all of the meetings and discussions of the Board and its other committees and facilitates effective oversight of such matters.

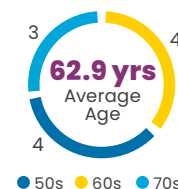
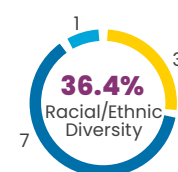
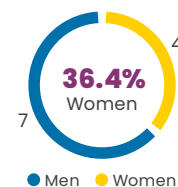
At the corporate level, an executive officer who holds the positions of Senior Vice President, General Counsel and Secretary has oversight of certain functions actively involved in climate-related management. This position reports directly to the CEO and provides updates to all levels of management,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

11 Directors:*

6 New Directors Since 2016

9 Independent Directors

7 Directors represent gender or racial/ethnic diversity



* Age and tenure data as of 12/31/23. Tenure is not rounded up.

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 and displace GHG emissions.

Operations

Unmatched Execution with a Proven History of Operational Excellence

- The lowest cash operating cost among peer group while maintaining top-quartile operating performance.
- Safe, reliable, environmentally responsible operations have driven higher profitability and lower volatility through multiple commodity cycles.
- Applying our liquid fuels manufacturing expertise to optimize our integrated low-carbon fuels businesses.

Capital Discipline

Demonstrated Commitment to Stockholders

- Disciplined capital allocation delivering peer-leading free cash flow yield and returns to stockholders across margin cycles.
- Delivered on our annual payout ratio commitment every year under current management since 2014.
 - Average payout ratio of 69% since 2014 (55% excluding 2020)
 - Reduced our shares outstanding by over 36% since 2014
- **16% average annual Return on Invested Capital (ROIC) since 2014.**

Earnings Growth

Growth Through Innovation

- Refining growth projects focused on operating cost control, optimization and margin improvement.
- Leveraging our global liquid fuels platform to expand our long-term competitive advantage with investments in economic low-carbon projects.
- **25% after-tax IRR hurdle rate for growth projects.**

Executive Compensation

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

- Tight linkage of company performance 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.

Linkage of Executive Compensation to HSE, Sustainability and Climate

Annual Bonus Program – Valero’s annual bonus program includes both HSE performance measures and ESG efforts and improvements. Since 2022, the Health, Safety and Environment sub-component of the annual bonus program was improved 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 – A performance share component was added to include ties between executive compensation and our low-carbon fuels strategy, including (i) progress towards the publicly announced GHG emissions reduction/displacement targets, and (ii) investment of growth capital attributable to Valero into low-carbon initiatives.

See non-GAAP disclosures beginning on page 80.

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 behavior 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 and Environmental Justice
- Human Rights
- Data Privacy



Commitment to 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
- Communications



Commitment to the Marketplace

- Anti-Bribery and Anti-Corruption
- Anti-Money Laundering
- Antitrust, Fair Dealing and Competition
- International Trading
- Anti-Boycott
- Participating in Political Activities

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.

Reports are investigated fairly and thoroughly.

Do you have a compliance question? Contact the Compliance Department at LegalCompliance@Valero.com or 210-345-5800

Do you wish to remain anonymous? Confidential helpline available at EthicsHelpline.Valero.com or 855-219-2495 within the U.S. & Canada

If calling from elsewhere, use the numbers listed on EthicsHelpline.Valero.com.

More than 672,000 hours of employee training were conducted in 2023 on various health, safety and environment, regulatory, legal and other compliance-related matters, including conduct and ethics, use of ethics helpline, anti-bribery, data privacy, human rights and information security.

Supply Chain Management

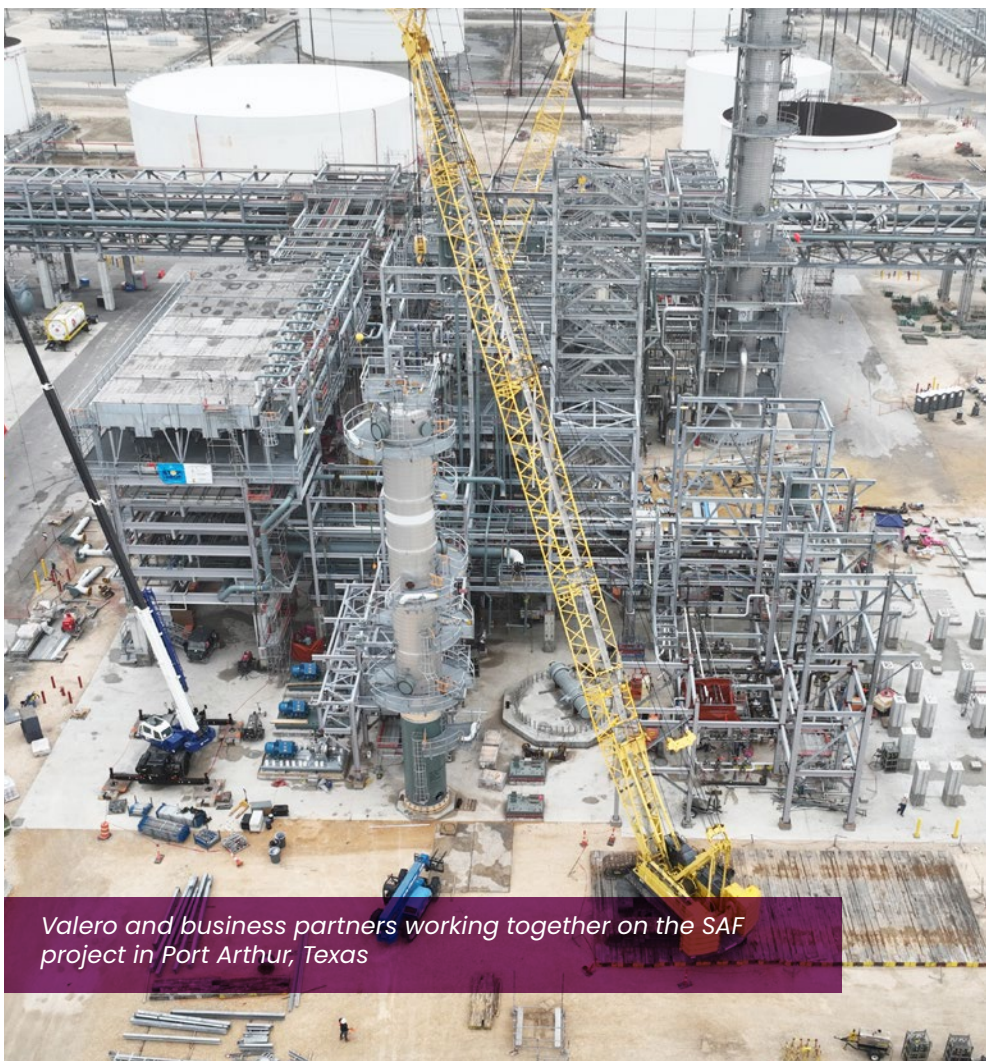
Valero's Conduct Guidelines for Business Partners describes the standards and expectations for Business Partners – namely **suppliers, vendors, contractors, consultants, distributors, agents, representatives** and any third parties or individuals acting on behalf of the company. Applicable in all countries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

