

ESG REPORT



August 2022



Valero.com

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Valero employee at our Texas City refinery.

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

ESG REPORT

ABOUT THIS DOCUMENT

Policies and Procedures

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

Forward-Looking Statements

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, but not limited to, statements about our Policies and Procedures. You can identify forward-looking statements by words such as "should," "strive," "pursue," "intend," "anticipate," "forecast," "track," "would," "continue," "poised," "focused," "opportunity," "scheduled," "believe," "estimate," "expect," "seek," "could," "may," "will," "targeting," "goal," "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, expected timing of completion of projects, future market, industry and legislative conditions, future safety performance, future operating performance and management of future risks. These forward-looking statements are not guarantees of future performance or actions and are subject to risks, uncertainties and other factors, some of which are beyond the control of Valero and are difficult to predict including, but not limited to, the effect, impact, potential duration or other implications of the uncertainties that remain with respect to the Russia-Ukraine conflict, the COVID-19 pandemic, legislative or political changes, market dynamics, cyberattacks, weather events and various events arising from the foregoing. These statements are often based upon various assumptions, many of which are based, in turn, upon further assumptions, including examination of historical operating trends and market conditions made by the management of Valero. Although Valero believes that the assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies, which are difficult or impossible to predict and are beyond its control, Valero cannot give assurance that it will achieve or accomplish its expectations, beliefs or intentions, or that any forward-looking statements will ultimately prove to be accurate. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements contained in Valero's filings with the Securities and Exchange Commission, including Valero's annual report on Form 10-K, quarterly reports on Form 10-Q, and other reports available on Valero's website at www.valero.com. These risks could cause the actual results, actions and Policies and Procedures of Valero to differ materially from those contained in any forward-looking statement. We do not intend to update these statements unless we are required by the securities laws to do so. Results or metrics in this document as of any date, or for any period, ending on or prior to the date of this document are not necessarily indicative of the results that may be expected as of any date, or for any period, ending after the date of this document.

These reports and disclosures 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 of 1933, as amended, 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.

A LETTER FROM OUR CEO

I am very proud of Team Valero and the work we do to advance the future of our company. Throughout the last year, our employees demonstrated resilience through safe and environmentally responsible operations for each other and our communities.

In 2021, we more than doubled the production capacity of our renewable diesel facility in Louisiana, on budget and ahead of schedule. Right now, construction is underway on a new renewable diesel plant in Texas, with an accelerated expected completion in the fourth quarter of 2022.

With startup activities expected to begin in late 2024, the large-scale carbon sequestration project with BlackRock, and Navigator is also progressing on schedule.

These are great initiatives that show how we are leveraging our liquid-fuels platform and operational expertise to diversify into high-growth, high-return, low-carbon projects that further strengthen our long-term competitive advantage as a leading producer of transportation fuels. These projects move us even closer to achieving our refinery greenhouse gas (GHG) emissions goals for 2025 and 2035.

But we are not stopping there. We continue to explore additional innovative low-carbon opportunities, like sustainable aviation fuel, cellulosic ethanol, low-carbon hydrogen and other initiatives to decrease emissions resulting from the use of our products.

Turning to the community, last year alone we generated more than \$62 million for charities that improve the lives in our neighboring communities. In 2021, we partnered with nonprofit organizations and funded impactful initiatives that addressed the needs of our neighbors. Efforts were focused on providing food, shelter, workforce training and access to health care, as well as preserving the environment through biodiversity and habitat restoration and protection projects.

With more than half of the members of the board of directors representing diversity in gender, race and ethnicity, our board and the entire management team continue to drive our companywide diversity and inclusion efforts. We believe this is important to attract and retain the brightest minds, who we are certain will continue advancing the future of energy and our company.

"We are leveraging our liquid-fuels platform and operational expertise to diversify into high-growth, high-return, low-carbon projects that further strengthen our long-term competitive advantage as a leading producer of transportation fuels."

We know tomorrow is built on actions we take today. We are committed to meeting the growing demand for reliable, affordable low-carbon fuels not in some distant future, but right now.

We hope you enjoy learning more about Valero's culture of innovation and unmatched execution in the next pages of our ESG Report. Thank you for your continued support and trust.



Joe Gorder
Chairman and Chief Executive Officer



Our Business

Three Reporting 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 of high-complexity throughput capacity.
- 1.2 million barrels per day of ratable wholesale supply - more than 50% of our light-product production.
- Lowest-cost operator, producing gasoline, diesel, jet fuel and other specialty products, including petrochemicals and asphalt.
- Executing a viable and board-approved path to reduce and displace refinery Scope 1 and 2 GHG emissions by 100% by 2035.

Renewable Diesel

WORLD'S 2ND-LARGEST RENEWABLE DIESEL PRODUCER

- Renewable diesel plant adjacent to the Valero St. Charles Refinery and a new renewable diesel plant adjacent to the Valero Port Arthur Refinery (expected to startup in Q4 2022).
- Current annual production capacity: 700 million gallons of renewable diesel and 30 million gallons of renewable naphtha (used for renewable gasoline and renewable plastics).
- Expected annual production capacity to increase in the fourth quarter of 2022: 1.2 billion gallons of renewable diesel and 50 million gallons of renewable naphtha.
- Up to 80% reduction in life cycle GHG emissions, compared with petroleum diesel.
- 100% compatible with existing engines and infrastructure.

Ethanol

WORLD'S 2ND-LARGEST CORN ETHANOL PRODUCER

- 12 ethanol plants with annual production capacity of 1.6 billion gallons of ethanol and 4.2 million tons of distillers grains.
- High-octane, low-carbon fuel offers at least 30% reduction in GHG emissions, compared with petroleum gasoline.
- Developing carbon sequestration projects to further reduce carbon intensity.



Valero's Vision

We are committed to advancing the future of energy through innovation, ingenuity and unmatched execution.

GHG Emissions Targets

Valero's refineries are among the most efficient and are expected to be resilient according to the benchmarking analysis conducted as part of our TCFD hypothetical scenario analysis. We believe that our assets and strategies for our petroleum-based and low-carbon fuels are well positioned to make Valero a resilient company in a lower-carbon economy.

In 2021, absolute improvements have **reduced our global refinery Scope 1 and 2 GHG emissions by 11.5%** against our 2011 baseline (verified global refinery Scope 1 and 2 in 2021 account for 28.5 million metric tons CO₂e).

The growth of our **low-carbon fuels** production and blending have also displaced fossil fuels from less efficient refiners.

Guiding Principles



Safety

Safety is our foundation for success.



Environment

We are committed stewards of the environment.



Community

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



Employees

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

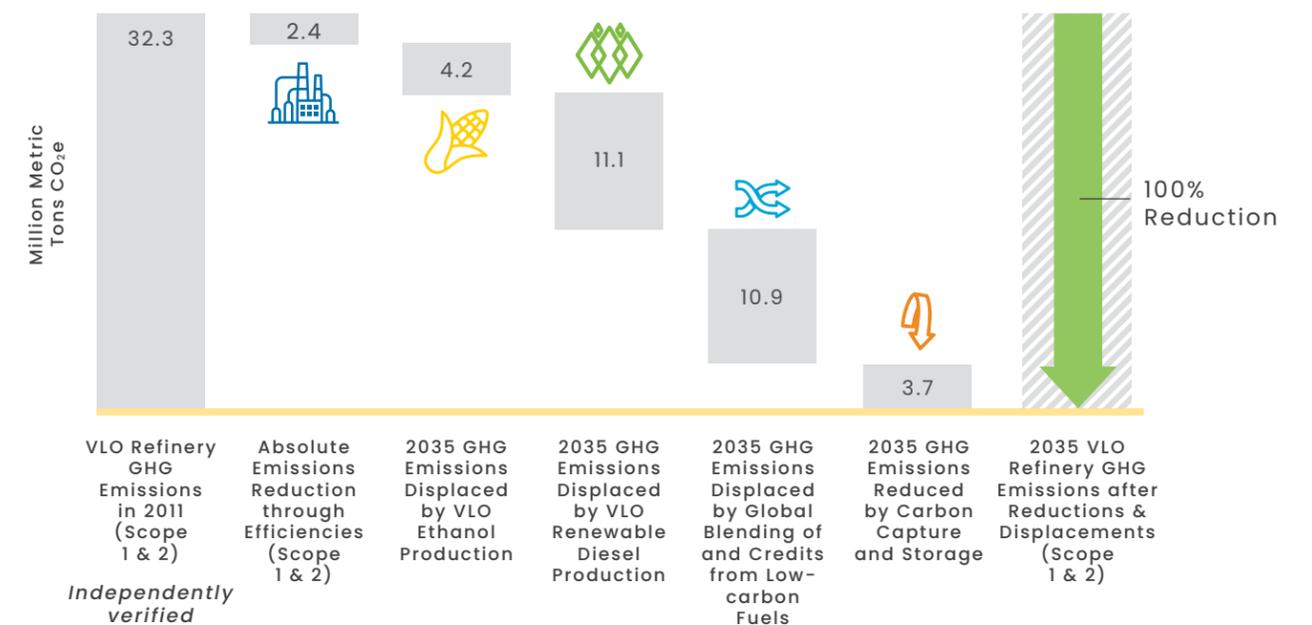


Governance

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

2035 GHG Emissions Target

We are on track to achieving our 2025 target, which focuses on reducing and displacing our global refinery Scope 1 and 2 GHG emissions by 63%. By 2035, we plan to increase that percentage to 100% through board-approved projects and carbon sequestration projects under development.



ESG

At Valero, we are committed to consistent and proactive dialogue with our stockholders, employees, neighboring communities, business partners, governments and other stakeholders.

We often update our ESG reports and disclosures. The latest versions are available on our website at www.valero.com > Investors > ESG.

Upcoming ESG Disclosures

- 2022 TCFD Report with Scenario Analysis (IEA's Net Zero 2050).
- Value chain analysis.
- Political and lobbying activities, including a climate-lobbying analysis.



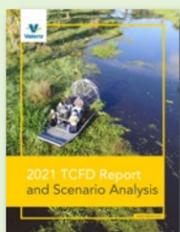
Environmental:

GHG Emissions Targets*

On track to reduce and displace 100% of refinery Scope 1 and 2 by 2035 with board-approved projects and carbon sequestration projects under development.

Reports*

- **Third-Party Assurance** of global refinery Scope 1 and 2 GHG Emissions.
- **2021 TCFD Report and Scenario Analysis:** Scenario analysis concluded that Valero's refining portfolio would be resilient in a low-carbon marketplace. Our intent is to update this report in 2022 using the IEA's Net-Zero 2050 scenario.
- **SASB Report** (see pages 108 and 109).
- **CDP Questionnaire.**



- **Carbon Sequestration:** Large-scale CCS pipeline system in the U.S. Midwest to store carbon dioxide from eight of our ethanol plants. This project is expected to further reduce the carbon intensity of ethanol and increase its value. **MORE THAN \$4.65 BILLION INVESTED TO DATE IN OUR LOW-CARBON FUELS BUSINESS**
- **Renewable Diesel:** Current annual production capacity of 700 million gallons of renewable diesel and 30 million gallons of renewable naphtha (used for renewable gasoline and renewable plastics). A new renewable diesel plant is expected to start up in Q4 2022, increasing total annual capacity to 1.2 billion gallons of renewable diesel and 50 million gallons of renewable naphtha.
- **Producing and Advancing:**
 - Low-carbon hydrogen.
 - Renewable propane.
 - Renewable naphtha.
 - Renewable arctic diesel.
 - Fiber cellulosic ethanol.
 - Sustainable aviation fuel (under development).

LOW-CARBON PROJECTS ARE HELD TO A MINIMUM **AFTER-TAX IRR THRESHOLD,** JUST LIKE OTHER PROJECTS.

Low-Carbon Investments

In 2021, more than 70% of growth capital was deployed to low-carbon projects. Low-carbon fuels displace fossil fuels.

Social:

- **\$62 million generated in 2021 for charitable giving** to the communities where we live and work.
- Actively supporting a formal **environmental justice policy.**
- **Competitive pay and benefits** that reward innovation, ingenuity and excellence.
- **Hiring and promoting only the best,** while improving the diversity of our workforce.
- **Maintaining 99%-100% pay equity** ratios for gender and minority status.
- Delivering **merit and bonus payouts,** and maintaining **comprehensive benefits** amid the pandemic.
- Ensuring a **best-in-class, inclusive** work environment.
- Including **DEI metrics** in the strategic portion of annual bonus.
- Enhancing **personal and professional growth** and development opportunities to enable all employees to reach their full potential.
- Publishing **EEO-1 Report*** on an annual basis (see page 110).

Governance:

- **Political Disclosures and Climate-Lobbying Alignment*:** Including political disclosures and a climate-lobbying alignment analysis.
- **Linking ESG, Climate Goals and Executive Compensation:**
 - **Energy Transition Modifier to Performance Shares:** Modifier added to the executive long-term incentive program tying pay with our GHG emissions reduction target for 2025 and the deployment of growth capital to low-carbon projects.
 - **ESG Component of Annual Bonus:** In addition to HSE performance metrics, ESG efforts and improvements are also part of the annual bonus program.
- **Board Diversity and Refreshment:** 60% of our independent directors represent diversity of either gender or race/ethnicity.
- **Diversity for Board Nominee and Executive Officer Searches:** Outside searches include diverse candidates for executive officers and board nominees.
- **Cybersecurity and Incident Evaluation and Updates:** Senior management delivers prompt and transparent update reports to the Audit Committee on matters respecting cybersecurity and IT risks.
- **Corporate Policies:** Adopted several new or updated corporate policies, including a new Conduct Guidelines for Business Partners.
- **Enhanced Training and Communications:** Valero's compliance program includes mandatory training for all employees on our Code of Business Conduct and Ethics, a comprehensive compliance communications program and an ethics helpline and interactive website for online reporting.



Innovation for a Low-carbon Future

At Valero, we believe that liquid fuels are the affordable solution to reduce transportation GHG emissions in a reliable manner. Fuels are essential to drive progress and create long-term value for our stockholders while helping to realize a more viable trajectory for the global economy.

Over the last decade Valero has become a leading manufacturer of low-carbon fuels, which offer lower GHG emissions. In the next decade, we will focus on bringing creative and innovative approaches to the decarbonization of transportation fuels. The following technological advances are examples of innovation that we are developing or evaluating:



Sustainable Aviation Fuel (SAF)

The IEA Net Zero 2050¹ scenario forecasts that 50% of fuels used in aviation will be low emissions by 2040. Therefore, net zero goals in the aviation industry are dependent upon large-scale projects. At Valero, we believe that low-carbon aviation fuels will be part of the energy mix.

We are evaluating the engineering capability to add SAF production to the new renewable diesel facility in Port Arthur.



Alcohol-to-jet (ATJ) is another low-carbon pathway to produce SAF. In this process alcohols are converted to SAF using catalytic steps similar to those used in existing petroleum refining processes. Our large network of low-carbon ethanol plants and our leading refining expertise provide us with an advantage in the potential development of this product.

Large-scale SAF production could also be a demand driver for low-carbon hydrogen, carbon capture and renewable power projects.



SUSTAINABLE AVIATION FUEL



RENEWABLE PROPANE



RENEWABLE DIESEL



CARBON CAPTURE AND STORAGE



LOW-CARBON HYDROGEN



RENEWABLE NAPHTHA



FIBER CELLULOSIC ETHANOL



TAILPIPE CO₂ ON BOARD CAPTURE



Low-carbon Hydrogen

Hydrogen is important in refinery operations as it is used to lower the sulfur content of fuels. Low-carbon hydrogen has become a critical technology in the various decarbonization pathways. In part due to the acceleration of renewable energy and carbon sequestration, studies around scalability of this technology show how quickly the industry is moving to reach parity with current technologies. Valero intends to use low-carbon hydrogen, produced from renewable propane, to reduce the amount of fossil-fuel-derived hydrogen used in renewable diesel production.

At our Corpus Christi refinery, we use renewable natural gas from municipal solid waste to produce low-carbon transportation fuels. We expect to process nearly 1 trillion BTUs of renewable natural gas in 2022 and nearly 3.7 trillion BTUs of renewable natural gas in 2023. These resulting low-carbon transportation fuels are valued at a premium and are exported to Europe to meet certain GHG emission reduction goals.



Renewable Naphtha

Renewable naphtha is already produced at Valero's renewable diesel plants. Renewable naphtha is a gasoline blending component that lowers the carbon intensity of gasoline. It can also be used in plastic production, resulting in low-carbon plastics. Renewable naphtha can also be used in the production of low-carbon hydrogen.

Tailpipe CO₂ Onboard Capture System

Valero is supporting Southwest Research Institute (SwRI) in the development of a solid filtration membrane to remove CO₂ from the exhaust tailpipe of internal combustion engine vehicles. The objective of this revolutionary technology is to reduce CO₂ emissions in the atmosphere with an affordable solution that lowers life cycle GHG emissions.

In concept, applying this technology to vehicles running on low-carbon fuels would result in net negative life cycle carbon emissions, exceeding the performance of any competing technology (including EVs and hydrogen fuel cells).

Preliminary testing of this system passively removes more than 90% of the expected CO₂ emissions of the vehicle.

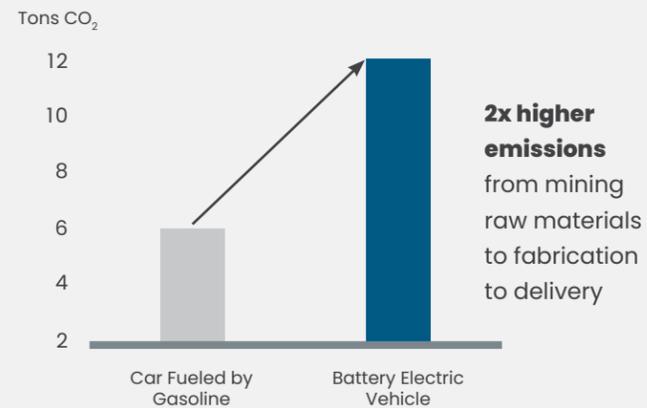
Electric Vehicles (EVs) Are Not Zero-Emission Vehicles.

EVs' embedded emissions do not include metal mining, processing and battery manufacturing.

Life cycle GHG emissions analysis represents the emissions from cradle to grave.