Vetting of Suppliers – Valero engages third-party companies to manage supply chain and contractor risks. All business partners are expected to participate in the third-party management systems and to maintain a minimum grade based on Valero's proprietary assessment process and compliance with both regulatory and Valero requirements.

Vendors undergo an initial screening and are monitored on an ongoing basis for risks related to health, safety, environmental and quality performance as well as supplier selection, employee training and qualifications, insurance coverage, and financial strength and stability.

The systems also assess contractor and supplier risk management policies and practices regarding human rights and the environment, and verify certifications, such as ISO 14001. Additionally, audits may be conducted to ensure that suppliers uphold all standards listed in Valero's Conduct Guidelines for Business Partners.



Valero and business partners working together on the SAF project in Port Arthur, Texas

Awards

Institutional Investor Magazine – For the eighth consecutive year, Institutional Investor Magazine named Valero among its “Most Honored Companies,” based on results across several categories of its 2024 All-America Executive Team rankings. Out of over 1,400 companies receiving votes across 44 sectors, less than 10% earned the “Most Honored” distinction. The investment publication determined the rankings from votes of over 4,000 investors and research analysts who evaluated companies and executives.

Valero placed **Top 3** overall in the Integrated Oil sector for the following:

- **Best Company Board**
- **Best CEO**
- **Best CFO**
- **Best IR Program**
- **Best ESG Program**

Additionally, Valero received **1st place** overall in the Integrated Oil sector for the following:

- **Best IR Professional**
- **Best IR Team**

S&P Platts – Valero earned the “Energy Transition Award Downstream & Chemicals” at the 25th Annual S&P Platts Global Energy Awards, featuring finalists from 32 countries across 21 categories. This marks the fourth year since 2019 that Valero has won an award from S&P Global and the third year since 2019 it has won in the Downstream & Chemicals category.

Institutional Investor Magazine named Valero among its “Most Honored Companies” for 2024.

S&P Platts judges highlighted Valero’s SAF project that will give the Port Arthur plant the optionality to upgrade approximately 50% of its current 470 million-gallon renewable diesel annual production capacity to SAF.

Select comments from the judges about Valero included:

- **“Valero roared back as a clean standout in the downstream category.”**
- **“Valero possesses a broad spectrum of current downstream successes. I trust them to be efficient.”**
- **“They’re the most focused company in this sector.”**

Governance Policies

- Code of Business Conduct and Ethics
- Conduct Guidelines for Business Partners
- Corporate Governance Guidelines
- Code of Ethics for Senior Financial Officers
- Human Rights Policy Statement
- Stock Ownership and Retention Guidelines for Directors and Officers
- Anti-Bribery and Anti-Corruption Policy
- Environmental Justice Policy Statement
- Health, Safety and Environmental Policy Statement
- Political Contributions, Lobbying and Trade Associations Policy
- Related Party Transactions Policy
- UK Tax Policy
- Anti-Slavery and Human Trafficking Policy Statement
- Compensation Consultant Disclosure Policy
- Executive Compensation Clawback Policy

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, sustainability, 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 2023 and into 2024 consisted of the following:

- Offering dialogue to our 100 largest stockholders.
- Engaging with stockholders that held approximately 50% of our outstanding shares of common stock.⁶³
- Holding at least 67 different meetings with stockholders and proxy advisory firms, many of which included the participation of members of our senior leadership and/or our Board.