- An EV is not “zero emissions,” as the electricity that powers an EV is often generated by fossil fuels.
- The infrastructure build-out necessary to support an increase in EVs will be costly, time-intensive and fossil-fuel dependent, thus emitting a large amount of CO₂ itself.
- According to the IEA's The Role of Critical Minerals in Clean Energy Transitions, minerals necessary for EVs are not produced domestically, and the world does not have the mineral resource capacity to meet the demand increase of technologies such as EV batteries.¹

Embedded CO₂ Emissions
(zero miles traveled)



- According to the IEA's Global EV Outlook 2022, significant EV battery metal price increases reflect concerns of tightening supply and availability. It also features China's dominance on the entire global downstream EV battery supply chain.²

- Before EVs leave the showroom, EVs have already generated 12 tons of CO₂ emissions vs. 6 tons of CO₂ emissions from cars fueled by gasoline

Significant Issues and Emissions From EV Life Cycle

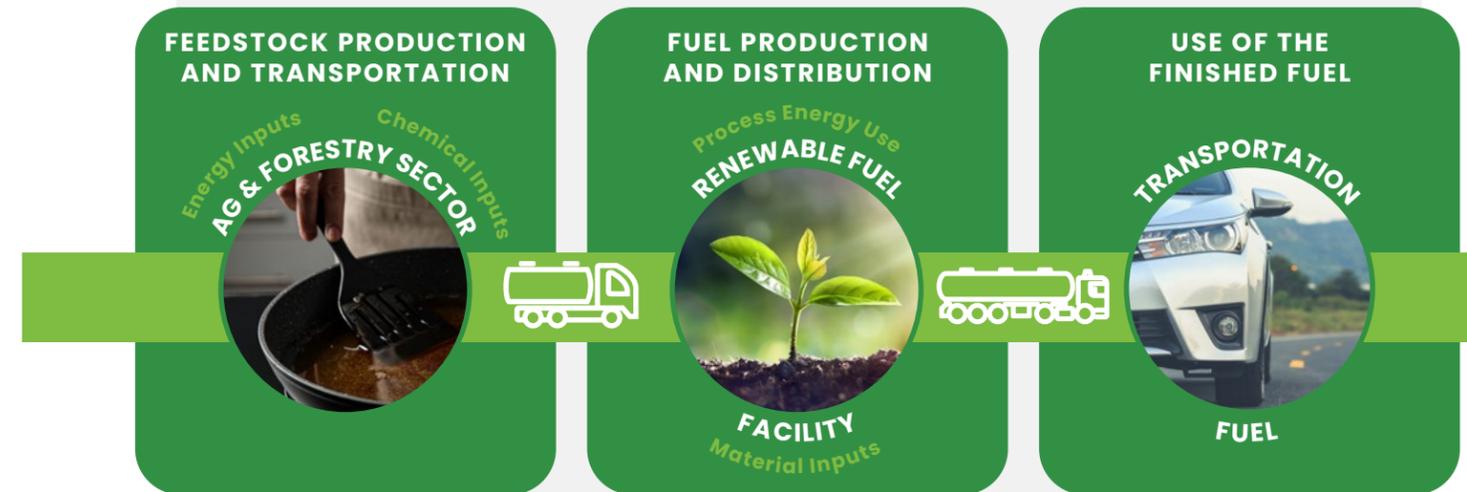


¹International Energy Agency (2021), The Role of Critical Minerals in Clean Energy Transitions, IEA, Paris. All rights reserved.
²International Energy Agency (2022), Global EV Outlook 2022, IEA, Paris. All rights reserved.

Renewable Diesel: an affordable solution to reduce GHG emissions right now.

- Life cycle analysis captures feedstock production and transportation, fuel production and distribution and use of the finished product.

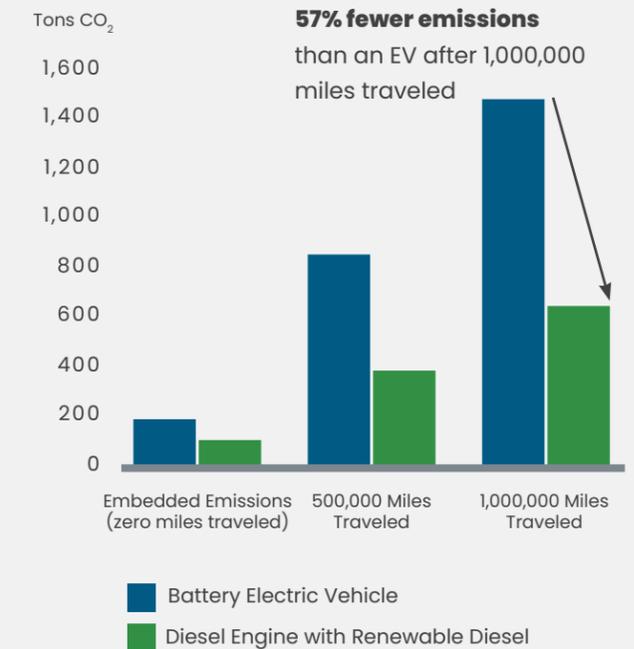
Tomorrow is built on actions taken today. We are committed to meeting the growing demand for reliable, affordable low-carbon fuels.



- Renewable diesel is a drop-in fuel, which means that it is 100% compatible with existing infrastructure and diesel engines, from light- to heavy-duty long-haul vehicles. This makes renewable diesel a viable solution to immediately reduce transportation GHG emissions without requiring a costly, time-intensive and CO₂-emitting infrastructure build-out as with EVs.
- Our renewable diesel is typically made of waste materials and manufactured in jurisdictions with strict environmental, labor and governance regulations.
- Unlike with EVs, owners of vehicles running on renewable diesel do not incur a high up-front cost to replace their current vehicles, nor the expenses related to charging and other new infrastructure needed to support an EV.
- As detailed on the right, a vehicle running on renewable diesel can significantly cut life cycle GHG emissions compared with an EV.

U.S. Heavy-Duty Long-Haul Vehicle Life Cycle Emissions

2021 Southwest Research Institute Study



ENVIRONMENT

Valero volunteers from our **Memphis refinery** plant trees at one of the many Earth Day events held across our company.

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

Our team works in a responsible manner, including reducing, reusing, recycling and repurposing practices to minimize waste.

Multi-billion-dollar capital investments are made to maintain our responsible operations along with improvement in personnel safety, process safety and reliability, which support our environmental performance.

Governance and Oversight by the Board of Directors

The board of directors established a new standing committee, the Sustainability and Public Policy Committee, to further enhance the board's oversight structure and efforts with respect to:

- ESG.
- Sustainability and climate-related risks and opportunities.
- Health, Safety and Environment (HSE) matters.
- Corporate responsibility and reputation management.
- Social, community and public policy initiatives.
- Political and lobbying activities.
- Compliance with legal and regulatory requirements for the operations of the company.

The committee includes the chairs of each of the other board committees and the lead director of the board, which ensures ESG and public policy topics permeate all board discussions. These directors bring the appropriate mix of backgrounds, knowledge and skills needed to facilitate oversight of broad ranging and complex ESG risks and opportunities.

2021 Highlights

On track to achieve 63% global refinery Scope 1 and 2 GHG emissions reduction/displacement target by 2025.

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

2021 was our best year for employee and process safety performance and one of the lowest numbers of environmental scorecard events.¹

Production capacity of renewable diesel is expected to increase to 1,170 million gallons per year with the startup of another plant in Q4 2022.



Low-Carbon Fuels and Projects

We continue to lead our industry through innovation and unmatched execution.

We have invested more than \$4.65 billion in our low-carbon fuels businesses and expect to invest approximately \$500 million to complete the construction of another renewable diesel plant adjacent to **our refinery in Port Arthur, Texas.**

More than **70% of our 2021 growth capital was allocated to low-carbon projects.** Our low-carbon projects compete with refining projects for growth capital and **have met or exceeded our after-tax internal rate of return (IRR) threshold.**

Our low-carbon fuels help governments around the world meet their GHG emissions reduction targets as established in low-carbon fuel policies and stricter fuel efficiency standards, while also providing excellent financial returns to our stockholders.

	RENEWABLE DIESEL		ETHANOL		SUSTAINABLE AVIATION FUEL
	LOW-CARBON HYDROGEN		RENEWABLE PROPANE		RENEWABLE NAPHTHA
	RENEWABLE ARCTIC DIESEL		FIBER CELLULOSIC ETHANOL		CARBON CAPTURE AND STORAGE

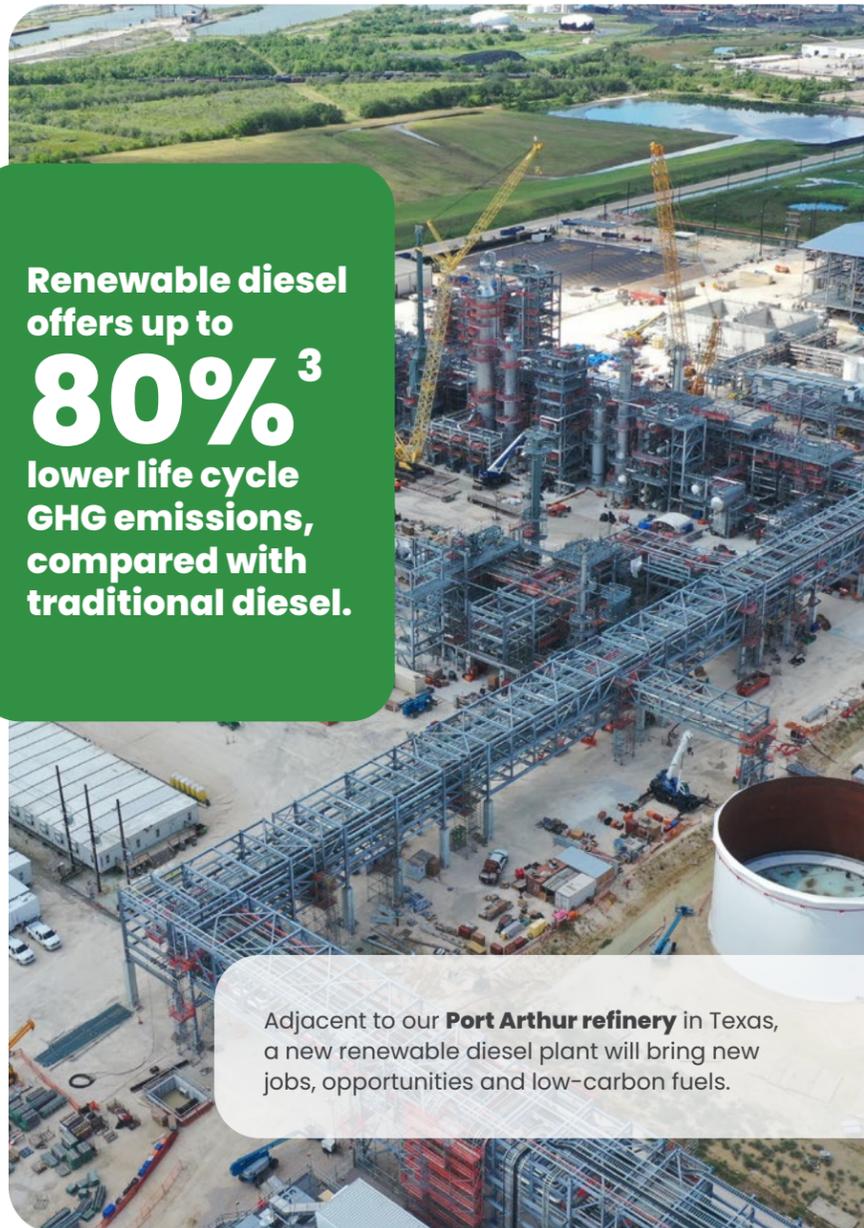
California's Low Carbon Fuel Standard (LCFS) is one of the programs designed to accomplish GHG emissions reductions by decreasing the **carbon intensity (CI) of transportation fuels.** Under this program, each fuel is assigned a CI value, which represents the life cycle GHG emissions associated with feedstock sourcing, including feedstock type, origin and transportation, fuel production and distribution, and the use of the fuel. CIs are determined using a California Air Resources Board (CARB)-developed GHG emissions model, and fuel pathway CIs are certified² by CARB after producers submit operational data to demonstrate the life cycle GHG emissions.

²The LCFS verification program, under CARB oversight, provides confidence and reliability in reported data. Verification services are performed by qualified and trained third-party verifiers.

¹Performance measures include environmental scorecard incidents, including flaring, spills and wastewater incidents.

Renewable Diesel

- **World's second-largest producer - growing capacity to meet demand:** current production of 700 million gallons of renewable diesel and 30 million gallons of renewable naphtha per year. New plant expected to startup in Q4 2022 adjacent to our refinery in Port Arthur, Texas, will increase capacity to 1.2 billion gallons of renewable diesel and 50 million gallons of renewable naphtha per year.
- **Circular economy and second-generation fuel:** primarily produced from used cooking oil, animal fats and inedible corn oil.
- **Low-carbon fuel:** life cycle GHG emissions up to 80% lower than traditional diesel.
- **Drop-in fuel:** 100% compatible with existing infrastructure and engines, from light- to heavy-duty long-haul vehicles.
- **Margin advantage:** our production maintains a margin advantage over peers, as it has the capacity to process 100% waste feedstocks.



Renewable diesel offers up to **80%³** lower life cycle GHG emissions, compared with traditional diesel.

Adjacent to our **Port Arthur refinery** in Texas, a new renewable diesel plant will bring new jobs, opportunities and low-carbon fuels.



Appetites That Fuel Our Low-Carbon Fuels

Keeping food waste out of landfills while delivering low-carbon intensity renewable diesel needed to keep our economy moving.

Wendy's™, Chick-fil-A™ and WingStop™ are part of the 150,000 restaurants, supermarket chains, casinos and theme parks nationwide providing used cooking oil to our joint venture member for conversion into renewable diesel, much of which is processed at our plants.

³Low-carbon fuel markets such as the LCFS in the State of California (where our product is sold) verify and certify the carbon intensity of renewable diesel for comparison against a petroleum-based benchmark. This verified comparison of carbon intensity sets the value of the product and allows us to calculate GHG emissions reductions when diesel is displaced by renewable diesel. Similar programs are in place or being deployed by other states in the U.S. as well as other governments, including Canada and Europe.



Ethanol has at least **30%⁴** lower life cycle GHG emissions, compared with petroleum gasoline.

Our goal is to continue decreasing the carbon intensity of low-carbon transportation fuels to increase the value of the product and contribute to more GHG emissions reductions.

To that end, we are looking for ways to decrease the emissions in the life cycle as well as to convert waste such as fiber into valuable fuels.



"When you combine cellulosic ethanol and carbon sequestration, ethanol sold to low-carbon markets could offer much lower GHG emissions than EVs. The carbon intensity of such ethanol could be in the single digits."

- **Eric Honeyman,**
Vice President - Renewables Operations and Low Carbon Fuels

⁴The carbon intensity of our ethanol can be further reduced to single digits with carbon sequestration and fiber ethanol production.

Ethanol

Our ethanol business began in 2009 and includes 12 plants, located in the Mid-Continent region of the U.S., with a combined production capacity of 1.6 billion gallons per year.

Our plants are dry mill facilities that process corn to produce ethanol and co-products, such as dry distillers grains (DDGs) and syrup for livestock feed and inedible corn oil.

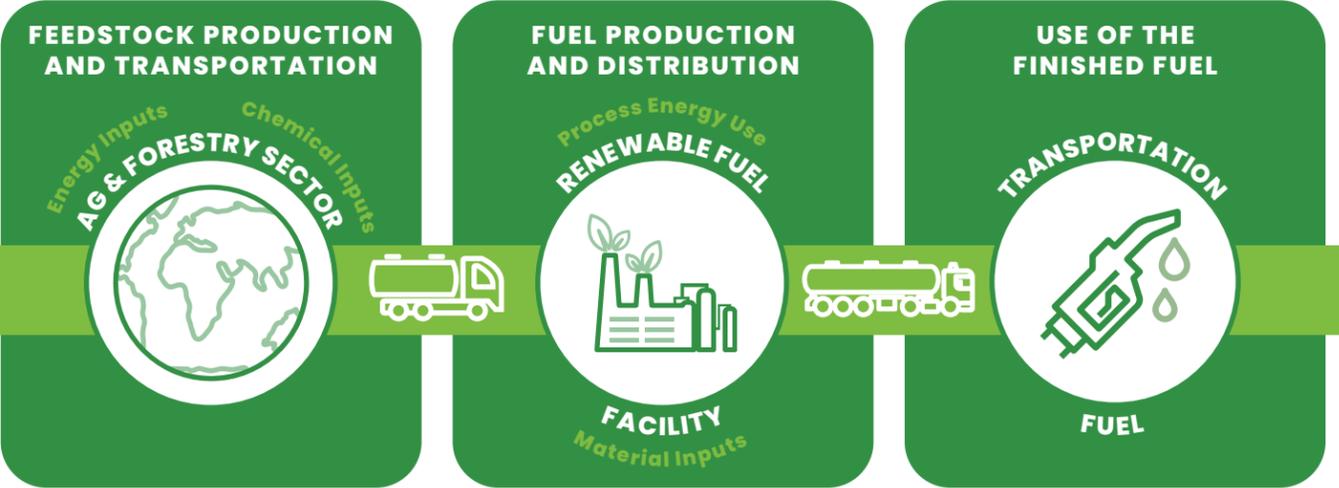
- **World's second-largest producer:** 1.6 billion gallons per year.
- **Low-carbon fuel:** high-octane renewable fuel that lowers life cycle GHG emissions by at least 30%, compared with gasoline.
- **Large-scale carbon sequestration:** with startup activities to begin in late 2024, we expect to reduce almost 3 million metric tons of CO₂ per year and increase the value of this ethanol in low-carbon marketplaces.
- **Cellulosic ethanol, a second generation fuel:** enzymes that convert fiber into fuel, further reducing the CI to high 20s and increasing ethanol value in low-carbon marketplaces.
- **Ethanol co-product - DDG:** when blended with animal feed, DDG makes for a protein-rich meal, which can help strengthen the immune systems of cattle and other livestock.

Life Cycle GHG Emissions of Renewable Fuels

Life cycle GHG emissions of low-carbon fuels are expressed in carbon intensity and represent a cradle-to-grave analysis, including feedstock production and transportation, fuel production and distribution, and use of the finished fuel.

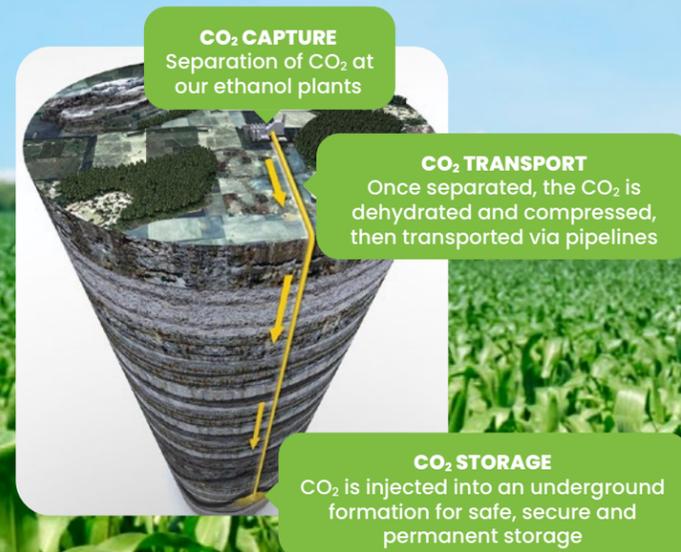
Verification of low-carbon fuels and their carbon intensity is conducted by low-carbon fuels programs.

In the case of the State of California, a methodology is in place to verify and certify carbon intensity for low-carbon fuels to compare them against a petroleum-based fuel benchmark. Fuels with lower CI scores compared with the benchmark generate greater numbers of LCFS credits and command higher market values compared with petroleum-based fuels. Similar programs are being deployed by other states in the U.S. as well as other governments, including Canada and certain countries in Europe.



Large-Scale Carbon Capture and Storage⁵ to Further Reduce the Carbon Intensity of Ethanol Under Development

Capturing and removing high-concentration CO₂ streams produced in the fermentation process at eight of our ethanol plants have the potential to further **reduce the carbon intensity of ethanol by more than 40%** and make ethanol more valuable in low-carbon fuel markets.



With startup activities expected to begin in late 2024, Valero's goal is to be the **anchor shipper**, with eight of its ethanol plants connected to the 1,300-mile carbon capture pipeline across five U.S. Midwest states. Additionally, we are evaluating stand-alone carbon capture and sequestration projects for several of our other ethanol plants located near suitable geology.



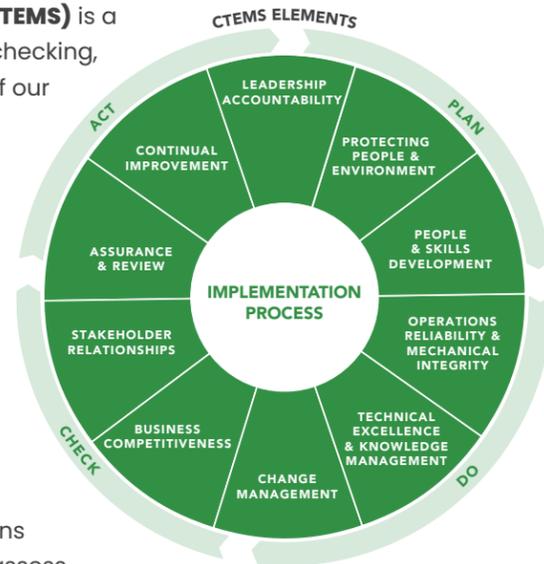
Map is indicative only. Exact pipeline route subject to change.

⁵Working with BlackRock Global Energy & Power Infrastructure Fund III and Navigator Energy Services.

Environmental Management

We have well-developed management structures central to decision-making and risk management, including three programs that oversee our environmental management:

1 Our **Commitment to Excellence Management System (CTEMS)** is a proprietary systematic approach to planning, executing, checking, and acting to improve everyday work activities at many of our refineries and plants. CTEMS has 10 elements: leadership accountability, protecting people and the environment, people and skills development, operations reliability and mechanical integrity, technical excellence and knowledge management, change management, business competitiveness, stakeholder relationships, assurance and review, and continual improvement. Risks related to regulatory issues and physical threats to our refineries and plants are among those assessed as we implement CTEMS.



2 **Environmental Excellence and Risk Assessment (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 using due diligence on data and field assessments reviewed by a combination of external and internal subject matter experts.

3 Our **Fuels Regulatory Assurance Program** provides operational safeguards, software, training, and protocols for uniformity across our refineries and plants to reinforce our compliance with applicable fuels regulations. Building on the success of this system, we are developing a proprietary Low-Carbon Assurance Program designed to provide tools and oversight to assure compliance with the increasingly complex array of low-carbon fuels programs.

EERA Process



On-Site:

Self-assessment is conducted by refinery leadership. Each refinery compares itself to rating criteria.



Records:

Third-party and in-house subject matter experts conduct an extensive deep-dive review of refinery environmental data and reports.



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.

Our Approach to Environmental Management

Responsibility: refinery staff dedicated to environmental excellence and risk mitigation.

Risk Assessment: formal risk assessments documented, implemented and maintained at sites, including hazard identification, risk evaluation, analysis and mitigation.

Compliance: assurance with legal requirements, communicating and monitoring changing regulations.

Objectives and Continuous Improvement: progress on environmental management, including strategic planning, goals and objectives, is reviewed at least annually.

Record Keeping: ensure documents are identified, managed and maintained.

Training: ensure all employees are skilled, trained and competent to perform duties in an environmentally responsible manner.

Monitoring and Communication: operations and activities measured and monitored, assessing the implementation and effectiveness of operational controls, and tracking and evaluating environmental performance.

Audits and Assessments: internal and independent audits and verifications are conducted to identify the adequacy and effectiveness of environmental controls, regulatory compliance and excellence vision.

More Than 1 Million Metric Tons of CO₂ Captured Each Year

In 2013, our refinery in **Port Arthur, Texas**, became the first industrial site in the U.S. to successfully host a large-scale carbon capture project, and it remains the only U.S. refinery doing so, with more than 1 million tons captured each year.

Two steam methane reformer units, owned by a provider that produces hydrogen from natural gas for the refinery, were retrofitted to capture the carbon dioxide generated from hydrogen production.

1 MILLION

METRIC TONS PER YEAR CAPTURED IS EQUIVALENT TO THE ANNUAL ENERGY CONSUMED BY MORE THAN

125,000

AMERICAN HOMES⁶

⁶Source: U.S. Environmental Protection Agency (EPA) Greenhouse Gas Equivalencies Calculator.

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.

Our operations are looking for ways to continue reducing emissions and waste, reusing energy and byproducts, recycling materials and repurposing wastes.



FLARE-GAS RECOVERY SYSTEMS RESULTED IN MORE THAN 96% FLARING-FREE OPERATIONS IN 2021

More than 79% 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 obtained from the refinery process unit is removed for a variety of beneficial uses, including crop fertilizer, polymers and pharmaceuticals.



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 unique refinery complexity allows for residual oils processing. Recovered usable oil and oily solids are reprocessed into high-value fuel and byproducts through refining processes, including "coker injection," avoiding the generation and disposal of wastes.



WASTEWATER MANAGEMENT

Process water and stormwater are managed at wastewater treatment plants. We use naturally occurring bacteria to digest oil and treat wastewater streams to purify the water before returning to the ecosystem.



ENERGY EFFICIENCY INITIATIVES

We are focused on improving 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 inserted back into the refining process to create fuels and other products. Alternatively, the recovered material is also used to fuel third-party facilities, avoiding landfill waste.



WATER RECYCLING

With innovative approaches, we use each gallon of water more than 17 times prior to evaporation or return to the environment.



RECYCLING EXHAUST GASES TO REDUCE ENERGY CONSUMPTION

Installed at six of our refineries, expanders are designed to convert kinetic energy into electricity by reusing exhaust gases to spin turbines.



HEAT TRANSFER

Heat integration technology is used in our refineries to pair high temperature streams that require cooling with lower temperature streams that require heating to facilitate heat transfer and reduce energy consumption.

Leveraging Technologies to Reduce Emissions

Real-time air readouts allow our refineries to protect the surrounding communities and take early response and mitigation actions even on small emissions sources.

Furthering our commitment as a responsible operator and supplementing our existing monitoring programs, we are utilizing the Duvas DV3000, a real-time mobile air quality monitoring surveying system, for air quality screenings.

The vehicle-mounted DV3000 is a gas analyzer that uses ultraviolet spectroscopy to identify and qualify up to 14 different gases, including benzene, SOx and NOx, 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.



Watch a video about the DV3000 mobile air quality monitor.



In 2021, Valero undertook air quality screenings in our fence-line communities and verified all levels were under the applicable environmental standards.



Valero refineries use optical gas imaging technology to detect VOC emissions and for routine equipment leak monitoring.

Hazardous Waste Management Program

We focus on reducing the generation of solid wastes across all of our operations. Reducing at the source, reusing, recycling, and repurposing of materials are key components of our waste reduction program, which also includes **regular waste reviews, risk assessments, waste stream prioritization and training.**

Waste Management Innovation

Since 2010, we have increased our waste disposal efficiency by using the Roberoller tankers. This eliminated the need of approximately 5,700 over-the-road truck trips, disposal of 11,400 HDPE liners, and avoided the use of more than 2.2 million gallons of water that would have been used to wash out containers.

Spill Prevention

Valero is focused on reducing spills from its manufacturing and processing facilities, pipelines and vessels. We protect our people and the environment through operational excellence and technology, always with the goal of zero spills.

The environmental scorecard incidents metric of the all-employee bonus is weighted to the intensity of environmental incidents with greater impact for more significant events, including the severity of spills.

2021 Highlights

1.9 MILLION

GALLONS OF WASTE REPURPOSED AS FUEL AT THIRD-PARTY FACILITIES, DISPLACING THE EQUIVALENT OF MORE THAN 6,500 TONS OF COAL AND PREVENTING MORE THAN 27,000 TONS OF CO₂

96%

OF ALL REFINERY EXEMPTED AND HAZARDOUS WASTES WERE RECYCLED⁷

55%

OF ALL HAZARDOUS WASTE WAS RECYCLED, INCLUDING 26.5 MILLION POUNDS OF CATALYST



⁷ Refers to exempted hazardous waste as per regulatory classifications and per footnote EM-RM-150a.1 on page 109.

Biodiversity and Conservation

At Valero, we promote biodiversity and protect wildlife habitat through a number of proactive measures.

We engage in diverse ecological projects with local, state and federal regulatory agencies, as well as with neighbors and indigenous communities.

Our campaigns promoting wildlife conservation and biodiversity enhancement include working together with local and regional organizations that provide a variety of environmental services ranging from the protection of endangered species, restoration of wetlands and reforestation to rehabilitation of former industrial sites, and promoting environmental awareness through educational programs.

Monarch butterfly way station planting near our Ardmore refinery.



Valero became a member of the Wildlife Habitat Council, a nonprofit dedicated to enhancing and restoring wildlife habitat by promoting investments in sustainability efforts, increasing employee involvement and engagement with communities.

Consideration of Biodiversity Impacts

Valero's growth capital projects can require thorough evaluation of potential biodiversity impacts as part of their planning, approval and implementation phases.

1 When necessary in the **pre-construction** or **planning phase** of projects, Valero's environmental team works closely with the engineering and commercial departments to perform environmental due diligence.

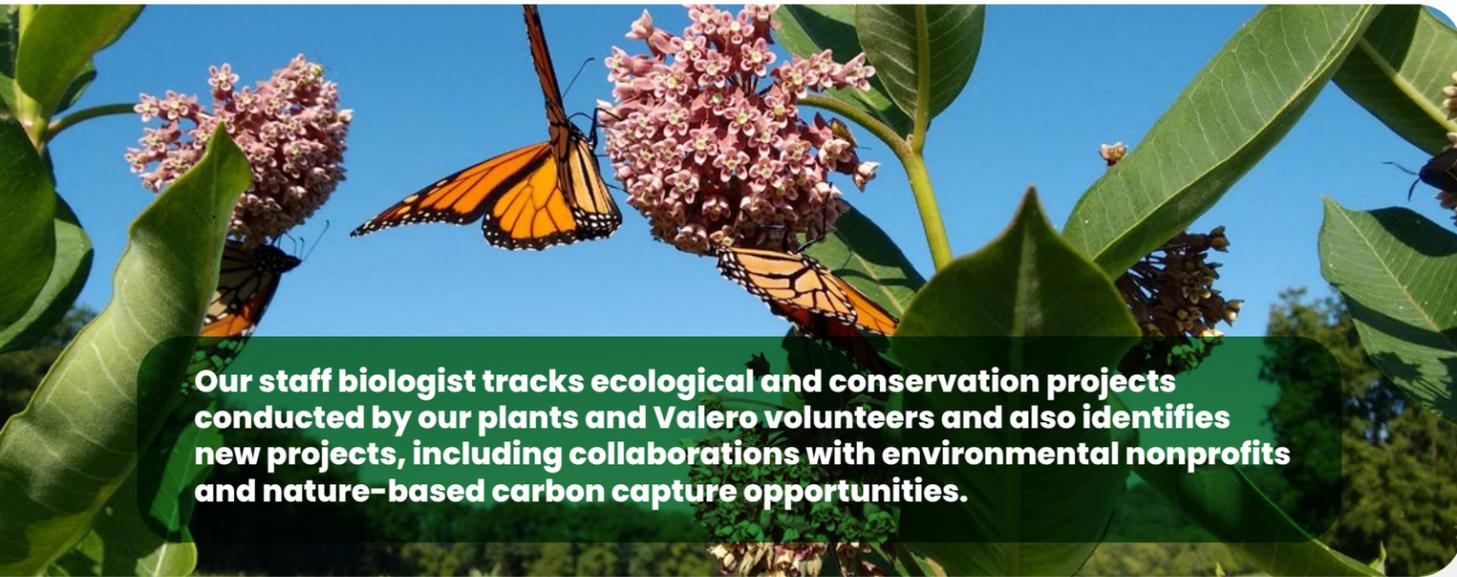
The following natural and cultural resource considerations are part of the evaluation process:

- 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.

We 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.

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

3 During **major construction and where warranted**, we also provide applicable training on 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.



Our staff biologist tracks ecological and conservation projects conducted by our plants and Valero volunteers and also identifies new projects, including collaborations with environmental nonprofits and nature-based carbon capture opportunities.

Biodiversity and Habitat Conservation

Valero volunteers from our **Ardmore refinery** collaborated with a local Boy Scout troop to **create a monarch butterfly way station**, a habitat with more than 400 plants, to provide the milkweed, nectar and ideal environment for monarchs to thrive.



This project received an **Honorable Mention from the Frank Condon Award for Environmental Excellence.**

Valero volunteers at our **operations in Peru** created a green area for the Márquez community that will contribute to the growth and protection of the environment while providing outdoor spaces for families.



For more than 20 years, Valero has partnered with the San Antonio Botanical Garden to **promote the enjoyment of a diverse array of plant life and flowers.** In 2021, Valero supported the Terrarium Tours program. This STEM-focused, nature-based educational program allowed nearly 5,000 **San Antonio** students from economically disadvantaged schools to explore diverse plant ecosystems, receive environmental education and create their own terrarium to take home.



Our **Meraux refinery** created a 15,000-square-foot wildflower sanctuary in a nearby property to provide a habitat consisting of native-flowering plants for a variety of pollinators, including honey bees, butterflies and hummingbirds.



Valero works with **indigenous tribes to preserve sites with biodiverse, historical, cultural and spiritual significance.**

As part of the Diamond Pipeline project in Oklahoma and Arkansas, 23 indigenous communities were contacted to participate in the permitting process. After a consultation process, tribes identified locations of significant interest along the 440-mile route.



Wildlife and Plant Protection



Valero's **Welcome ethanol plant** in Minnesota partnered with its local soil and water district and with the nonprofit Pheasants Forever to **create a 3-acre wildlife habitat** to attract multiple pollinators.



Valero committed \$500,000 to the Texas State Aquarium for a new Center for Wildlife Rescue, slated to open in 2022, with a new **Valero veterinary lab** where visitors can witness the **rehabilitation of rescued animals**, such as shorebirds, marine mammals and sea turtles.



As part of the construction of a cogeneration unit at our **refinery in Pembroke**, an abandoned residence was converted into **habitat for local populations of bats** relocated because of the new unit. The bat house has attracted a number of bats.

Valero supports Blooming with Birdie's Caterpillar Condos for Classrooms program, which provides an environmentally focused educational experience to more than 60 **San Antonio** public schools and libraries with an emphasis on economically disadvantaged schools. Teachers are provided with mesh cages, milkweed plants and two caterpillars, accompanied by virtual lessons that align with the metamorphosis of the monarch butterfly.



Wetlands Restoration

The **St. Charles refinery** continued its longstanding partnership with the Pontchartrain Conservancy with a **\$1 million contribution to fund a five-year plan for wetland restoration**. Over the course of this project, 28,000 tree saplings will be planted across 140 acres. Once mature, these trees are estimated to capture more than 100,000 tons of carbon dioxide annually. Valero volunteers are invited to participate in planting events twice a year, and approximately 400 local students will engage in coastal restoration efforts.



The **Benicia refinery** captures clean sediment dredged from its dock area to raise the elevation of nearby subsided wetlands, which helps protect and recover wildlife and plant species. Dredging is performed annually to maintain adequate depth for ships to berth safely at the docks. Valero began donating clean dredged sediment to the Montezuma Wetlands Restoration Project in 2012 and as of January 2022, it has **reclaimed 550 acres of wetland from the tides**, and early signs of species colonization, including fish, birds and elk, have been recorded.



Land and Shoreline Restoration

Valero volunteers from the **Houston and Texas City refineries** partnered with the Galveston Bay Foundation to **plant 140 trees and restore part of an oyster reef**, which help to reestablish coastal habitat, reduce erosion, prevent hurricane storm surges and aid in carbon capture.

The Kemah reforestation tree-planting event was held on the foundation's new property, which will eventually house its future headquarters, the Gessner Center. The center will act as a gathering place for the community and will educate adults and students about Galveston Bay, conservation and the importance of water.

Approximately 7,500 pounds of oyster shells were collected from local restaurants, bundled into sacks, and placed along the Galveston Bay shoreline to restore 38 feet of oyster reef. Oyster reefs help filter water and prevent storm surges, provide a nursery for oyster larvae and other marine animals, and allow sediment to settle along the shoreline, helping to restore coastal habitats.