In response to **stockholder and stakeholder feedback, the following disclosures and/or changes were recently made:**

- Relative TSR performance target for Valero's performance shares set above the median of the peer group for grants of performance shares.
- A cap on overall performance share payouts at 100% of target, when Valero's TSR over the performance period is negative.
- 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.⁶⁴
- Use of Product GHG emissions Intensity disclosure.
- Value chain analysis.
- TCFD Report (IEA Net Zero by 2050).
- 2023 Environmental Justice Audit Report and Racial Equity Assessment.
- Independent third-party limited assurance of company-wide GHG emissions (Scopes 1 and 2), company-wide life cycle GHG emissions displacements from low-carbon fuels, company-wide Use of Product GHG emissions Intensity disclosures and the validation of our 2035 GHG emissions target.
- 2050 GHG reduction/displacement ambition covering Scopes 1, 2, 3, and 4.
- Revised Executive Compensation Clawback Policy that goes beyond the minimum requirements of the SEC and the New York Stock Exchange.

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 transportation fuels, 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

We take an enterprise approach to information security risk management and governance. Our information security program and framework comprise processes, policies, practices, systems and technologies that are designed to identify, assess, prioritize, manage and monitor risks to our information systems, including risks from cybersecurity threats and events and risks associated with the use of third-party service providers.

Our established recovery approach is designed to provide for the ready availability and use of our business-critical processes in the event of any downtime, disaster or outages. We also seek to identify and mitigate the risks associated with the use of third-party service providers through the review of their security programs prior to our engagement. Additionally, our control environment and internal audit process bring a systematic, disciplined approach to evaluate our risk management, control and governance processes concerning cybersecurity and our information security framework.

We have a cybersecurity **Incident Response Plan (IRP)** that sets forth a process to obtain information, coordinate activities, assess results and communicate applicable developments to our employees, law enforcement, other external parties and agencies and our Board. The IRP includes the following major components: preparation, detection and analysis, containment, eradication, notification, recovery, reporting and lessons learned. Specific incident response playbooks have also been prepared for data breaches, malware, unauthorized remote access and ransomware, which include applicable legal protocols. We have also retained certain third-party experts to assist us with various aspects of incident assessment and response in the event those services become necessary or useful.

Typically, we:

- 1 Perform periodic tabletop exercises with a company-wide cross-functional team that is facilitated by a third-party expert and is intended to simulate a real-life security incident.
- 2 Conduct penetration testing as needed and annually conduct Payment Card Industry Data Security Standard testing and firewall reviews, and have periodically engaged a third-party expert to help therewith.
- 3 Hold annual cybersecurity awareness trainings.
- 4 Periodically engage a third-party expert to conduct a review of our information security framework, which helps to identify existing and emerging risks, and mitigate against such risks.

These internal efforts and external third-party reviews also support our ability to regularly assess our information security program and framework against emerging risks, market and industry developments and provide opportunities to make adjustments or enhancements when deemed prudent or necessary.

To date, there have been no cybersecurity incidents that have materially affected us, or that are reasonably likely to materially affect us, including our business strategy, financial condition or results of operations.

Our Board's Role in Cybersecurity Oversight

Oversight of risk management, including with respect to risks from cybersecurity threats, is the responsibility of our Board, which exercises its oversight responsibilities both directly and through its committees. The Audit Committee of our Board has formal oversight responsibilities in its charter concerning initiatives and strategies respecting cybersecurity and information technology risks. At least once annually, the heads of our information services and internal audit teams provide a report to the Audit Committee on cybersecurity and information technology risks, as well as our information security operations, structure, framework, various cybersecurity and information technology metrics, our cybersecurity and information security management and improvement efforts, future projects, and our governance and assessments related to cybersecurity and information technology. The chair of the Audit Committee reports to the Board a summary of the information presented by the heads of our information services and internal audit teams during their cybersecurity update. Periodically, the Board also receives reports on such matters directly. As noted above, the IRP also contains notification procedures to the Board.

Management's Role in Assessment and Management of Material Risks from Cybersecurity Threats

We have an Information Security Committee (Infosec Committee) consisting of refining, renewable diesel, ethanol, logistics and information services personnel that meets weekly to evaluate third-party exchange of data and collaborate on strategy for dealing with information security risks and other related matters. The Infosec Committee reports to our Information Security Oversight Committee (Infosec Oversight Committee) and our Executive Steering Committee on cybersecurity (Executive Steering Committee). Our Infosec Oversight Committee consists of information services, refining and internal audit personnel and meets quarterly to discuss network threats and the overall security landscape. Our Executive Steering Committee consists of management within our information services, internal audit, refining, renewable diesel, ethanol, legal and logistics teams, and meets twice per year to review and discuss information security metrics and results of security assessments, among other items. Key members of the Infosec Oversight Committee and the Executive Steering Committee provide a report to the Audit Committee of the Board as discussed above.

Collectively, the members of our Infosec Committee, Infosec Oversight Committee and Executive Steering Committee have

Our information services team is led by our Vice President Information Services & Technology, who also chairs the Infosec Oversight Committee, and has approximately 25 years of experience in the information technology industry.

decades of experience within the information technology and/or cybersecurity areas. On a monthly basis, our Vice President, Information Services & Technology provides executive management with an Information Security Scorecard, which includes any cybersecurity events that have occurred. If a cybersecurity incident is declared under the IRP, we will evaluate whether such incident might have a material adverse impact on our business, financial condition, results of operations or reputation, among other considerations, and communicate that discussion to executive management, who will then determine if escalation to the Board is warranted and if further disclosure is required to the SEC and/or other government agencies.