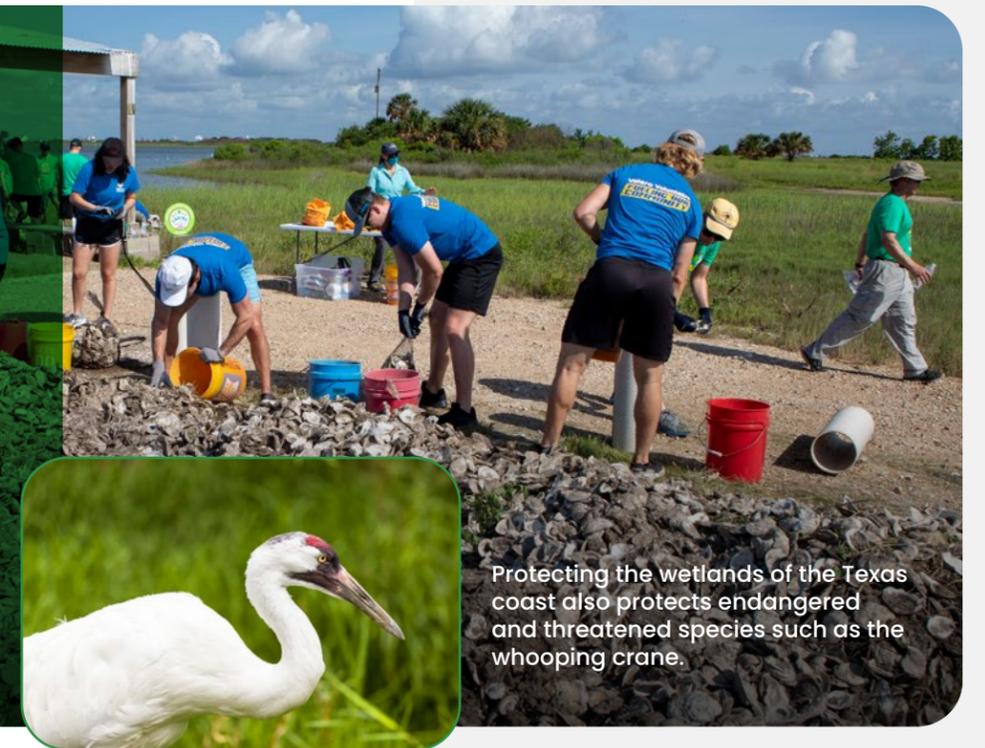


Valero donated \$1 million to the Memphis River Parks Partnership in support of **planting more than 1,000 trees** at the newly redesigned Tom Lee Park, which will provide a community gathering place with educational, fitness and recreational opportunities. Valero volunteers from our **Memphis refinery** assisted with the tree planting.



Valero is collaborating with BCarbon, a nonprofit, nature-based carbon dioxide capture and storage registry, to **develop a 1,000 mile 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.



Protecting the wetlands of the Texas coast also protects endangered and threatened species such as the whooping crane.

Valero volunteers at our **Pembroke refinery** planted over 500 trees on company-owned land in an effort to "re-wild," or restore and protect, natural areas through the planting of native broadleaf woodland, which also promotes nature-based carbon storage.



Environmental Metrics

^a Million metric tons CO₂e. Independently verified. Scope 1 is defined as the direct GHG emissions from our 15 refineries. Scope 2 (market-based) is the indirect GHG emissions from purchased electricity and purchased steam used by our 15 refineries. For more information, see note EM-RM-110a.1 regarding GHG emissions on page 109.

^b Metric Tons.

^c Million m³.

^d Count of oil spill events to land or water of more than one barrel.

See page 111 for details on data verification.

GLOBAL REFINERY ^a	2018	2019	2020	2021
GHG Emissions Scope 1^a	25.4	24.8	23.0	23.7
GHG Emissions Scope 2^a	5.0	4.7	4.5	4.9
NOx^b	9,000	8,700	7,900	8,400
SOx^b	7,700	8,800	7,600	7,600
PM₁₀^b	2,300	2,200	2,200	2,600
VOCs^b	10,300	7,700	7,500	7,500
Fresh Water withdrawn^c	165.8	164.1	164.6	175.0
Oil spilled to land (>1 bbl)^d	25	14	21	28
Oil spilled to water (>1 bbl)^d	4	3	4	0

Energy Efficiency

Many of our refineries use power from renewable sources either from local power grids or from our own projects.

We produce some of our own power, from wind or from recycling gases (such as steam and exhaust) within our refining processes. **Roughly 24% of our total refinery energy consumption originates from renewable sources.**



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 and biogas.



Wind generation: Adjacent to our **McKee refinery** in the Texas Panhandle, our windfarm was completed in 2009 at an investment of more than \$80 million, and includes 33 wind turbines with 50 megawatts of electricity capacity, which roughly matches the electricity requirements of the refinery.



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



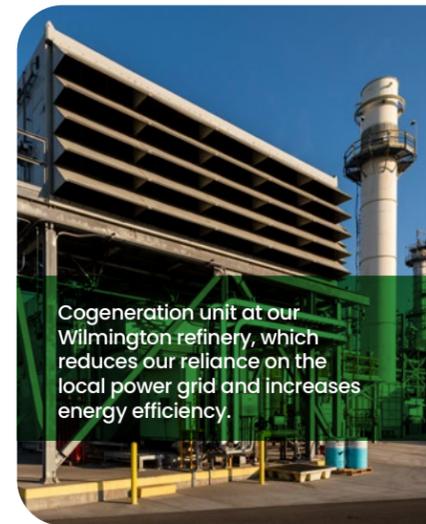
Expanders: At six of our refineries, we have installed “expanders” on processing units that generate power from exhaust gases. We have the **world’s largest expander at our Corpus Christi West refinery.** In all, our expanders are designed with the capacity to annually displace more than 600,000 tons of carbon dioxide that otherwise would be generated by conventional power plants.



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



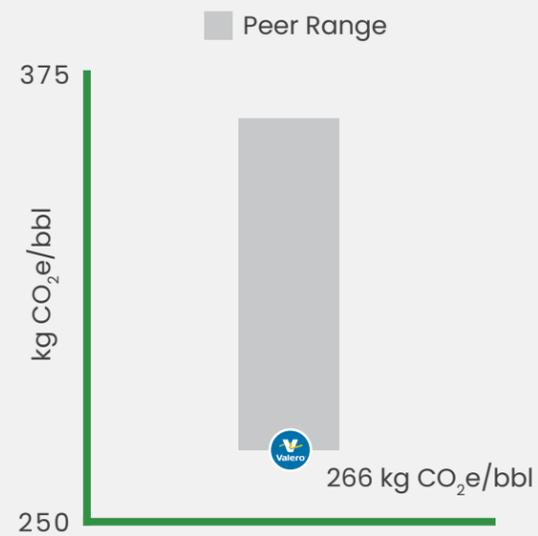
Fuel Cell: At our **Benicia refinery** in California, a low-carbon and grid-independent five-megawatt fuel cell is under development, which is expected to power the asphalt and wastewater plants. A fuel cell is a very efficient and reliable way of producing power, while allowing the grid to be used by other community energy needs.



Cogeneration unit at our Wilmington refinery, which reduces our reliance on the local power grid and increases energy efficiency.

In the chart to the right, you will find a calculation of Valero’s Net Scope 3 Intensity in kg CO₂e per barrel. Scope 3 is largely a duplication of what is already being reported by others in our supply chain in their Scope 1 or 2. We recognize that Scope 3 is riddled with duplication in substance and methodology and offers limited value; however, some of our stakeholders have asked for us to provide disclosure for purposes of evaluating relative peer performance in terms of GHG emissions from the use of the products we manufacture. As expected from the leader in refining efficiency and in the production of low-carbon fuels, the estimated GHG emissions from the use of our collective products are industry leading lows.

2021 Global Refinery Net Scope 3 Intensity



See page 111 for details on Valero’s Net Scope 3 Intensity and the peer group.



COMBINED, OUR COGENERATION SYSTEMS AND EXPANDERS ARE DESIGNED TO OFFSET **330 MEGAWATTS** OF ELECTRICITY ANNUALLY, ENOUGH TO POWER THE HOMES OF A CITY THE SIZE OF SAN FRANCISCO*

*U.S. Census Bureau. Population estimates as of July 1, 2019

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.
- Complying with water management laws and regulations.
- Protecting existing water resources through sound water management policies.
- Recycling and reusing water to improve efficiency.

Most of our water consumption takes place in our refining operations.

Based on the World Resources Institute's (WRI) Water Risk Atlas tool, Aqueduct, we determined that only two of our 15 refineries are located in regions with high baseline water stress.

Reduction and mitigation initiatives include the evaluation of reused municipal wastewater for cooling tower purposes and acquisition of secured water rights.

Water scarcity can be a risk not only to communities but to the refining process. Water is needed for cooling and also in the form of steam for heating. In addition, water plays an important role in processing feedstocks.



At Valero, we take innovative approaches and leverage advanced technology to minimize use and eliminate waste.

In 2021, we recycled more than 17 times the amount of fresh water we withdrew to support our refinery operations, primarily through the recirculation of water in high-efficiency cooling towers.

Our water-risk-based approach is integrated into our operational and long-term planning to mitigate and reduce water risks.

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

- At our **Wilmington refinery**, we have secured 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. That is roughly the annual amount consumed by 9,000 U.S. households.⁹

⁹ Source: Water Footprint Calculator.

- Our **Three Rivers refinery** sends treated wastewater for irrigation use for hay production.
- Our **Corpus Christi refineries** pay into a broad industry fund that provides water-supply security and supports research and plans for the construction of a desalination facility to serve industrial users.
- Our **Texas City refinery** has an option agreement to purchase treated wastewater from the city and is evaluating a project to reuse this water source in the refinery.
- 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 those operated by most cities.

SAFETY

Reliability engineer at the **Valero Meraux Refinery** responsible for maintaining the mechanical integrity of our assets.

Safety is our foundation for success.

Valero is dedicated to safety. We strive to make sure our employees and contractors go home safely and to meet our fence-line communities' expectations.

A **decrease in the number of employee and process safety events reduces unplanned shutdowns and increases the operational reliability** of our plants. This, in turn, translates into a safer workplace with fewer environmental incidents and stronger community relations.

We strive to improve safety and reliability performance by making it an integral part of our culture and offering **year-round training for our employees and contractors**. To bolster our safety performance, we conduct safety audits, quality assurance visits and comprehensive risk assessments at our facilities.

2021 set new records for safety performance.

Our efforts to make continuous improvements resulted in 2021 being our **best year ever for safety performance**. Refinery employee annual total recordable incident rate (TRIR) was a record low of 0.21 incidents per 200,000 working hours, while the refinery Tier 1 process safety event rate was its lowest ever at 0.05 events per 200,000 working hours.

In 2021, we spent approximately \$1.8 billion in capital to grow and sustain our operations as part of our commitment to investments in safety, preventive equipment maintenance, environmental mitigation and reliability.

See page 111 for notes regarding this page and for non-GAAP disclosures.

2021

was a record year for safety performance.

2021 Safety Highlights

FOUR manufacturing facilities received Elite Gold or Elite Silver Awards for safety excellence from American Fuel and Petrochemical Manufacturers (AFPM), the industry's major trade association:

- One Elite Gold Award to St. Charles refinery for performance in the top five percentile of industry safety, demonstrating superior and consistent safety performance, innovation and leadership.
- Three Elite Silver Awards to Wilmington Asphalt Plant and Texas City and Three Rivers refineries for performance in the top 10 percentile of industry safety.

ONE refinery - Three Rivers - received the Innovation Award from AFPM, given to sites that implemented unique and innovative programs to effectively improve occupational or process safety performance. The refinery implemented an energy isolation lock-out device for testing alkylation unit fire monitors and vapor suppression systems.

TEN manufacturing facilities - Wilmington Asphalt Plant and Ardmore, Benicia, Corpus Christi (two plants), Three Rivers, Texas City, St. Charles, Wilmington and Houston refineries - received Safety Achievement Awards from AFPM for meeting strict safety screening criteria.

TOP PERFORMER refinery - St. Charles - received the 2021 Valero Chairman's Safety Award after finishing the year with the best safety performance of all our refineries.

THREE refineries - St. Charles, Houston and Wilmington - with ZERO employee recordable injuries.

FOUR refineries - Ardmore, McKee, Quebec and Texas City - with ZERO contractor recordable injuries.

ELEVEN ethanol plants with ZERO employee recordable injuries.

TWELVE ethanol plants with ZERO contractor recordable injuries.

TWENTY consecutive years of Voluntary Protection Program (VPP) Star Site status for Texas City refinery. VPP is the U.S. Department of Labor Occupational Safety and Health Administration (OSHA)'s highest plant-safety designation.

ELEVEN ethanol plants had ZERO Tier 1 process safety events.

TEN refineries with fewer Tier 2 process safety events in 2021 than in 2020.

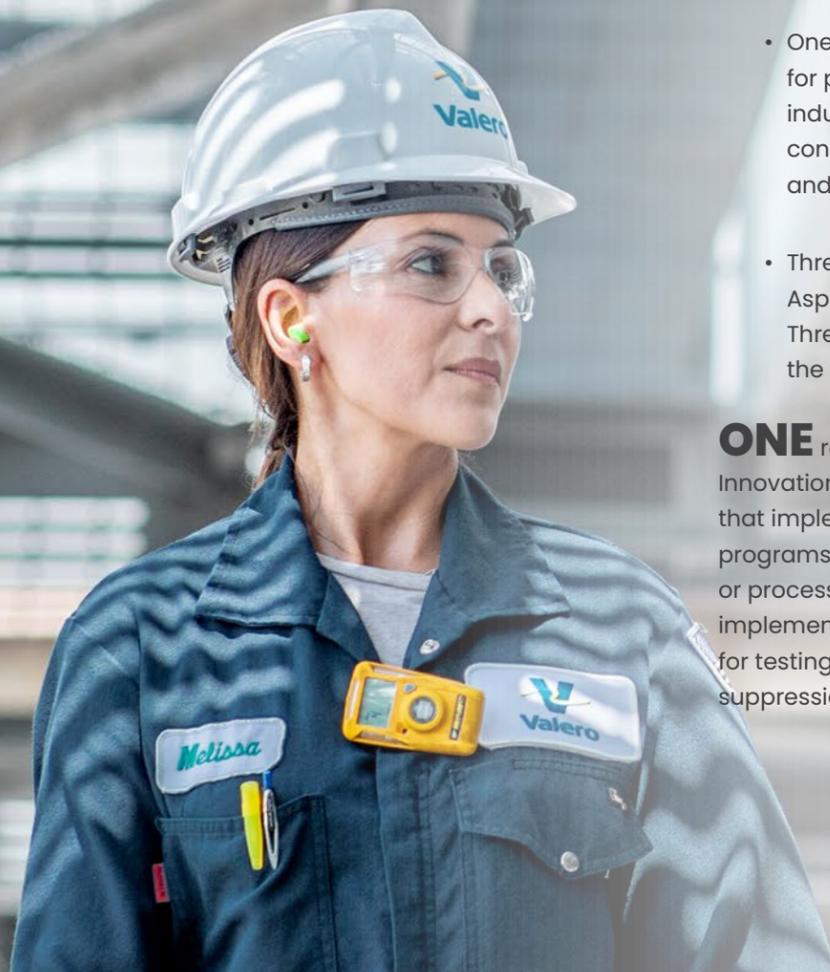
NINE refineries are approved as OSHA VPP Star Sites, the most of any refiner.

TWO international refineries - Pembroke and Quebec - are approved as Valero VPP Star Sites.

EIGHT refineries - Quebec, Ardmore, Texas City, Corpus Christi (two plants), Wilmington, Benicia and Pembroke - with ZERO Tier 1 process safety events.

LOWEST three-year average Tier 1 process safety event rate achieved in 2021.

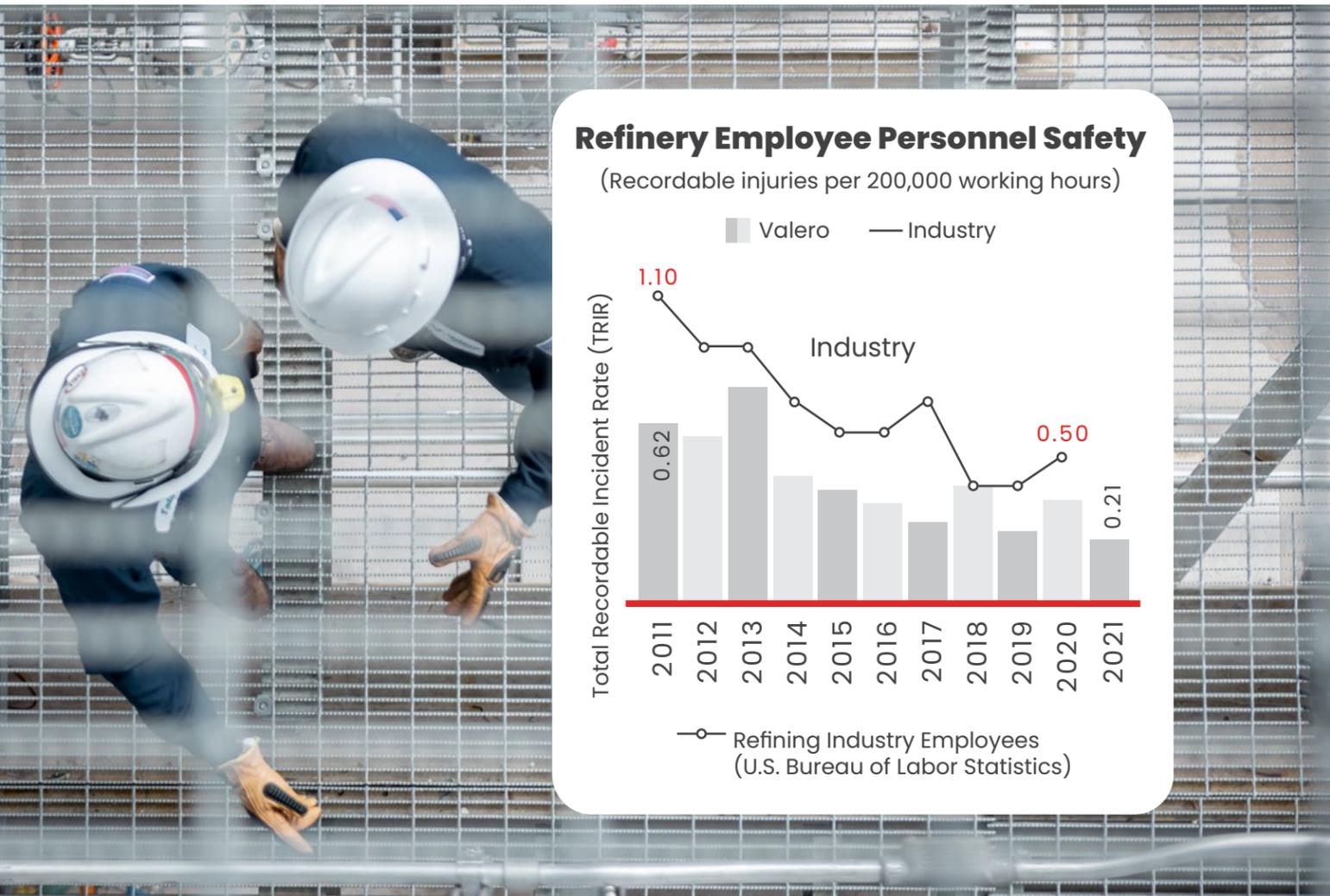
72% reduction in our Tier 1 process safety event rate since the industry began tracking the metric in 2010.



Since its introduction in 2020, Valero has received **FOUR** out of 12 AFPM Innovation Awards.

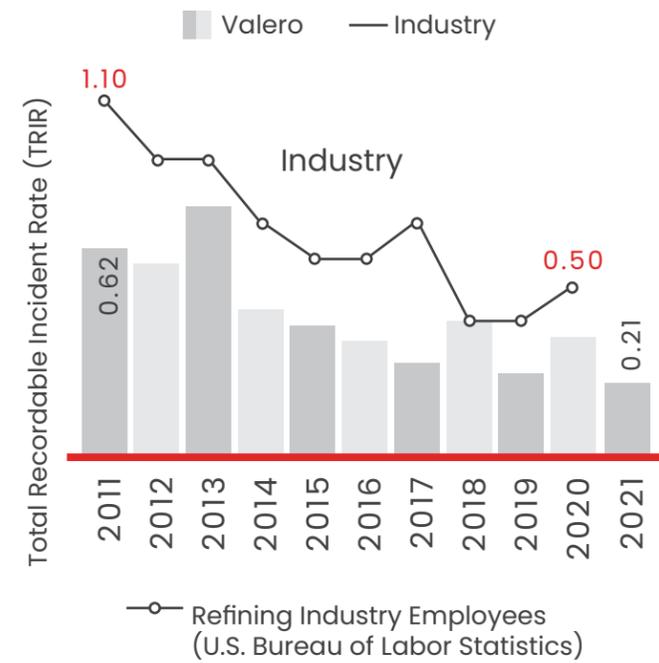


To achieve VPP Star Site status, plants must demonstrate that enhanced safety systems have been implemented and embraced in a collaborative way by site leaders and employees. Sites are reassessed by OSHA every three to five years in order to maintain their VPP status.



Refinery Employee Personnel Safety

(Recordable injuries per 200,000 working hours)



Safety Metrics

GLOBAL REFINING	2018	2019	2020	2021
Personnel Safety Employee (TRIR) ¹	0.40	0.25	0.35	0.21
Personnel Safety Contractor (TRIR) ¹	0.32	0.39	0.15	0.26
Fatality Rate Employee ²	0.00	0.00	0.00	0.00
Fatality Rate Contractor ²	0.00	0.00	0.00	0.01
Process Safety Event Rate - Tier 1 ³	0.07	0.05	0.06	0.05
Process Safety Event Rate - Tier 2 ³	0.31	0.17	0.17	0.15

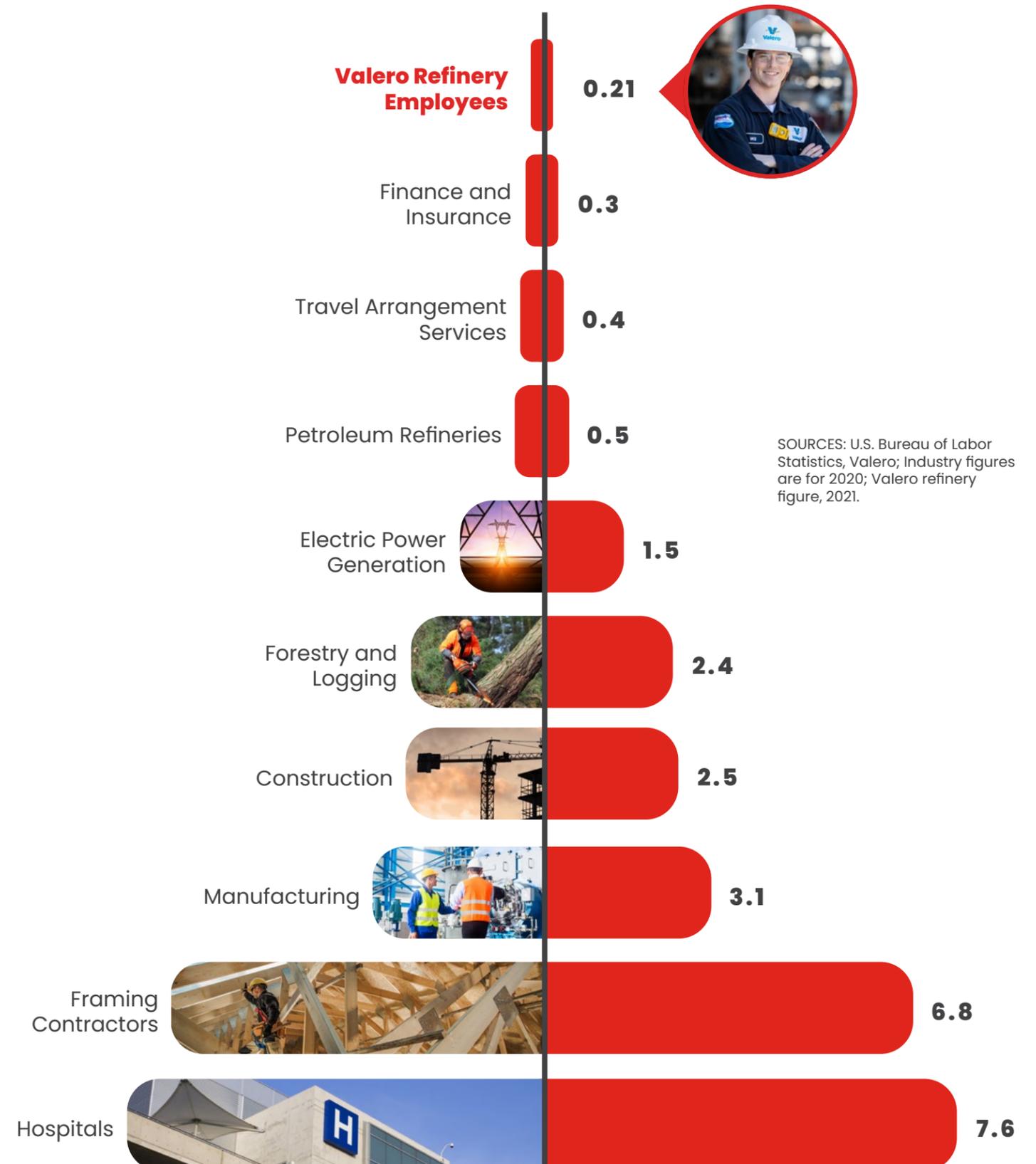
¹Recordable injuries per 200,000 working hours.

²Per 200,000 working hours.

³Global refining Tier 1 process safety event (PSE) rate and Tier 2 PSE rate as defined within API Recommended Practice 754.

Valero Refineries vs. Other Sectors

(Injuries recorded per 200,000 working hours)



SOURCES: U.S. Bureau of Labor Statistics, Valero; Industry figures are for 2020; Valero refinery figure, 2021.

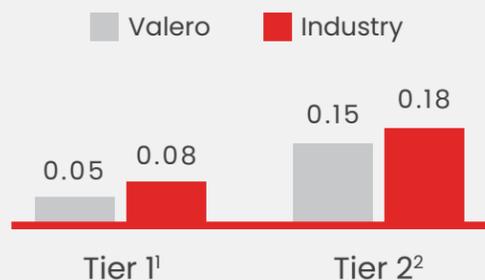
Process Safety and Mechanical Availability

Process Safety

Keeping employees and communities safe is a top priority. Our process safety and reliability programs provide safeguards for ensuring our equipment is correctly designed, regularly maintained and safely operated.

In addition to capital investments in reliability, our industry-leading technical assessments are core to our commitment to excellence. These comprehensive programs, developed more than 10 years ago, promote consistent and best-in-class process safety and reliability expectations across our refining operations. From 2008 to 2018, Valero's mechanical availability has improved from third quartile to industry-leading first quartile, and we continue to focus on maintaining our processing units as highly reliable. Our Tier 1 and Tier 2 Process Safety Event (PSE) three-year average rates have also set new records each year, as we continually focus on reducing process safety incident severity and frequency.

2021 Process Safety Event (PSE) Rates



2021
set new records for safety performance.

¹Tier 1 process safety event - Losses of primary containment of greatest consequence, causing harm to a member of the workforce, costly damage to equipment or exceeding defined quantities.

²Tier 2 process safety event - Losses of primary containment of lesser consequence than Tier 1. Tier 1 PSE rate and Tier 2 PSE rate as defined by the API Recommended Practice 754.

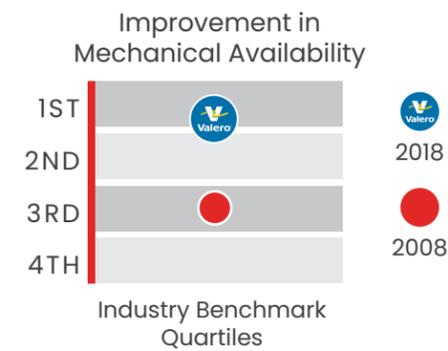
We take a systematic, collaborative and thorough approach to required process safety incident investigations to ensure learnings are captured and shared across the organization. Our objective is to understand the root cause, as well as any human factors that contributed to an incident. Communication of our investigation findings is key to the prevention of similar incidents.

Process safety is not an outcome or a status achieved; it is a Valero core value with an objective of continuous improvement to support our operational excellence goals. Maintaining safe, stable and reliable operations and ensuring efficiency and consistency in how we work are imperative for Valero to continue its industry-leading performance across maintenance and personnel indices and non-energy operating expense.

Mechanical Availability

In 2021, we achieved 97.2% mechanical availability, continuing our strong performance in avoiding unplanned downtime, minimizing environmental events and successfully executing planned and unplanned refinery maintenance in a timely manner. Highly reliable refinery operations are essential to curbing environmental incidents and improving safety. Our capital investments in reliability, along with our program of comprehensive reliability assessments and proprietary management systems, have also contributed to consistent process safety performance excellence.

We also achieved a record low refinery Tier 1 Process Safety Event rate of 0.05 events per 200,000 working hours in 2021. The Tier 1 process safety rate is the American Petroleum Institute's measure of recordable safety incidents occurring in conjunction with a loss of process containment.

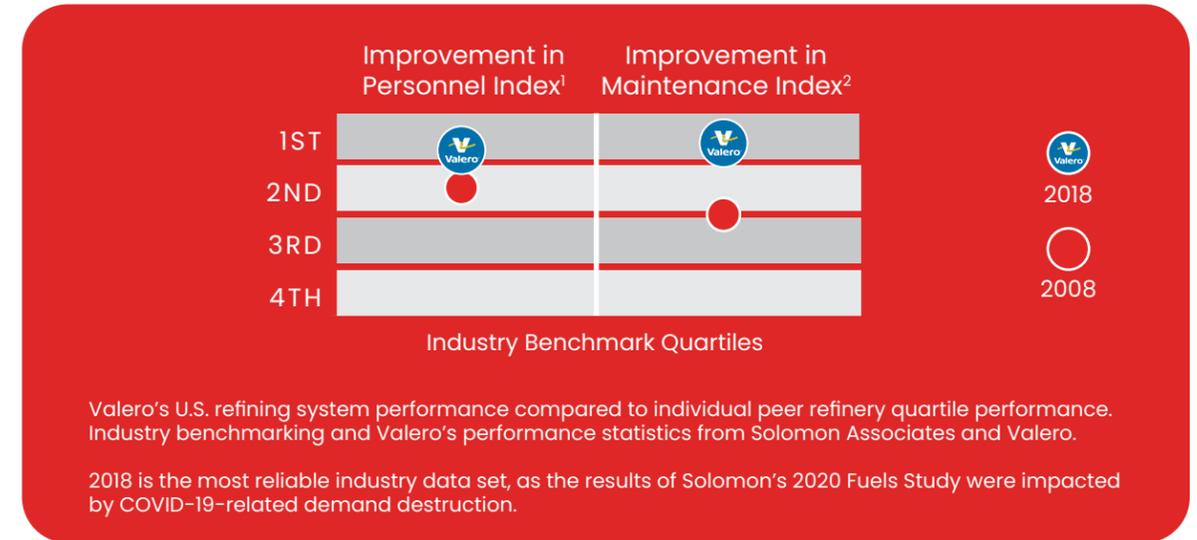


Industry benchmarking and Valero's performance statistics from Solomon Associates and Valero.

2018 is the most reliable industry data set, as the results of Solomon's 2020 Fuels Study were impacted by COVID-19-related demand destruction.

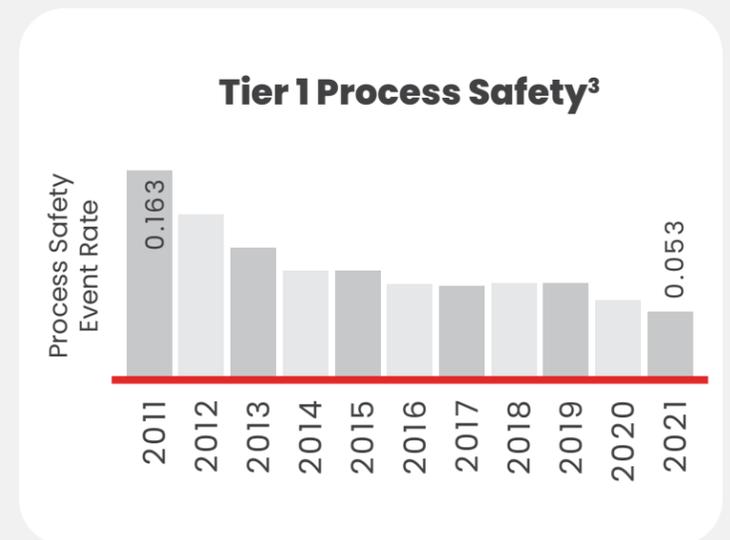
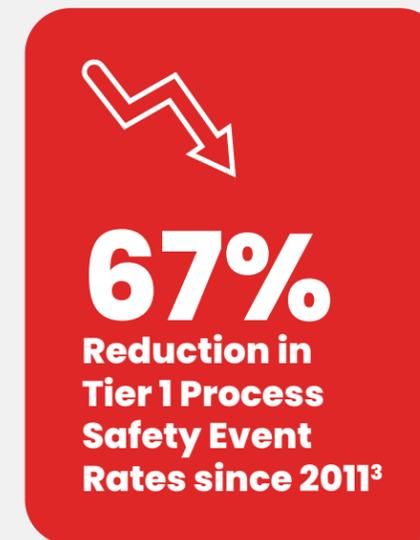
Reliability Investments Contribute to Operations, Safety and Environmental Excellence

Valero has consistently improved reliability, compared with industry peers, leading to lower operating expenses, better efficiency and improved environmental performance.



¹Personnel index represents annual total company staff and contractor work hours per refinery equivalent distillation capacity (EDC). EDC is a measure that equalizes complexity differences among refineries in order to compare performance.

²Maintenance index represents the sum of the non-turnaround maintenance costs per EDC and the annualized turnaround costs per EDC.



³Three-year rolling averages of Tier 1 PSE per 200,000 working hours. Tier 1 PSE rate as defined by the API Recommended Practice 754.

Goal Zero Safety Program

Our Goal Zero program is aimed at eliminating incidents arising from seven hazard sources. This innovative program takes a data-driven approach to identifying focus areas to bring incidents and injury rates down to zero.



Goal Zero is supported by assessments, such as Valero's Safety Assessment for Excellence (VSAFE) and Control of Hazardous Energy and Materials Assessment (CHEM), which evaluate refinery procedures from the preparation of equipment for maintenance to the way the equipment is returned to service. The CHEM assessments closely examine the human aspect of our processes and challenge our team members to focus on the execution of procedures designed to protect them.



Life-Saving Rules

"Life-Saving Rules" are an essential part of our Goal Zero initiative. Violations of these rules carry the highest level of personal responsibility. The rules range from working without a valid work permit to failure to wear specified life-protection equipment. Through the Goal Zero webpage portal, employees are able to see why an incident was deemed a violation of Life-Saving Rules and can assess how to avoid a similar situation.

Our employees and contractors are consistently reminded of their roles and responsibilities through comprehensive training and realistic field exercises that focus on critical work processes and procedures. They know that the rules simply must be followed in all circumstances to eliminate serious incidents and to get us to our Goal Zero.

Seven critical rules that must be followed at all times.

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

Employee Safety Training

As part of our Commitment to Excellence Management System (CTEMS), we offer a robust and dynamic year-round training program to ensure operations excellence. With more than **650,000 hours** of safety training in 2021 for ~6,100 refining employees, our safety training covers a wide variety of topics, including:

- Critical safety procedures, such as energy isolation and control, confined-space entry, fall protection, life-saving equipment and safe work permitting.
- Training for excellence in refining operations and mechanical integrity as well as process safety, emergency preparedness and cybersecurity.
- Training through computer-based sessions, instructor-led courses, safety meetings and daily safety talks.

Contractor Safety Training

Valero's strong safety culture includes not only employees but also contractors. Contractors have adopted the same approach to operational excellence in order to avoid incidents. In fact, contractor companies working at Valero refineries hold a total of 27 OSHA Voluntary Protection Program Stars, after voluntarily submitting to and completing stringent safety audits by OSHA inspectors, as most of Valero's refineries have done.

As outlined in our CTEMS, safety qualifications for all existing and new contractors performing work at our refineries are essential to improve safety performance, efficiency and safety compliance. Contractors hold themselves to the same level of safety training as our employees, participating in **more than 1 million training hours in 2021**.

Pre-screening for Safety Performance and Risks

- Contractor companies are pre-screened by a third party to meet or exceed the Valero health and safety expectations.
- Contractor employees are trained initially and annually through a reciprocal contractor safety council focused on petrochemical and site-specific health and safety requirements.
- Contractors are responsible for ensuring individual craft certifications are maintained.
- Comprehensive drug/alcohol testing and disciplinary action programs are required.

Operating Guidelines on Contractor Safety Management

- Contractor performance is evaluated both during and at the completion of jobs, including preplanning, permitting, auditing and post-job evaluations.
- Contractors are expected to meet or exceed Valero health and safety programs, as well as state and federal regulations.
- In 2021, we published the Conduct Guidelines for Business Partners, which detail our high ethical expectations of business partners, suppliers and vendors. These guidelines are available on our website at www.valero.com > Investors > ESG > Corporate Governance Documents.

2021 Emergency Response

With refineries along coastlines and ethanol plants in the U.S. Midwest, Valero evaluates and prepares for physical risks to its facilities from natural disasters, including hurricanes and tornadoes, and other threats.