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	2023 Valero
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	EM-RM-110a.1	24.9 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	EM-RM-110a.2	Valero's performance exceeded the company's short-term target to reduce/displace the equivalent to 63% of the tonnage from its global refinery GHG emissions (Scopes 1 and 2) by 2025. Valero is on track to reduce/displace the equivalent to 100% of the tonnage from its global refinery GHG emissions (Scopes 1 and 2) by 2035 through Board-approved projects and CCS projects under development.
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N ₂ O), (2) SOx, (3) particulate matter (PM ₁₀), (4) H ₂ S, and (5) volatile organic compounds (VOCs)	EM-RM-120a.1	(1) NOx: 9,100 metric tons; (2) SOx: 7,400 metric tons; (3) PM ₁₀ : 2,200 metric tons; (4) H ₂ S: De minimis; (5) VOCs: 7,000 metric tons
	Number of refineries in or near areas of dense population	EM-RM-120a.2	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) 187 million m ³ ; (2) 1,671%; (3) 11.5%
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	EM-RM-140a.2	2023 Annual Report on Form 10-K, Item 3 (page 35)
Hazardous Materials Management	(1) Amount of hazardous waste generated, (2) percentage recycled	EM-RM-150a.1	(1) 30,300 metric tons; (2) hazardous waste recycling without incineration: 35.8%; hazardous waste recycling with incineration: 49.4%
	(1) Number of underground storage tanks (USTs), (2) number of UST releases requiring cleanup, and (3) percentage in states with UST financial assurance funds	EM-RM-150a.2	(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: 0.40; (1)(b) Global refining TRIR Contractor: 0.24; (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	EM-RM-320a.2	ESG Report (pages 32 to 41)
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 2023 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: 0.05 Tier 2 process safety: 0.20
Activity Metric	Refining throughput of crude oil and other feedstocks	EM-RM-000.A	1,087.33 million barrels of oil equivalent (BOE)
	Refining operating capacity	EM-RM-000.B	3.16 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 2023 Annual Report on Form 10-K, pages 6-10), 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). The methodology we use to calculate and disclose direct GHG emissions (also known as Scope 1) is disclosed in the Methodology section of this report.
- In 2023, the direct GHG emissions (Scope 1) from the logistics assets that support the refining segment are de minimis and account for less than 0.3% of the refining reportable segment.
- In 2023, the direct GHG emissions (Scope 1) related to our ethanol and renewable diesel segments of 2.3 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 direct GHG emissions (refinery Scope 1) covered under an emission limiting regulation that is intended to directly reduce GHG 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:
 - Base year refining Scope 1 emissions includes direct emissions from the 15 refineries in our current portfolio. Sales, acquisitions and closures were accounted for following SASB guidelines in the calculation.
 - Base year excludes Scopes 1 and 2 GHG emissions related to the ethanol and renewable diesel segments.
 - The methodology we use to calculate Base year refining Scopes 1 and 2 GHG emissions are disclosed in the GHG Emissions Methodologies (page 21) of this ESG Report
- Actual Scopes 1 and 2 GHG emissions:
 - The methodology we use to calculate and disclose refining Scopes 1 and 2 GHG emissions are disclosed in the GHG Emissions Methodologies (page 21) of this ESG Report. We include the market-based approach when disclosing Scope 2 GHG emissions for actual purposes.
- Expected Scopes 1 and 2 GHG emissions:
 - Refining Scopes 1 and 2 GHG emissions in future years and expected reductions against the base year are estimated using a combination of measured and estimated emissions data, including the anticipated GHG emissions reductions derived from operational improvements (Scope 1) and energy suppliers (Scope 2).
- Target years 2025 and 2035 and Performance to Date:
 - Valero's performance exceeded the company's short-term target to reduce/displace the equivalent to 63% of the tonnage from its global refinery GHG emissions (Scopes 1 and 2) by 2025. Valero is on track to reduce/displace the equivalent to 100% of the tonnage from its global refinery GHG emissions (Scopes 1 and 2) by 2035 through Board-approved projects and CCS projects under development.
 - The initiatives included in the 2035 target are: (1) the absolute expected reduction of refining Scopes 1 and 2 GHG emissions (against 2011 base year); (2) the displacements resulting from the substitution of petroleum gasoline, diesel, naphtha and jet fuel with the production of, blending of and credits from low-carbon fuels. The calculation of displacements is disclosed in the GHG Emissions Methodologies (page 21) of this ESG Report; and (3) the expected reductions of carbon emissions using CCS projects under development

- Copies of independent limited assurance verifications can be found on our website at www.valero.com > Investors > ESG > Other Reports. All calculations were found to be science-based and in conformity with acceptable engineering practices. Limited assurance verifications include (1) company-wide 2023 GHG emissions (Scopes 1 and 2), including refining, renewable diesel, and ethanol; (2) company-wide 2023 GHG emissions reductions achieved with our renewable diesel and ethanol production, as well as the blending of and credits from low-carbon fuels; (3) company-wide 2023 GHG emissions intensity of the use of our products per barrel and per unit of energy; and (4) the validation of our 2035 GHG emissions target.

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 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 for the fiscal year 2023 and 2023 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: See Valero's 2023 Annual Report on Form 10-K, page 50 and page 7, respectively.

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 For details on Valero's 2025 and 2035 GHG emissions targets see pages 19, 21 and 77 (SASB Code EM-RM-110a.2).