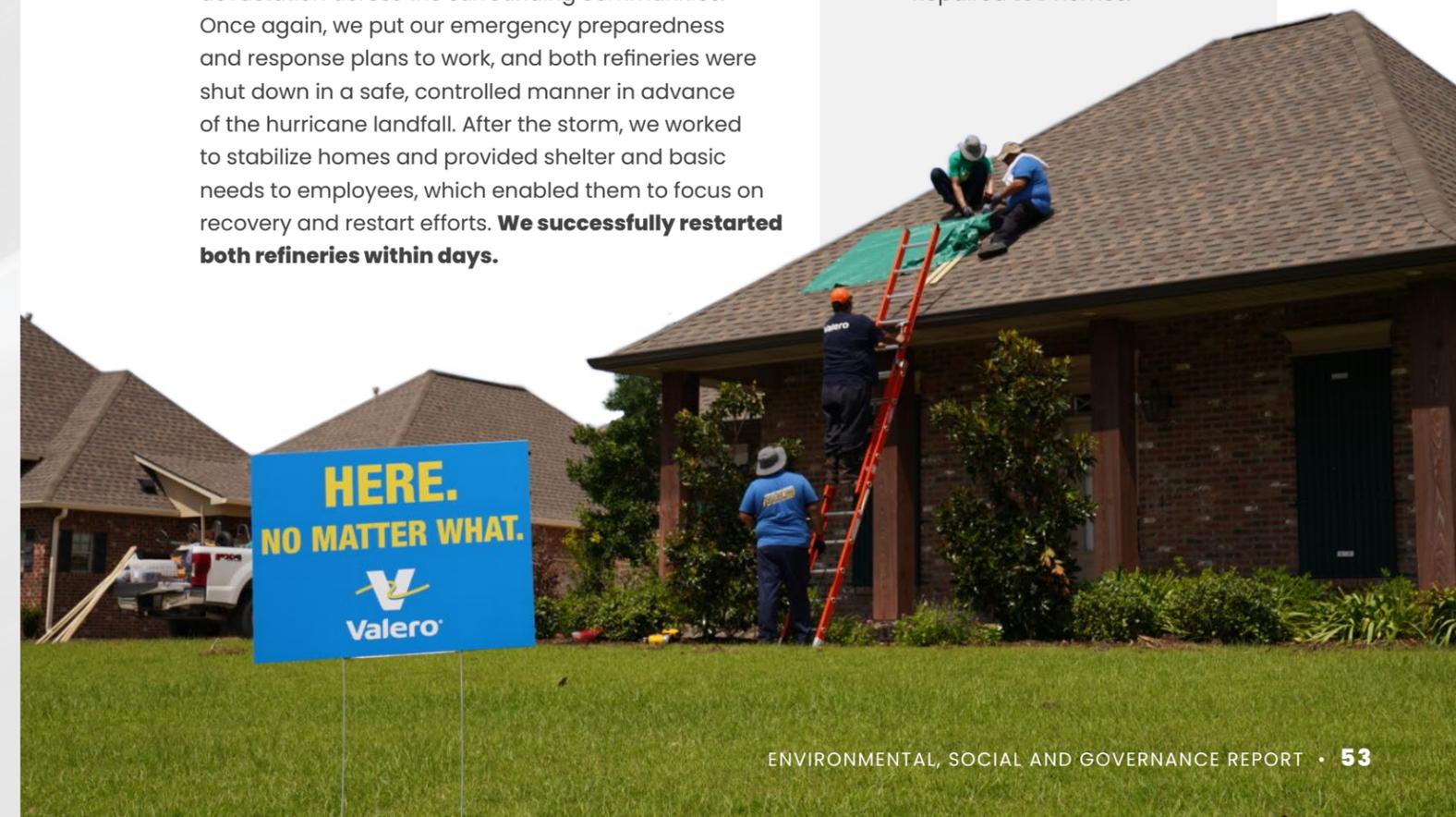
Amid a pandemic in 2021, Team Valero was tested by Winter Storm Uri and Hurricane Ida. While the impacts of both storms were far-reaching, our plans, preparations and response helped to mitigate the risks to people, assets, surrounding communities and the environment.

A major winter and ice storm, Uri had widespread impact across the U.S. in February 2021, resulting in extensive blackouts and the worst energy infrastructure failure in the history of the state of Texas, where half of our refineries are located. Team Valero, along with business partners and contractors, executed an unprecedented multi-site response that assessed, prioritized and made critical repairs to return sites to operation as soon as possible.

In the summer of 2021, Hurricane Ida, a Category 4 hurricane, struck the Louisiana coast, affecting our St. Charles and Meraux refineries as well as causing devastation across the surrounding communities. Once again, we put our emergency preparedness and response plans to work, and both refineries were shut down in a safe, controlled manner in advance of the hurricane landfall. After the storm, we worked to stabilize homes and provided shelter and basic needs to employees, which enabled them to focus on recovery and restart efforts. **We successfully restarted both refineries within days.**

First Week Response to Hurricane Ida:

- **32** support staff at the refineries within 24 hours.
- Delivered **\$125,000** worth of toiletries and personal items for our employees and their families.
- Provided **~35,000** gallons of gasoline/diesel to first responders, local governments, our employees and contractors.
- Distributed **200** generators, **200** chainsaws, **300** extension cords, **700** gas cans and **two** semi-trailer loads of 10-pound ice bags.
- Served **~9,400** meals to employees and contractors.
- Repaired **165** homes.



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 elevation 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 personnel evacuations initiated in advance of severe storms.

Valero's Emergency Management Planning & Response

Our emergency management planning and response program actively assesses potential risks posed to our people and operations, and implements solutions:

- 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.
- Qualified emergency response teams that have built strong relationships with outside response personnel.
- Regular drills and assessments to promote response readiness, incorporating the focus of our Goal Zero program.
- Critical capital resources allocated to emergency planning and response in the strategic planning and capital budget processes to make our facilities efficient and resilient.
- Use of emerging technologies to optimize decision-making and response execution.



Respond. Restore. Recover.

Hurricane Preparedness

Our preparedness measures include pre-hurricane season activities, as well as a five-phase process to monitor evolving conditions as the storm approaches, to provide adequate time and resources for our employees and facilities to safely prepare.

Phase

1

At the start of hurricane season, facility plans reviewed and updated, inventory and supplies restocked, begin daily monitoring for potential storms.

Phase

2

Assess predicted storm path and potential for impact. Communicate with site(s) likely to be impacted or under threat.

Phase

3

Activate the Corporate Emergency Operations Center and Employee Call Center. Execute site operational and contingency plans and prepare site(s) for storm impacts, including the staging of equipment from 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 and surrounding communities. Implement plans for recovery and support for safe startup and return to operations.

COMMUNITY

Valero volunteers from our **Wilmington refinery** help with community beautification.

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 looks for opportunities to collaborate with local officials, community and nonprofit leaders and fence-line residents to improve the quality of life and help build stronger communities. We work diligently to engage with stakeholders at all levels to understand local interests and needs, and partner with communities to address social, environmental and economic matters through meaningful involvement.

Through multiple million-dollar investments, we focused on:

- Improving access to vocational skills training and creating job opportunities for economically disadvantaged communities.
- Supporting the transformation of green spaces to create a hub for community revitalization and a gathering place for families to enjoy the outdoors.
- Funding the construction of a new food distribution center in neighborhoods where food insecurity is prevalent.

Also, our employees selflessly volunteered thousands of hours to support schools, food banks, nursing homes, biodiversity projects, mentoring students and building community gardens, among other programs.

Advancing Social Equity and Inclusion to Build Stronger Communities – Together

Valero was the first major energy company to adopt a formal Environmental Justice Policy.

We believe social equity and inclusion are integral parts of a healthy community, which is why we collaborate with stakeholders to understand social, economic and environmental factors of importance to each community.

Valero’s Environmental Justice Policy

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 in our operations.

We aim to address needs with meaningful investments, engagement and outreach strategies.



Urban Beautification

Houston, Texas

Valero’s Houston Refinery is located in Houston’s East End, neighboring the Manchester community. In 2021, Valero, along with our neighbors and the City of Houston, proudly supported the renovation of Hartman Park. Manchester families have a new gathering place and a beautiful playground to spend quality time with their children.



New playground at Hartman Park in Houston, Texas

“At Valero, we’re driven to make a difference in our community. We’re grateful for the opportunity to join Mayor Turner and the other partners to create a lasting difference in the lives of our neighbors and provide families a fun, safe and attractive park.”

– **Lon Brenner**,
Vice President and General Manager, Valero Houston Refinery



“Valero has proven to be an A+ community partner. To step up immediately after we made the announcement on the 50/50 Park Initiative, I classify them as an outstanding corporate citizen, and the investment they made is now benefiting these kids and sending a very important message to our city.”

– **Sylvester Turner**,
Houston Mayor

Neighborhood Education Support

Wilmington, California

Valero has worked with ESP Education and Leadership Institute in supporting its “BOSS” program. The mission of this initiative is to prepare young student-athletes, primarily of color, through year-round programming that includes academic coaching, mentoring, real-world experiences and opportunities for advocacy. In 2021, through the Valero Benefit for Children, ESP received \$50,000 to help continue its mission of empowering youth to become future leaders.



Houston, Texas

Valero employees in Houston hold an annual *Back to School Bash* for children in the Manchester neighborhood, equipping students with backpacks filled with school supplies. More than 1,500 backpacks have been distributed in the last 6 years.





Memphis, Tennessee

Valero has been a long-standing supporter of Knowledge Quest, which offers a variety of programs designed to help strengthen families. This agency is located about four miles away from the refinery and directly impacts some of Memphis' most impoverished areas. Through its Extended Learning Academy, Knowledge Quest offers free after school care for nearly 300 children.

In 2010, to support the nutritional needs of the South Memphis community, Knowledge Quest created The Green Leaf Learning Farm. Years later, it now **operates as a 1.5 acre urban microfarm that produces USDA certified organic produce.** Last year, Valero volunteers helped clean the grounds and prepare the soil for planting. Knowledge Quest also received \$100,000, their largest donation from Valero's Benefit for Children, to help promote student Ag-Education.



"I've never seen a corporation that does what Valero does, which is intentionally prioritize support based on the footprint of your plant."

We've worked with Valero for nearly 20 years and they've set the standard on what a corporate neighbor is and should be."

- Marlon Foster, CEO, Knowledge Quest



"Valero is a community partner that demonstrates commitment to our Parish, time and time again."

Through their generous community investments and employment opportunities, the gift to the community college will drive economic growth in the St. Charles Parish for many years to come."

- Matthew Jewell, President, St. Charles Parish

St. Charles, Louisiana

In an ongoing effort to **reduce poverty, provide workforce training and facilitate upward mobility**, Valero committed \$1 million to United Way's Building Renovation Fund for a new state-of-the-art River Parishes Community College campus in St. Charles, Louisiana.

The new campus provides residents with a local technical and vocational school where students can attain an Associate Degree in Process Technology or Instrumentation.

Prior to this new campus, students in St. Charles Parish had to travel up to 20 miles away to attend this type of program.

Port Arthur, Texas

Since 2000, Valero has partnered with Port Arthur Industry Group (PAIG) to provide **college scholarships to Port Arthur residents interested in STEM-related careers.**

"PAIG was a life-changing opportunity for me. As a young man from Port Arthur, I wasn't sure how I would find my place in such a large and competitive industry. PAIG provided the tools that helped me differentiate myself and land a job at Valero. The scholarship I received helped financially, but my internship through PAIG made a huge difference professionally. The internship gave me a unique insight into the career path I chose, and applicable experiences that translated into my work at Valero."

- Joshua Daniels, Operator, Valero Port Arthur Refinery



Community Nutritional Initiatives

Corpus Christi, Texas

In 2021, the Valero Energy Foundation provided \$1.5 million to the Coastal Bend Food Bank in Corpus Christi, Texas, to support the construction of a new 108,000 square foot distribution center to service an 11-county area. The new center is currently under construction with a targeted opening date in the summer of 2023.

"I could not imagine having to run a nonprofit without companies like Valero. There is just no way we could do it. They are vital to our survival."

- Bea Hanson, Executive Director, Coastal Bend Food Bank



Community Investment Impact

Addressing Our Communities' Greatest Needs



2021 Highlights

In 2021, Valero and the Valero Energy Foundation generated more than **\$62 million for charities** through employee and company donations, corporate philanthropy, fundraising and volunteerism.

More than **616 nonprofit organizations** were supported through Valero's diverse and inclusive community strategy.

\$62 MILLION+
Total Generated for Charities

- **\$3 MILLION**
Employee Giving and Global Employee Volunteerism
- **\$16 MILLION**
Corporate Investments in the U.S., U.K., Canada, Mexico and Peru
- **\$17 MILLION**
Support of United Way across the U.S.
- **\$27 MILLION**
Valero Energy Foundation Investments
(Including proceeds from the Valero Texas Open and Benefit for Children)

Valero works to address key issues across the communities where we live and work by partnering with agencies focused on driving social change and enriching lives.

Our CEO, Joe Gorder, pictured here with kids enjoying the ultra-accessible Morgan's Wonderland Camp in San Antonio, Texas.



1 Hunger

The COVID-19 pandemic illuminated the importance of food access for families around the world. Over the past five years, Valero provided nearly \$7 million to assist food banks and pantries serving children, adults and senior citizens.



In **Dumas, Texas**, Valero's McKee Refinery has supported Snack Pak 4 Kids since 2014 with volunteers and more than \$200,000 to ensure students have meals on the weekends, during school holidays and over summer break.

"One of the things I'm so impressed about Valero is that they recognize that they are part of the communities. They are known for being a great community partner...I get told thank you from moms who go to bed at night knowing their babies will have enough to eat because of work that you do in partnership with us."

- **Claire Babineaux-Fontenot**,
Chief Executive Officer,
Feeding America

2 Education and Workforce Development

Every child deserves access to the resources and technology that engage them fully and maximize their learning experience. Valero partners with local public school districts and foundations, charter schools, colleges, universities and trade schools to ensure all students have access to the tools and support systems needed to pursue their dreams.

Benicia, California – The Valero Energy Foundation provided \$500,000 to the Vacaville Boys & Girls Club to help with the construction of a new 8,000 square foot building to serve the children in the community. The new building will include classrooms, a new kitchen and a celebration center.

Port Arthur, Texas – The Valero Energy Foundation provided \$100,000 to Port Arthur ISD to fund the Empowering Students and Teachers in the STEM program, a four-part initiative where teachers are provided the materials necessary to ensure students are thriving in these subjects.

Wilmington, California – Valero provided \$125,000 to the Cabrillo Marine Aquarium to support its STEM education programming. The aquarium is free to all attendees and open year-round.

Montreal, Canada – For the fourth consecutive year, Valero was one of the major sponsors for the Défi Kayak Desgagnés, a three-day kayaking challenge that raised more than \$333,000 for Jeunes musiciens du monde (Young Musicians of the World). This organization teaches music to at-risk youth to promote social belonging and self-esteem, motivating them to pursue their dreams.

In **Houston, Texas**, Valero partners with YES Prep, which works to provide children equitable access to an exceptional public school education that equips them to achieve their educational goals and fulfill their potential, changing their lives forever. For the class of 2022, more than 98 percent of graduates have been accepted to a four-year college.



4 Community Health and Well-Being

We are committed to investing in organizations that ensure our community's most vulnerable populations have equal access to health care services. Some of our major gifts included:

Corpus Christi, Texas – Over the past six years, Valero and the Valero Energy Foundation have provided around \$1.5 million to Driscoll Children's Hospital in South Texas, which provides pediatric care for 31-counties.

In 2021, Valero's support helped the Hospital raise \$81,000 to purchase "Transportle Preemie Pods" to keep tiny patients secured during transport.



3 Women and Minorities

Valero seeks out opportunities to partner with organizations focused on advancing women and minorities.

Corpus Christi, Texas – The Valero Energy Foundation provided \$200,000 to New Life Refuge Ministries, which works to provide shelter and treatment for victims of sex trafficking

"A donation of this magnitude changes lives. Helping these survivors changes not just the trajectory of their lives, but the lives of those around them. Valero's generosity to this program will influence and benefit generations to come."

– **Minta Moore**, Founder and Executive Director, New Life Refuge Ministries

San Antonio, Texas – Valero contributed \$70,000 to support Girl Scouts of Southwest Texas' Girl Genius tutoring program, which provides female students from underfunded schools a safe environment to receive academic tutoring, homework assistance, physical activity and meals, all at no cost. With a majority of Hispanic students, the more than 55 participants achieved positive academic and behavioral outcomes, including improvement in discipline, satisfactory or exemplary behavior and reduction of failing classes.



San Antonio, Texas – The ultra-accessible Morgan's Wonderland Camp, where people of all ages and abilities can play and experience camp together, was completed in 2020 thanks to a \$15 million grant from Valero.

San Antonio, Texas – Valero generously supports healthcare in San Antonio. In 2021, Valero donated \$5.8 million to various healthcare causes, including the University Health System Foundation, a Mobile Mammography Unit and an Alzheimer's Unit at the UT Health Science Center.

Welcome, Minnesota – Our employee, Kelley Becker, from our Welcome, Minnesota, ethanol plant reached a blood donation milestone in 2021. Over his lifetime, he has participated in over 167 blood donation sessions.

Valero began sponsoring the Welcome community blood drive in 2016. Prior to Valero's sponsorship, there was no community blood drive in the Welcome area. Valero promotes blood donation efforts across all our sites. In 2021, Valero employees donated 1,044 units of blood, saving an estimated 3,132 lives.



In **San Antonio, Texas**, since 2006, Valero and the Valero Energy Foundation have provided nearly \$1.4 million to AVANCE to further its mission of creating pathways to economic mobility for predominantly Latino families.

"Thanks so much to Valero for the consistent and continuous support of our programs – through grant funding, facility usage, board support and of course the encouragement we get from your fantastic staff!"

– **Susan S. Thompson**, Executive Director, AVANCE

Volunteerism

From building homes, sorting food, planting trees, taking part in fun STEM activities at schools and picking up litter from roadways and beaches, our employees have a passion for helping build better communities and generously sharing their time and talents.

Valero Volunteer Councils

Each of our sites has a Valero Volunteer Council that organizes employee volunteer activities throughout the year. Over the past five years, our employees around the globe volunteered more than **600,000 hours of service**.

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

In **Wilmington, California**, Valero volunteers completed two giant murals as part of a beautification project at a neighboring school, Hawaiian Avenue Elementary. One of the murals spanned four classrooms and the other covered two stories.

Sharefest is a nonprofit organization in California with a mission to empower underserved youth to transform their future and become leaders of collaborative community change.

“Valero is an amazing partner who always does a phenomenal job beautifying our local schools. We know this project infused life into the school and will bring a smile to many kiddos’ faces.”

– **Chad Mayer**, Executive Director, Sharefest



Engineering interns in **Memphis, Tennessee**, work with students as part of the refinery’s partnership with Knowledge Quest.



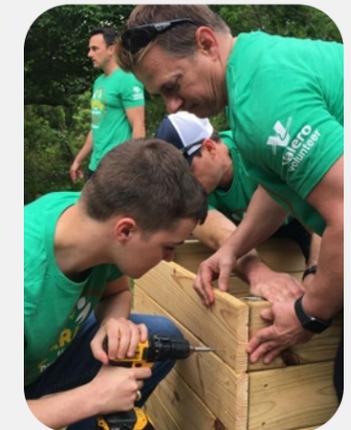
St. Charles, Louisiana – Valero volunteers worked with their neighbors in a community-wide clean up event.



Interns in **Three Rivers, Texas**, work on STEM activities with children at the Boys & Girls Club.



Corpus Christi, Texas – Valero volunteers have taken part in the Texas General Land Offices’ Adopt-A-Beach efforts collecting trash on area beaches.