2 Low-carbon fuels reduce life cycle GHG emissions. For renewable diesel, life cycle GHG emissions reductions depend on the life cycle analysis methodology or pathway used, carbon intensity of the feedstocks, and energy intensity in the supply chain, such as feedstock gathering mileage or distribution mileage of finished product. Renewable diesel's life cycle analysis carbon intensity was calculated using methodologies approved by the jurisdictions where renewable diesel was sold and verified by third parties. Our renewable diesel can result in up to 80% lower life cycle GHG emissions, compared with traditional diesel. In the case of corn ethanol, life cycle GHG emissions reductions could be impacted by the type of feedstocks used, the energy intensity in the supply chain or whether carbon capture and storage is utilized. Ethanol's life cycle analysis carbon intensity was sourced from the Argonne National Laboratory GREET model. When compared with the benchmark carbon intensity of gasoline presented in this model, our ethanol can result in at least 30% lower life cycle GHG emissions.

3 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 most recent annual filing. EBITDA is net income (loss) before depreciation and amortization expense, "interest and debt expense, net of capitalized interest", income tax expense (benefit), and income (loss) from discontinued operations. Refining peer group includes PSX, MPC, DINO, and PBF. See page 80 for non-GAAP disclosures.

4 Third-party scenarios and other third-party reports or data discussed in these reports 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.

5 Intergovernmental Panel of Climate Change (IPCC) (2022), Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [P.R. Shukla, J. Skea, R. Slade, A. Al Khourdajie, R. van Diemen, D. McCollum, M. Pathak, S. Some, P. Vyas, R. Fradera, M. Belkacemi, A. Hasija, G. Lisboa, S. Luz, J. Malley, (eds.)]. Cambridge University Press, Cambridge, UK and New York, NY, USA. doi: 10.1017/9781009157926.

6 International Energy Agency (IEA) (2022), World Energy Outlook 2022, IEA, Paris <https://www.iea.org/reports/world-energy-outlook-2022>, License: CC BY 4.0 (report); CC BY NC SA 4.0 (Annex A).

7 The COP28 agreement, available at: https://unfccc.int/sites/default/files/resource/cma2023_L17_adv.pdf at paragraph 28.

8 See <https://unric.org/en/climate-highlights-of-cop28/> and https://unfccc.int/sites/default/files/resource/cma2023_L17_adv.pdf at paragraph 29.

9 The U.S. Department of Energy's Pathways to Commercial Liftoff: Chemicals & Refining, available at: <https://liftoff.energy.gov/wp-content/uploads/2023/09/20230921-Pathways-to-Commercial-Liftoff-Chemicals-Refining.pdf>.

10 Consumer Reports, How Much Do Cold Temperatures Affect an Electric Vehicle's Driving Range? (January 2024): <https://www.consumerreports.org/cars/hybrids-evs/how-much-do-cold-temperatures-affect-an-evs-driving-range-a5751769461/>.

11 Consumer Reports, CR Tests Show Electric Car Range Can Fall Far Short of Claims, January 2024: <https://www.consumerreports.org/cars/hybrids-evs/how-temperature-affects-electric-vehicle-range-a4873569949/>.

12 EV charging in cold temperatures could pose challenges for drivers, Idaho National Laboratory, June 2020: <https://inl.gov/integrated-energy/electric-vehicles/>.

13 ASTM D7566 -21, Standard Specification for Aviation Turbine Fuel Containing Synthesized Hydrocarbons, approved July 1, 2021, published July 2021.

14 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.

15 Is it starch or cellulose? National Renewable Energy Laboratory (NREL) offers answers that could unlock incentives for making cellulosic ethanol (June 16, 2021) <https://www.energy.gov/eere/bioenergy/articles/it-starch-or-cellulose-nrel-offers-answers-could-unlock-incentives-making>.

16 See <https://www.darlingii.com/media> for details on restaurants that provide used cooking oil.

17 California Air Resources Board, September 28, 2023, Then vs Now – Fossil Fuels Used in CA, slide 20. <https://ww2.arb.ca.gov/sites/default/files/barcu/board/books/2023/092823/23-8-1pres.pdf>.

18 See LCFS Pathway Certified Carbon Intensities: <https://ww2.arb.ca.gov/resources/documents/lcfs-pathway-certified-carbon-intensities>.

19 Source: U.S. Department of Energy, agency websites, industry consultants and Valero estimates.

20 EPA Summary table of Lifecycle Greenhouse Gas Emissions for Select Pathways (pdf), <https://www.epa.gov/sites/default/files/2016-07/documents/select-ghg-results-table-v1.pdf>

21 See Detailed Analysis for Indirect Land Use Change from the 2015 LCFS re-adoption, p. I-25. https://ww2.arb.ca.gov/sites/default/files/classic/fuels/lcfs/iluc_assessment/iluc_analysis.pdf

22 EPA "Summary Lifecycle Analysis Greenhouse Gas Results for the U.S. Renewable Fuels Standard Program" (May 2023), disaggregated GHG emissions for corn starch ethanol (dry mill, natural gas, 2022 average) and soybean oil transesterified biodiesel.

23 CARB "Current Fuel Pathways" (July 2, 2024), average of current (non-retired) certified CIs for corn ethanol and soybean oil renewable diesel.

24 ECCC "Clean Fuel Regulations – Credit Market Data Report" (June 2024), average approved CIs for ethanol and hydrogenation-derived renewable diesel.

25 ECCC "Fuel Life Cycle Assessment Model Methodology" (June 2024). Indirect land use change is "excluded from the Model Database due to ... [its] negligible contribution or limitations such as lack of data, methods or high uncertainty." (Section 2.3.1)

26 Argonne National Laboratory "Development of R&D GREET 2023 Rev1 to Estimate Greenhouse Gas Emissions of Sustainable Aviation Fuels for 40B Provision of the Inflation Reduction Act" (April 2024), LCA results using default parameters for corn ATJ-E and soybean HEFA (Table 1).

27 Treasury Notice 2024-37, "Sustainable Aviation Fuel Credit; Lifecycle Greenhouse Gas Emissions Reduction Percentage and Certification of Requirements Related to the Clean Air Act; Climate Smart Agriculture; Safe Harbors." Safe harbor for Climate Smart Agriculture (CSA) CI reduction of 10 gCO₂e/MJ when using CSA corn feedstock and 5 gCO₂e/MJ when using CSA soybean feedstock (Section 4).

28 ICAO "CORSIA Default Life Cycle Emissions Values for CORSIA Eligible Fuels" (June 2022), default pathways for ETJ-SAF produced from U.S. corn grain and HEFA-SAF produced from U.S. soybean oil.

29 Heller, Marc, "Fight grows over converting farmland to solar fields," GREENWIRE, June 3, 2024.

30 Sources include country or entity regulatory websites. In the case of CORSIA, SAF is not mandated under CORSIA, but it reduces an airline's offset obligation.

31 Meigs, James B. (May 2024). Biden's Electric-Vehicle Hustle. Commentary. <https://www.commentary.org/articles/james-meigs/bidens-electric-vehicle-hustle/>.

32 McKinsey & Company, MCFM Mobility Consumer Insights, Annual MCFM Mobility Consumer Survey 2024, dated February 2024, global N = 36,954 ("MCFM Mobility Consumer Insights").

33 National Renewable Energy Laboratory, June 2023, "The 2030 National Charging Network: Estimating U.S. Light-Duty Demand for Electric Vehicle Charging Infrastructure."

34 U.S. Light-Duty Vehicle (LDV) Life Cycle Emissions study conducted by Southwest Research Institute – "Life Cycle Analysis Report" (2022) was based on simulations performed using the GREET life cycle analysis tool. LDV with 12-year life and 160,000 miles travel, renewable diesel GHG 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 GHG emissions captures the GHG 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 GHG emissions capture the GHG 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.

35 Jenkins Jr., H., July 18, 2023, Of EVs and Heat Waves. The Wall Street Journal.

36 IEA (2024), Global Critical Minerals Outlook 2024, pages 6, 7, 30, IEA, Paris.

Notes: Li = lithium; Ni = nickel; Co = cobalt; Gr = graphite; DRC = Democratic Republic of the Congo. Geographical breakdown refers to the country where the production occurs. Mining is based on production data. Material processing is based on refining production data. Cell component production is based on cathode and anode material production capacity data. Battery cells are based on battery cell production capacity data. EVs is based on electric cars production data. For all minerals mining and refining shows total production not only that used in EVs. Graphite refining refers to spherical graphite production only.

IEA analysis based on EV Volumes; Benchmark Mineral Intelligence; BloombergNEF.

37 Business & Human Rights Resource Centre (July 2023), Unpacking clean energy: Human rights impacts of Chinese overseas investment in transition minerals.

38 IEA (2021), The Role of Critical Minerals in Clean Energy Transitions, IEA, Paris.

39 See <https://www.thetwohundred.org/>. The Two Hundred is a civil rights organization committed to addressing the racial wealth gap in California through home ownership and home building.

40 See MCFM Mobility Consumer Insights.

41 Pew Research Center, June 2023, "Majorities of Americans Prioritize Renewable Energy, Back Steps to Address Climate Change."

42 See GHG Emissions Methodologies on page 21 for details on all calculations featured in this section.

43 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.

44 Based on EPA's WaterSense average U.S. household consumption.

45 United States Department of Labor's Occupational Safety and Health Administration (OSHA).

46 Cal/OSHA is a program administered by the State of California Department of Industrial Relations.

47 Refining industry employees (U.S. Bureau of Labor Statistics, year 2022).

48 AFFFs stands for aqueous film-forming foams, which contain per- and poly-fluoroalkyl substances (PFAS).

49 Global refining Tier 1 process safety event (PSE) rate and Tier 2 PSE rate as defined within API Recommended Practice 754.

50 API, the governing body for industry PS metrics, now reports industry-wide PSE data on five-year averages.

51 The Environmental Justice Audit Report can be found on our website at [Valero.com](https://www.valero.com) > Investors > ESG > Reports and Presentations.

52 Includes funds donated by Valero and the Valero Energy Foundation.

53 See 2023 Valero Form 10-K, page 14.

54 See 2024 Valero Proxy Statement, page 85.

55 Responses were given by employees in the Annual Benefits Statement Survey (2022).

56 Unless otherwise noted, workforce data reflects Valero's global population as of December 31, 2023.

57 Average includes salary, health and wellness benefits, financial benefits and other incentives.

58 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.

59 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.

60 Responses were given in the Employee Wellness Center Survey (Field) (2023).

61 Responses were given in the Valero Fitness Center Survey (2023).

62 Includes training related to regulatory compliance, leadership and other topics.

63 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 2023.

64 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

Valero defines capital investments attributable to Valero as all capital expenditures, deferred turnaround and catalyst cost expenditures, and investments in non-consolidated joint ventures presented in Valero's consolidated statements of cash flows excluding the portion of DGD's capital investments attributable to the other joint venture member and all of the capital expenditures of other variable interest entities (VIEs). Capital investments attributable to Valero are allocated between sustaining capital expenditures attributable to Valero and growth capital investments attributable to Valero.