Texas City, Texas – As part of Earth Day activities, Valero volunteers helped build raised garden beds.



San Antonio, Texas – Valero volunteers partnered with the Lemonade Circle organization to provide an on-site volunteer project and learn about careers at Valero.



Callao, Peru – Working together with community leaders, neighbors and the municipality, Valero volunteers helped clean the local beach by collecting 750 tons of garbage.

Stephanie Hall, Senior Vice President and Deputy General Counsel at Valero speaks about her career path to more than 100 minority girls attending this event.



Benicia, California – Valero volunteers helped the Loma Vista Farm with cleanup and maintenance activities.



San Antonio, Texas – Valero volunteers added fun artwork at the Blessed Sacrament Children's Academy in the west side of the city.



Pembroke, U.K. – Twice a year, Valero volunteers help preserve the beauty of the Freshwater West Beach in Pembrokeshire by participating in beach cleanup events, picking up litter along the coastal site.



Wilmington, California – Valero hosted its Surf for Charity event, which raised nearly \$30,000 for veterans.



Corpus Christi, Texas – Every year, the Coastal Bend Bays Foundation hosts an Earth Day-Bay Day celebration in Corpus Christi, TX. This family-friendly event with educational exhibits encourages community participation in local conservation and habitat protection activities. In 2021, Valero gave away 2,600 native plants to attendees of Earth Day-Bay Day.



Montreal, Canada – Valero volunteers at the Montreal East Terminal built planter boxes to grow fruits and vegetables at the Montreal East Community Gardens. With Valero's support, the community gardens tripled in size from 4,305 to 12,916 square feet, helping to provide more fresh produce to Life of Hope Action.



Joe Gorder, our CEO, is joined by the 2022 VTO champion, J.J. Spaun, and children at the First Tee of San Antonio during the Valero Texas Open.

More Than \$200 Million in proceeds for U.S. charities.

The Valero Texas Open celebrated its 100th year in 2022, the oldest tournament on the PGA TOUR to be played in the same city since inception. For the past 20 years, Valero has been the title sponsor, helping to elevate the tournament's stature by becoming a leader in charitable fundraising events on the PGA TOUR. In 2022, in collaboration with our business and community partners, the Valero Texas Open, the Valero Benefit for Children and Champions for Charity events generated a record **\$22 million** in proceeds for hundreds of charities. This brings the total amount raised by Valero to \$205 million since becoming the title sponsor since 2002.



Net Proceeds Raised:

2021
\$16+
million

2022
\$22+
million

Valero Benefit for Children Distribution by the Numbers



42%

Basic Needs

Basic human needs are essential to having a community that is able to thrive. We provide support for services such as food banks, shelters, emergency response, after-school meals and others.



36%

Education

Valero is a strong supporter and advocate of education, and prioritizes learning and college preparation as an investment in our future. We support school-based programs that ensure students have the necessary tools and technology to succeed at all ages, including STEM education programs, mentoring, wraparound social services and after-school programs.



22%

Healthcare

We prioritized healthcare and mental health needs in our neighboring communities. Major gifts went to children's hospitals, medical centers and service providers that offer specialized health care services and programs.

Basic Needs



Houston, Texas – \$90,000 to Kids' Meals to provide children with weekend and after-school meals.

Three Rivers, Texas – More than **\$200,000** has been provided to the Live Oak County Boys & Girls Clubs in the last five years.

“To have a partner like Valero makes a difference in these children's lives as we are trying to meet their needs and provide a better path for a better future for them.”

– John Corkill, Executive Director, Boys and Girls Club of Live Oak County



Corpus Christi, Texas – **\$175,000** was provided to the Ronald McDonald House Charities of South Texas for families who stay at the House near the hospital as their children receive treatment.



San Antonio, Texas – **\$50,000** for Haven for Hope to help the homeless population.

Education

Port Arthur, Texas – **\$100,000** to the Beaumont Children's Museum to support hands-on learning about nature, science, art, construction and other S.T.E.A.M. concepts.

Benicia, California – **\$50,000** to Junior Achievement to provide students with educational lessons on financial capability, career readiness and business ownership.

Mount Vernon, Indiana – **\$20,000** awarded to Youth First, Inc., which partners with 107 schools across 13 Indiana counties to provide skilled social workers who can serve as mentors and prevention coaches for parents and teachers.

Wilmington, California – **\$100,000**

to EXP, the Opportunity Engine, which helps prepare students for future careers. The program pairs high school juniors and seniors with companies for summer internships. During the 2021-2022 school year, more than 6,300 high school students at 11 Southern California high schools participated in EXP programs.



Memphis, Tennessee – **\$80,000** to the Soulsville Foundation, Inc. for “Soulsville's Black History Month” featuring the Stax Music Academy (SMA). The SMA is an after-school and summer music institute for at-risk youth to enhance academic, cognitive, performance and leadership skills through music education, with a strong focus on the rich legacy of Stax Records.

Healthcare

Port Arthur, Texas – **\$180,000** to the Christus Health Foundation of Southeast Texas to support its Maternal and Child Unit at CHRISTUS Hospital – St. Elizabeth. This will allow for special equipment to be used in labor and delivery rooms.

Ardmore, Oklahoma – **\$40,000** to the Lighthouse Behavioral Wellness Centers, an organization focused on treating mental illness. Funds provided in 2021 supported program counselors with the necessary technology to help children.

Dumas, Texas – CareNet Pregnancy Resource Center received **\$50,000** for pre-natal care. The funds will also help provide free counseling services to support mental health for their clients.

San Antonio, Texas – **\$25,000** to the Brighton Center to provide developmental services and education for children with disabilities.



Our Employees are Champions of United Way

Since 1980, Valero has contributed more than \$236 million to 59 United Way affiliates in 26 states across America where Valero employees live and work.



Valero employees stepped up in 2021 with record contributions to our companywide campaign. These donations ensure that thousands of agencies supported by United Way have the funding needed to continue

serving communities across the United States. **More than 25% of Valero employees generously pledged 2% or more of their annual salary to United Way agencies.**

Our commitment to being a United Way partner also goes beyond direct employee pledging – we also lead volunteer projects in collaboration with United Way partners agencies and host special events and activities which generate additional fundraising dollars.



“In a year of challenges, employee contributions provided hope to the children, families, seniors and individuals who rely on the United Way at critical times of need.”

– **John Locke**, Valero’s Vice President and Treasurer and Chair of the 2021 Valero United Way Campaign.

\$17 MILLION

TOTAL VALERO UNITED WAY PLEDGE CAMPAIGN FOR 2021



Reel United! Valero Fishing Tournament in Port Arthur – Since 2018, employees at Valero’s Port Arthur Refinery have hosted the Reel United fishing tournament as a way to raise additional funds for the United Way of Mid & South Jefferson County. In its inaugural year, 95 boats participated, and in 2021, 260 boats. Over the last four years, the Reel United fishing tournament has raised more than \$220,000.



The positive impact of the tournament is due in great part to Valero’s passionate volunteer council, whose members commit hundreds of hours to plan and set up the tournament. Many supportive business partners, including Stronghold Companies, also drive the event’s success.

“We are honored to support the United Way of Mid & South Jefferson County. We are thankful Valero included us in this mission.”

– **Chad Edgar**, Vice President of Sales & Marketing Eastern Region, Stronghold Companies



BBQ Showdown in Ardmore, Oklahoma – This annual fundraising event brings members of the Ardmore community together to generate one of the largest donations of the year to benefit the United Way of South-Central Oklahoma.

In 2021, there were 39 participating teams and over 60 sponsors of the event, raising a total of \$220,431. The two-day event has become a southern Oklahoma tradition, bringing thousands to the area to enjoy some amazing BBQ while contributing to a great cause.

“This is a signature event for us and wouldn’t be possible without the support of our generous business and community partners. The city of Ardmore, the United Way and our Valero volunteers spend numerous hours preparing for this fundraiser and have helped us grow it into the community event it is today. We look forward to next year!”

– **Vic Rhodes**, Vice President and General Manager, Valero Ardmore Refinery



Emergency Response Efforts

Hurricane Recovery: Respond. Restore. Recover.

Roaring onshore the Louisiana coastline in late August 2021, Hurricane Ida, impacted community members and employees from the **Valero St. Charles and Meraux Refineries**.

Valero contributed \$500,000 to agencies on the frontlines directly serving communities affected by Hurricane Ida. Valero's contributions were divided among three agencies that serve the New Orleans and South Louisiana areas:

- \$250,000 to the American Red Cross in support of relief needs, including shelter, cleaning supplies and other basic necessities to those displaced from their homes;
- \$200,000 for the Convoy of Hope to help provide hygiene kits; and
- \$50,000 to Second Harvest to help provide thousands of people with meals following the storm.



Working together in the Parishes where our St. Charles and Meraux refineries are located, Valero helped feed employees, contractors, emergency responders, school personnel and residents with more than 5,400 meals and hundreds of cases of bottled water. Fuel cards were also distributed to first responders and Parish officials.

Tornado Response

A few months later, Valero and our employees helped communities struck by tornados in Louisiana and Oklahoma.

Valero's Ardmore Refinery team members supported debris clean up and allowed responders to stage recovery efforts from their personal homes and businesses. Valero also provided funds to the American Red Cross to further support cleanup efforts across Marshall, Love and Johnson counties. Valero also provided fuel cards for residents impacted by the tornado.

In **Louisiana**, Valero provided funds to the Greater New Orleans Foundation to support tornado relief efforts in local parishes.

"Thanks to you and the employees of Valero for the donation of water and food. We appreciate Valero thinking of our community in its time of need."

- Howard Luna, St. Bernard Parish Council Member, District C

"A big thank you goes to Valero for their assistance in helping get supplies – ice, water, and food – to our residents. They didn't hesitate to donate... Valero is a great community partner to our Parish."

- Wanda Alcon, St. Bernard Parish Council Member, District D

Making a Difference Around the World

In the communities where we operate, we are a major employer and strong economic contributor.

Our direct and indirect financial support contributes to local businesses, education, municipality infrastructure and other economic development needs for the overall health and vitalities of communities we serve. Our employees and contractors make above-average wages and purchase from local vendors.

~9,800

DIRECT JOBS, BOLSTERING LOCAL ECONOMIES WITH PAYROLLS

~10,000

CONTRACTORS

\$198,219

MEDIAN OF THE TOTAL ANNUAL COMPENSATION OF ALL EMPLOYEES FOR 2021, EXCLUDING OUR CEO*

\$1.8 BILLION

SPENT IN 2021 ON MAINTENANCE AND GROWTH PROJECTS, BOOSTING CONSTRUCTION AND SERVICE JOBS

*See 2022 Proxy Statement, page 86. See page 111 for notes regarding this page.



Smithsonian



Valero®

CORPORATE LEADER

Supporting the mission and vision of the Smithsonian's National Museum of African American History & Culture.

PEOPLE



Valero employees at our Three Rivers refinery.

88%
of Valero employees
“recommend Valero as a
great place to work”

Our people are our competitive advantage and our greatest asset.

We are committed to building the best teams and providing a safe, healthy, inclusive and rewarding work environment with opportunities for professional growth and long-term financial stability.

We understand that sustainability is also about people. Our long-standing culture supports our commitment to diversity and a true sense of belonging for every member of Team Valero. We make investments in our people that reward commitment, innovation and excellence. Our approach advances not only the future of energy, but also the future of our workforce for years to come.



“2021 was formidable, but no match for Valero’s people. Guided by our cultural values, our people focused on what

they do best: delivering reliable, affordable transportation fuels to meet the world’s demand as it recovered, while taking great care of the communities in which we live and work. In addition, Valero made significant progress in advancing important goals that will ensure the sustainability of our industry-leading workforce.”

– **Julia Rendon Reinhart**,
Senior Vice President and
Chief Human Resources Officer

Our People

For more than 40 years, Valero has enlisted the world's best and brightest engineers, operators, maintenance crafts and business professionals to advance the future of energy and drive exceptional results in the transportation fuels industry.

Across the globe, Valero's people are experiencing rewarding careers in diverse and inclusive work environments. We hire to retire and make every effort to support our employees in their career journey.

Global Employees

9,809

Where We Are

UNITED STATES
83%

UNITED KINGDOM/IRELAND
8%

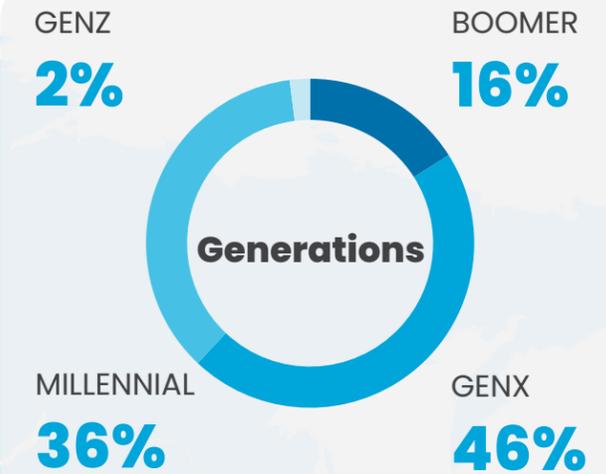
CANADA | MEXICO/PERU
7% | 2%

Our Workforce

Race/Ethnicity (U.S.)

WHITE | MINORITY
63% | 37%

HISPANIC | BLACK/AFRICAN AMERICAN | OTHER
23% | 7% | 7%



Gender

WOMEN | WOMEN PROFESSIONAL
19% | 30%

12%
VETERANS (U.S.)

People Leaders

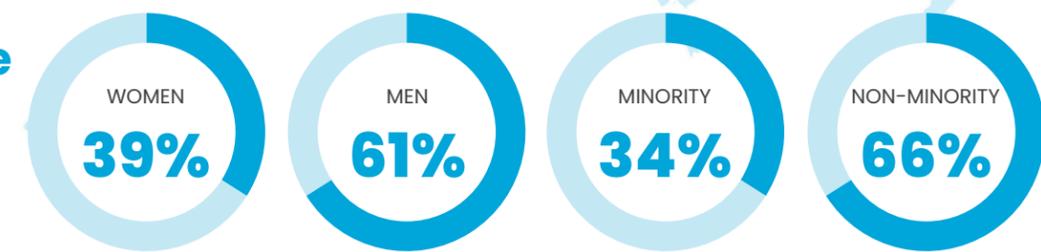
WOMEN | MINORITY (U.S.)
20% | 24%

17%
WITH DISABILITIES (U.S.)



Who We Are Attracting

Valero Interns (200) (U.S.)



What We Do

	EMPLOYEES	% WORKFORCE
OPERATIONS	4,442	45%
MAINTENANCE	1,572	16%
ENGINEERING	750	8%
ACCOUNTING & FINANCE	668	7%
INFORMATION SYSTEMS	451	5%
COMMERCIAL/MARKETING	719	7%
OTHER	1,207	12%

FIELD OPERATIONS

78%

CORPORATE

22%

REPRESENTED BY LABOR UNIONS

18%

*Data reflects Valero's global employee population as of December 31, 2021 unless otherwise noted.

Driving Success Through Culture

Our people deserve an exceptional work environment. From how we work to how we treat each other and those in our community, Valero's long-standing and engrained cultural values act as the compass and source of inspiration for everything we do.



1 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.



2 Accountability

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



3 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.



4 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.



5 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.



6 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.



COVID-19

The COVID-19 pandemic presented tremendous challenges to all aspects of our business in 2021. As with any other challenge, our culture values guided our response. With nearly 80% of our employees at our plants, with no option to work from home, our employees at our U.S. headquarters remained in the office in support of our operations teammates. Our **safety** culture allowed us to be together as a **team** to work collaboratively and demonstrate our leadership in the industry in delivering safe, affordable and reliable fuels as demand recovered.



"It is our emphasis on safety, teamwork, excellence and accountability that makes us a leader in the industry. But it is our commitment to doing the right thing and caring for our employees, our partners and communities that inspire us to excel."

- Lane Riggs, President and Chief Operating Officer



"Some of my first childhood memories were attending Valero's annual family picnics and creating artwork through the Valero volunteers for the community. I don't know where my sister and I would have been educationally without my dad's job at Valero and his opportunity to grow within the company. It's important that we focus on community initiatives and cultivate our local workforce because our efforts create job and economic opportunities for our neighbors. In my job with Valero, I get to create those opportunities and pay it forward."

- Sara Montelongo, Manager Refinery Public Affairs, Valero Houston and Texas City Refineries.



Father and daughter, Billy and Sara Montelongo, both work at Valero's Houston Refinery, and come from the Manchester neighborhood, our fence-line community.



"A wise man once said, 'Individual commitment to a group effort - that is what makes a team work, a company work, a society work, a civilization work'... this is what makes Valero work! When you hear 'COMMITMENT TO EXCELLENCE' and 'SAFETY IS OUR PRIORITY,' it's all about team effort. Teamwork and accountability to each other are what make those things actionable. Valero's strong cultural values and everyone's alignment with those values are what makes us special."

- Jimmy Fulbright, Lead Process Technician, Valero Corpus Christi Refinery.



800+
New employees
in 2021

Attracting the Best Talent

Valero strives to hire the best and brightest, while improving the diversity of our workforce.

We understand this is foundational to sustaining an industry-leading workforce. Diversity delivers innovation, and innovation delivers results. The people we hire today will be our leaders of tomorrow.

In 2021, we continued to enhance our recruitment process to ensure we reached the widest pool of candidates and ensure their hiring experience reflects our cultural values and our commitment to diversity, equity and inclusion.

We have systematized the use of diverse interview panels; require diverse candidate slates

for jobs with more than 30 applicants; employ blind resume reviews for certain jobs; modernized our job postings to be inclusive of all potential candidates; and updated the social and digital platforms on which our jobs are marketed.

We educate our hiring teams on our culture and priorities as they relate to the requisite caliber of candidates and our commitment to improving diversity. We actively engage with local veterans' organizations and technical and community colleges for our hiring needs.



Valero partners with the City of San Antonio in SA Ready to Work, which prepares local residents with an income level less than 250% of the federal poverty guideline to learn new skills and prepare them for living wage employment.

DEI at Valero

Diversity, Equity and Inclusion is not a standalone activity or program at Valero. It is embedded in our cultural values. It is integrated into every process and mechanism that impacts our recruitment activities and our employees. In these pages, you will see aspects of our commitment to build more diverse teams and ensure an authentic sense of belonging to support inclusion in our workforce and in everything we do.