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 Valero's net share of capital investments. Valero also excludes the capital expenditures of other consolidated VIEs because Valero does not operate those VIEs. Valero believes that capital investments attributable to Valero is an important measure because it more accurately reflects capital investments of Valero.

Reconciliation of Capital Investments to Capital Investments Attributable to Valero (in millions)	Year ended December 31, 2023
Capital expenditures (excluding VIEs)	\$ 665
Capital expenditures of VIEs:	
DGD	235
Other VIEs	11
Deferred turnaround and catalyst cost expenditures (excluding VIEs)	946
Deferred turnaround and catalyst cost expenditures of DGD	59
Total capital investments	1,916
Adjustments:	
DGD's capital investments attributable to the other joint venture member	(147)
Capital expenditures of other VIEs	(11)
Capital investments attributable to Valero	\$ 1,758

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	2023
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	\$9,229
Less: Capital expenditures of Valero and DGD	2,931	2,121	2,153	1,618	1,278	1,353	1,628	1,769	1,537	1,555	1,641	900
Less: Deferred turnaround and catalyst cost expenditures	479	634	649	673	718	523	915	780	648	793	1,056	1,005
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)	(2,326)
Free cash flow	\$2,105	\$1,811	\$3,235	\$4,485	\$1,844	\$1,911	\$2,944	\$2,524	\$(946)	\$1,277	\$11,502	\$9,650

Total free cash flow, 2012 - 2023

\$42,342

Number of years

12

Average free cash flow, 2012 - 2023

\$ 3,529

Refining Segment Adjusted EBITDA per Barrel

Refining segment adjusted EBITDA is defined as Refining segment operating income (loss) excluding depreciation and amortization expense and the effect of special items that Valero believes are not indicative of its core operating performance and that may obscure Valero's underlying business results, trends and comparability between periods. Refining segment adjusted EBITDA per barrel is annual Refining segment adjusted EBITDA divided by refinery throughput volume for the period. Throughput volumes are calculated by multiplying throughput volumes per day by the number of days in the applicable period.

Reconciliation of Refining Segment Operating Income (Loss) to Refining Segment Adjusted EBITDA per Barrel (in millions except per barrel amounts)										
	Year Ended December 31,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Refining segment operating income (loss)	\$5,904	\$6,881	\$3,730	\$3,975	\$5,143	\$4,022	(\$1,342)	\$1,862	\$15,803	\$11,511
Plus: depreciation and amortization expense	1,559	1,699	1,734	1,800	1,910	2,062	2,138	2,169	2,247	2,351
Refining segment EBITDA	7,463	8,580	5,464	5,775	7,053	6,084	796	4,031	18,050	13,862
Adjustments:										
Asset impairment loss	-	-	56	-	-	-	-	-	-	-
LIFO liquidation adjustment	(229)	-	-	-	-	-	222	-	-	-
LCM inventory valuation adjustment	-	740	(697)	-	-	-	(19)	-	-	-
Blender's tax credit	-	-	-	-	(8)	(2)	-	-	-	-
Modification of RVO	-	-	-	-	-	-	105	(1)	(104)	-
Other operating expenses	-	-	-	58	45	20	34	83	63	17
Refining segment adjusted EBITDA (A)	\$7,234	\$9,320	\$4,823	\$5,833	\$7,090	\$6,102	\$1,138	\$4,113	\$18,009	\$13,879
Throughput (million barrels) (B)	1,009	1,022	1,045	1,073	1,090	1,077	935	1,017	1,078	1,087
Refining segment adjusted EBITDA per barrel (A/B)	\$7.16	\$9.12	\$4.62	\$5.43	\$6.50	\$5.67	\$1.21	\$4.04	\$16.71	\$12.76
Average refining segment adjusted EBITDA per barrel, 2014 - 2023										\$7.32

Note: 2014 through 2017 exclude the results of VLP; 2018 through 2023 exclude the results of DGD which are reflected in the Renewable Diesel Segment.

Adjusted Net Cash Provided by Operating Activities and Payout Ratio

Valero defines adjusted net cash provided by operating activities as net cash provided by operating activities excluding the items noted below. Valero believes adjusted net cash provided by operating activities is an important measure of its ongoing financial performance to better assess its ability to generate cash to fund Valero's investing and financing activities. The basis for Valero's belief with respect to each excluded item is provided below.

- Changes in current assets and current liabilities – Current assets net of current liabilities represents Valero's operating liquidity. Valero believes that the change in its operating liquidity from period to period does not represent cash generated by Valero's operations that is available to fund Valero's investing and financing activities.
- DGD's adjusted net cash provided by operating activities attributable to the other joint venture member's ownership interest in DGD – Valero is a 50 percent joint venture member in DGD and consolidates DGD's financial statements; as a result, all of DGD's net cash provided by operating activities (or operating cash flow) is included in Valero's 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. Nevertheless, DGD's operating cash flow is effectively attributable to each member and only 50 percent of DGD's operating cash flow should be attributed to Valero's net cash provided by operating activities. Therefore, net cash provided by operating activities has been adjusted for the portion of DGD's operating cash flow attributable to the other joint venture member's ownership interest because Valero believes that it more accurately reflects the operating cash flow available to Valero to fund Valero's investing and financing activities.

Payout Ratio is the sum of dividends and stock buybacks, including a 1% excise tax that commenced in 2023, divided by adjusted net cash provided by operating activities.

Reconciliation of Net Cash Provided by Operating Activities to Adjusted Net Cash Provided by Operating Activities (in millions)									
	Year Ended December 31,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net cash provided by operating activities	\$5,611	\$4,820	\$5,482	\$4,371	\$5,531	\$948	\$5,859	\$12,574	\$9,229
Exclude:									
Changes in current assets and current liabilities	(1,306)	976	1,289	(1,297)	294	(345)	2,225	(1,626)	(2,326)
DGD's adjusted net cash provided by operating activities attributable to the other joint venture member	81	83	41	175	390	338	381	436	512
Adjusted net cash provided by operating activities (A)	\$6,836	\$3,761	\$4,152	\$5,493	\$4,847	\$955	\$3,253	\$13,764	\$11,043

Reconciliation of Purchases of Common Stock for Treasury and Common Stock Dividends to Payout Ratio (in millions)									
	Year Ended December 31,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Purchases of common stock for treasury*	\$2,838	\$1,336	\$1,372	\$1,708	\$777	\$156	\$27	\$4,577	\$5,188
Common stock dividends	848	1,111	1,242	1,369	1,492	1,600	1,602	1,562	1,452
Total payout (B)	\$3,686	\$2,447	\$2,614	\$3,077	\$2,269	\$1,756	\$1,629	\$6,139	\$6,640
Payout ratio (B/A)	54%	65%	63%	56%	47%	184%	50%	45%	60%

* "Purchases of common stock for treasury" includes 1% excise tax commencing in 2023. Accordingly, 2023 includes excise tax of \$52 million.

Return on Invested Capital (ROIC)

Valero defines return on invested capital (ROIC) as adjusted net income (loss) attributable to Valero stockholders before adjusted net interest expense after-tax, divided by average adjusted invested capital. Valero defines adjusted net income attributable to Valero as net income (loss) attributable to Valero stockholders adjusted for the after-tax effect of special items attributable to Valero that Valero believes are not indicative of its core operating performance and that may obscure Valero's underlying business results and trends (see corresponding earnings release for each year). Valero defines adjusted net interest expense as "interest and debt expense, net of capitalized interest" adjusted to exclude "interest and debt expense, net of capitalized interest" attributable to noncontrolling interests. The income tax effect of adjusted net interest expense is estimated based on the U.S. statutory income tax rate for the respective annual period. Average adjusted invested capital is defined as the average of total adjusted invested capital for the current annual period and total adjusted invested capital for the prior annual period. Valero defines total adjusted invested capital as debt attributable to Valero, plus Valero stockholders' equity less adjusted cash and cash equivalents. Debt attributable to Valero is defined as the current portion of debt and finance lease obligations, plus "debt and finance lease obligations, less current portion", less total debt and finance lease obligations attributable to consolidated VIEs. Debt attributable to Valero for the year ended December 31, 2014 includes an adjustment to reflect the retrospective adoption of ASU No. 2015-15 subtopic 835-30, which resulted in the reclassification of certain debt issuance costs from "deferred charges and other assets, net" to "debt and finance lease obligations, less current portion." Adjusted cash and cash equivalents is defined as cash and cash equivalents adjusted to exclude cash and cash equivalents of consolidated VIEs. Debt and cash attributable to consolidated VIEs are excluded because amounts are only available to fund the operations of the VIEs and the creditors do not have recourse against Valero.

Return on Invested Capital (ROIC) (in millions)										
	Year Ended December 31,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Numerator:										
Net income (loss) attributable to VLO stockholders		\$3,990	\$2,289	\$4,065	\$3,122	\$2,422	(\$1,421)	\$930	\$11,528	\$8,835
Total effect of special items attributable to VLO after-tax		624	(565)	(1,783)	113	(61)	238	221	48	(9)
Adjusted net income (loss) attributable to VLO		4,614	1,724	2,282	3,235	2,361	(1,183)	1,151	11,576	8,826
Plus: adjusted net interest expense after-tax		274	283	295	357	355	442	464	410	394
Adjusted net income (loss) attributable to VLO before adjusted net interest expense after-tax (A)		4,888	2,007	2,577	3,592	2,716	(741)	1,615	11,986	9,220
Denominator:										
Current portion of debt	606	127	115	122	238	494	723	1,264	1,109	1,406
Debt and finance leases, less current portion	5,780	7,208	7,886	8,750	8,871	9,178	13,954	12,606	10,526	10,118
Less: debt issue costs - non-bank debt (ASU 2015-15)	(33)	-	-	-	-	-	-	-	-	-
Less: debt and finance leases attributable to VIEs	(29)	(193)	(576)	(954)	(1,138)	(384)	(630)	(1,107)	(1,618)	(1,725)
Debt attributable to VLO	6,324	7,142	7,425	7,918	7,971	9,288	14,047	12,763	10,017	9,799
VLO stockholders' equity	20,677	20,527	20,024	21,991	21,667	21,803	18,801	18,430	23,561	26,346
Less: adjusted cash and cash equivalents	(3,419)	(3,982)	(4,563)	(5,671)	(2,747)	(2,473)	(3,152)	(4,086)	(4,713)	(5,164)
Total adjusted invested capital	\$23,582	\$23,687	\$22,886	\$24,238	\$26,891	\$28,618	\$29,696	\$27,107	\$28,865	\$30,981
Average adjusted invested capital (B)		\$23,635	\$23,287	\$23,562	\$25,656	\$27,755	\$29,157	\$28,401	\$27,986	\$29,923
ROIC (A / B)		21%	9%	11%	14%	10%	-3%	6%	43%	31%
ROIC (9-year average)										16%



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