From the West Coast to Graceland, 254 new Operators joined Team Valero

\$90,000+
AVERAGE STARTING PAY W/ BONUS

Our field operators are the backbone of our company. They operate our plants 24/7 in the heat of Texas summers and the cold of Canadian winters. They are entrusted with the complex units and machinery that produce our products, and adhere to strict safety standards that protect their teams and their communities. For these roles, we need the best our communities have to offer. In 2021, Valero offered 254 openings across

our refineries. More than 15,000 applications were received, requiring mechanical aptitude, a willingness to learn and adherence to a strict safety culture. Our selection process is designed to produce a slate of qualified and diverse candidates who, once hired, are provided a Basic Operator Training Program that prepares new operators for their first post and their future careers.

Local College Partnerships Produce Excellent Employees

Valero partners with local colleges that stimulate and support a community-based workforce. Through program leadership and curriculum guidance, we play a role in the education pipeline at a grassroots level, expanding important local talent pools for our operations and our industry.



Juan Ceja (right), Supervisor Operations - DP and **Marcus Campbell** (above), Superintendent Emergency Services, received their associate degrees from Lamar Institute of Technology and joined Valero Port Arthur upon graduation.

Our Partnerships

Ardmore, Oklahoma

- Southern Tech

Corpus Christi, Texas

- Del Mar Community College

Memphis, Tennessee

- William R. Moore College of Technology

New Orleans, Louisiana (area)

- River Parish Technical College
- St. Charles Parish High School Satellite Center
- Nunez Community College

Pembroke, Wales

- Pembrokeshire College

Port Arthur, Texas

- Lamar Institute of Technology
- Lamar State College - Port Arthur
- Lamar State College - Orange
- Port Arthur ISD



Fueling Exceptional Futures

For 24 years, the Valero Intern Program has grown into our primary recruiting vehicle for our professional workforce. Internships target high-performing college students in engineering, accounting, commercial, marketing, information systems, cybersecurity, communications and human resources.



We continue to find ways to improve the diversity of our intern program. These efforts include expanding the schools from which we recruit; developing partnerships with on-campus affinity groups and societies to improve outreach to under-represented students; and developing relationships with high-potential minority candidates early in their educational journey.

New Records Set for representation of women (39%) and minorities (34%) in our Intern Class.

92%

INTERN ACCEPTANCE FOR FULL-TIME EMPLOYMENT.

40

COLLEGES AND UNIVERSITIES REPRESENTED IN INTERN CLASS.

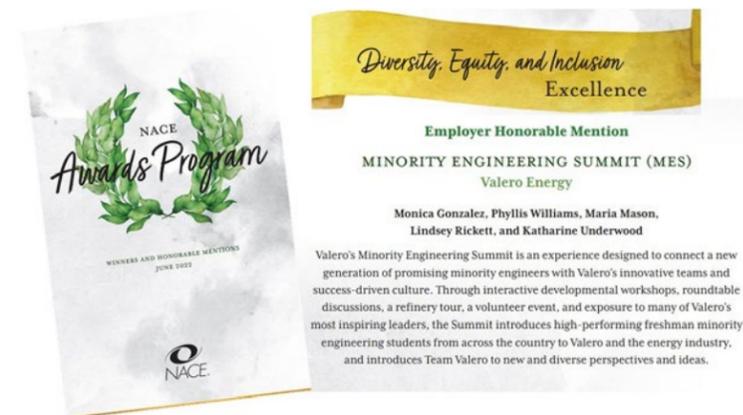


Minority Engineering Summit

The Valero Minority Engineering Summit, a four-day immersion experience at Valero headquarters, was created to increase our talent pipeline of minority engineering students. In our inaugural year, 11 freshmen minority engineering students from various engineering schools were selected through a competitive process to participate in the program, and each received a \$1,500 scholarship. The feedback was outstanding, and seven of the 11 students accepted offers to join our 2022 intern class.



Valero has invested more than \$7.4 MILLION in support of women and minority student groups, and engineering schools. 2017 – 2021



The National Association of Colleges and Employers recognized Valero's 2021 MES program as a DEI program of excellence.



Our Total Wellness benefits and programs support our employees' Physical, Emotional and Financial Well-Being

Total Wellness & Rewards

Valero's Total Wellness & Rewards are a direct investment in our employees' health, well-being and long-term financial security

Designed and administered with our cultural values and business strategies in mind, our direct base and incentive compensation; comprehensive suite of benefits and retirement programs support our acquisition and retention of the best, brightest and most diverse talent in our industry. More importantly, from hire to retire, they support the overall well-being — health, wealth, and emotional — of our employees and their families. We believe that this investment in our greatest asset delivers the ultimate return — a happy, healthy and productive workforce, committed to the success of our company.



Our approach:

- Compensate employees fairly and equitably, verified by third party.
- Pay for performance.
- Provide competitive benefit offerings for every stage of life throughout a career and into retirement.
- Foster an inclusive wellness culture for every employee.

2021 Total People Investment

\$2.2 BILLION

Global Compensation

\$1.2 BILLION

DIRECT COMPENSATION

\$285 MILLION

BONUS PAYMENTS

\$85 MILLION

INCENTIVE STOCK AWARDS

100%

OF VALERO EMPLOYEES EARN MORE THAN A LIVING WAGE

MEDIAN-PAID EMPLOYEE:

\$198,219*

(TOTAL REWARDS)

Equal Pay Commitment

Valero is committed to equal pay regardless of protected status.

PAY EQUITY RATIO (U.S.)

99%

GENDER

100%

MINORITY



Physical Well-Being

- Comprehensive healthcare plans.
- Onsite Employee Wellness Centers.
- Dependent Care Clinic (corporate only).
- On-site Fitness Centers or stipend.
- Annual Wellness Assessment.
- Medical Specialist Consultations.

97%

EMPLOYEES ENROLLED IN MEDICAL PLANS

\$192 MILLION

INVESTMENT IN THE PHYSICAL WELL-BEING OF OUR EMPLOYEES



Emotional Well-Being

- Employee Assistance Program.
- Confidential Crisis Hotline.
- Caregiver support networks.
- Parental leave and adoption assistance.
- Generous vacation and leave programs.
- Behavioral health benefits.

\$112 MILLION

VACATION AND PAID LEAVE



Financial Well-Being

- Generous 401(k) match.
- Pension plans.
- Access to retiree medical plan.
- Short-term and long-term disability.
- Health Savings Account contribution.
- Customized financial education & planning.
- Financial hardship funds.
- Tuition reimbursement.
- Valero Scholarship Program for dependents.

95%

EMPLOYEES ENROLLED IN 401(k) PLAN

\$260 MILLION

IN SUPPORT OF A FINANCIALLY HEALTHY RETIREMENT

90%*

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

91%*

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

Total Wellness in Action



Scholarships to Achieve Educational Success

"This accomplishment was made possible with the support of family and friends, and the Valero Scholarship Program. As I prepare for the next chapter, I am applying to medical schools for admission in the fall of 2023. Meanwhile, I am working as a research associate to further cancer treatment research."

Antony Alvarado, 2021 recipient of a Valero Scholarship, dependent of Jose Perez-Camas, Chief Mechanic, Wilmington Refinery, graduated from the University of Rochester College of Arts and Sciences, with a B.S. in Biochemistry.



Ethan Jones, Senior Counsel & Assistant Secretary



Advancing Careers Through Tuition Reimbursement

"Through Valero's Tuition Reimbursement Program, I received my four-year business degree. This laid the groundwork for me to pursue a law degree at St. Mary's University, in its part-time law degree program. I am extremely grateful and humbled by the investment Valero has made in me and its commitment to encourage, develop and support its employees."



Reuben Escobedo, Manager Financial Benefits



Wellness Resources Help Change Lives

"The results of my annual wellness exam showed that I was pre-diabetic, with high cholesterol, and hypertension – on the way to hypertensive crisis level. I weighed 270 pounds and my body was letting me know I needed to make a change. With the help of our wellness clinics and Real Appeal, a weight loss tool offered free to Valero employees, I have lost 40 pounds. I drastically reduced my blood pressure by controlling my pre-diabetes, and I am starting to feel healthy again. I am so thankful for the great doctors taking care of me and for the tools and resources Valero provides to stay healthy."



Supporting a Comfortable Retirement

"Valero's Planning for Retirement session really helped me understand how to take advantage of the great health and financial benefits Valero offers its retirees. In addition, having the opportunity to meet on campus with a Merrill financial advisor and put together a customized retirement plan for my family was invaluable. Valero's generous 401(k) and Pension Plan, accompanied with the flexibility of distribution options, has helped set my family up for success during our retirement years."



Tom Karger, 18-year Valero employee and recent retiree, and his wife Carolyn, enjoying retirement



Removing the Stigma around Mental Health

"I was experiencing a difficult relationship situation in my life and I knew that I needed help. I discovered that our Employee Assistance Program, LifeConnections, offered free counseling sessions. Through this program, I began to understand the importance and impact of taking care of my mental health. Through this process, I've learned that I am stronger because I'm getting help and that there are others like me with these types of concerns. I hope other employees will take advantage of the mental health resources Valero offers."

David Purcell, Lead Office & Print Services Specialist



Jennifer Mullin, Lead Accounting Coordinator, and her two boys outside the Valero Family Center on the Valero Headquarters campus



Daycare to Support Work/Life Balance

"We've been at the Valero Family Center for four years, and it has been one of the best experiences for our family. The convenience of having an on-site subsidized day care makes a real difference in my life as a professional and as a mother. It's one of the many reasons Valero is a great place to work."



Moving Forward Together

To sustain a diverse workforce and harness the power of our diversity, every Team Valero member must feel a deep sense of belonging to the team and each other. It is an imperative. Our inclusive culture supports a sense of belonging and builds more dynamic teams.



Celebrations

In celebration of the Diwali festival of lights, Valero employees enjoyed a live Rangoli sand art demonstration. Employees were invited to attend in traditional attire and bring Rangoli activities home to their families.



Observances

In observance of Black History Month, Valero employees gathered for a conversation with the curators of the art exhibit and documentary, "Living in My Skin – Black Men in San Antonio Share Their Stories." The project aimed to create a deeper understanding of race relations in our community, and foster a deeper cultural understanding of each other's lives and feelings.

Diversity Ambassadors

Valero's Diversity Ambassadors serve as advocates for Diversity Equity & Inclusion (DEI) principles in the workplace and in the communities where we work and live. Ambassadors seek opportunities to build awareness of DEI and promote inclusivity in the workplace and engagement in our community.



"As a Diversity Ambassador, I help cultivate and ensure an environment of inclusion and belonging. Whether that's welcoming new employees or connecting people to events/organizations at work or in the community, the Diversity Ambassadors help build a stronger, more inclusive workforce here at Valero."

employees or connecting people to events/organizations at work or in the community, the Diversity Ambassadors help build a stronger, more inclusive workforce here at Valero."

- Mark Williams, Sr. Manager Wholesale Marketing.

Education & Networking

We create opportunities to learn about our differences to foster a deeper sense of belonging.



Diversity Forums

Team events, many in support of cultural and community events, help build understanding within our workforce. Our 2021 MLK Speech & Diversity Forum was held live and recorded for all Valero sites to listen and learn from their peers.



Education

Bi-monthly virtual book discussions bring topics on Diversity & Inclusion, Leadership and Professional Development conveniently to our people. The experiences build camaraderie while encouraging teams to share common interests and diverse perspectives.



Networking

Through the convenience of a virtual platform, Valero employees have access to interactive networking discussions that engage, educate and allow for individual ideas and perspectives to be heard. During Women's History Month, Valero women were invited to a four-part series to share experiences in health/wellness, confidence, work/life balance and professional development.

Women in Operations – We Belong

1



Candace Webb

**Houston Refinery
Backup Console Operator
(8 years)**

"I am most excited knowing the products we make at Valero contribute to making a positive impact on people's lives and the world. Valero has a family-oriented culture that gives me and my family a sense of belonging."

2



Jodi Orgeron

**St. Charles Renewable Diesel
Plant Board Operator (2 years)**

"Valero allows employees to feel engaged and invested in their work, which motivates and inspires me to work hard. If I can do it, anyone can. The best advice I can give is if you want something, you have to go out and get it. Don't be afraid to learn something new."

3



Cachet Williams

**Benicia Refinery
Operations Supervisor and
Trainer (7 years)**

"There is a place for [women] in operations. Valero respects diversity and acknowledges their employees as a competitive advantage. The generous benefits and professional development opportunities offered give me a sense of belonging and make me feel appreciated."

4



Merlys Navas

**Texas City Refinery
Operations Supervisor (12 years)**

"Careers in energy are challenging but also very rewarding and full of opportunities to grow personally and professionally. I am part of a team that works hard and advances this industry, together. We're on the front lines of fueling the modern world – and that's incredibly rewarding."

5



Sadari Williams

**St. Charles Refinery
Lab Technician (9 years)**

"Every person's job here is extremely important to keep the refinery running efficiently and to be successful. The fact that we are encouraged to always better ourselves and progress in knowledge and expertise shows Valero cares about every one of us."

6



Penny John

**Pembroke Refinery (U.K.)
Blending and Shipping Shift
Team Leader (11 years)**

"I can honestly say I have never had two shifts the same. Whether talking to vessels with different nationalities or dealing with weather or issues faced during the pandemic, these all make the job interesting and keep me on my toes. Overcoming the challenges presented each day gives an immense job satisfaction."

Jill Burns, Director Technology, and **Pam Jackson**, Manager Regional Optimization Planning, provide leadership for the Women's Engineering Network



Women's Engineering Network

The Women's Engineering Network helps connect women in engineering roles throughout the organization, from leadership to early career to summer interns. More than 130 women are engaged in this grassroots engineering community to focus on creating an environment of belonging for women in engineering at Valero, addressing how to navigate and find your voice as a woman in our industry, creating a network for mentorship and career advice, and gaining a deeper understanding of cultural differences as women in engineering.



JUNE 23 | INTERNATIONAL WOMEN IN ENGINEERING DAY | Valero

VALERO IS A PROUD SPONSOR



Valero values the impact and contributions made by women throughout our company. We continue to improve our gender demographics. Since 2018:

EXECUTIVE LEADERSHIP
11% TO 15%

36%

PEOPLE LEADERS
18% TO 20%

11%

ENGINEERING
17% TO 20%

18%

Developing Our Leaders

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

At the core of every successful Valero leader is a strong understanding of our business, our culture, and the people who drive our success. We develop our leaders to motivate, engage and create inclusive teams to expand our talent pipeline and reduce turnover.

68

HOURS OF TRAINING PER EMPLOYEE IN 2021

92%

RETENTION OF GLOBAL PEOPLE LEADERS

Our approach:

- Inclusive opportunities to develop technical expertise, and leadership, communication and team-building skills
- Ongoing coaching and feedback
- Access to extensive resources for personal and professional growth
- Concepts of diversity and inclusion woven into all development programs

LeaderTalks

LeaderTalks is a virtual program that offers a unique opportunity to hear directly from executive leaders on their first-hand experiences and perspectives on essential leadership skills and learnings from their careers. Executive leadership demonstrates a strong commitment to each employee reaching their full potential through their active participation and endorsement of all learning programs.

100%

OF EXECUTIVE LEADERSHIP ROLES ARE PROMOTIONS FROM WITHIN OUR TALENT PIPELINE



"People are at the core of our success at Valero. Investing in the development of our leaders is key to maintaining our competitive advantage. Valero's Leadership Development Program provides leaders with the foundation they need to reach their full potential."

- **Christine James**, Director Refinery Operations, Valero Houston Refinery



"Valero is an organization that is committed to long-term leadership development. Our company's resources and training classes help to develop and refine skills that are essential for effective leadership. I have also been given numerous opportunities to lead exceptional teams as we navigated real-world challenges, which tested my capabilities and further shaped my leadership style. Most importantly, I have had the privilege of working for outstanding leaders, who have provided mentorship, career guidance, and through their day-to-day actions, demonstrated exceptional leadership traits."

- **Brian Donovan**, Vice President U.K. Commercial Operations

Advancing Careers Through Customized Training

SUPERVISOR TOOLKIT

THE PLAYBOOK FOR NEW SUPERVISORS

Program highlighting foundational topics to accelerate understanding of new supervisory role.

FRONTLINE LEADERSHIP

Required program building essential skills for managing and leading others. Includes yearlong cohort learning experience with an executive leader coach.

LEADER talks

SKILLS WORTH MODELING

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

REFINERY SUPERVISOR DEVELOPMENT

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

EXTRAORDINARY LEADER

Assessment based program for experienced leaders to enhance their overall effectiveness and understanding of leadership expectations.

Training Impacts

84%

LEARNED A NEW SKILL

91%

UTILIZED LEADERSHIP DEVELOPMENT TOOLS AND RESOURCES

81%

NOTED PERFORMANCE IMPROVEMENT

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.

Our unique culture drives our company's success and is the consistent thread that ties us all together. Along with our objective of advancing the future of transportation fuels, it is also important to reflect on the commitment we have to maintaining the highest standards of ethical behavior. Our strong corporate governance policies and practices provide accountability and responsiveness to our stockholders, employees, neighbors and other stakeholders.

Our efforts have rewarded us with inclusion in several ESG indices.



FTSE Russell USA ESG Low Carbon Select Index

S&P Dow Jones Indices

S&P 500 ESG Index

A Division of S&P Global



FlexShares STOXX US ESG Select Index



MSCI USA ESG Select Index



JUST Capital U.S. Large Cap Diversified Index



Morningstar Developed Markets Paris Aligned Benchmark Index



SSGA Gender Diversity Index



Northern Trust ESG & Climate US Large Cap Core Index

Board of Directors



Joe Gorder
Chairman of the Board and CEO, Valero Energy Corporation



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



H. Paulett Eberhart
Chair and CEO, HMS Ventures



Kimberly S. Greene
Chair, CEO and President, Southern Company Gas



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



Eric D. Mullins
Chairman and CEO, Lime Rock Resources



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



Philip J. Pfeiffer
Of Counsel, Norton Rose Fulbright LLP, San Antonio



Robert A. Profusek
Partner and Practice Leader, Global Mergers and Acquisitions, Jones Day



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



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

Our board of directors provides responsible oversight, with four committees composed entirely of independent directors:

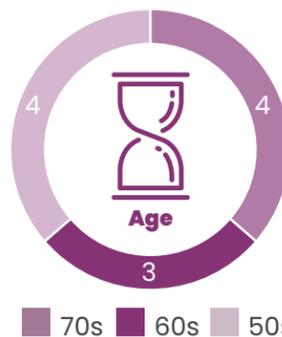
1 The **Audit Committee** assists the board in oversight of i) the integrity of Valero's financial statements and public financial information; ii) Valero's internal control over financial reporting; iii) Valero's internal audit function; iv) compliance with legal and regulatory requirements with the potential to impact Valero's financial statements or accounting policies; v) Valero's risk assessment and risk management policies; vi) Valero's initiatives and strategies respecting cybersecurity and IT risks; and vii) the global compliance program.

2 The **Human Resources and Compensation Committee**, renamed in 2022, assists the board in oversight of Valero's compensation and talent management programs, including initiatives and strategies in the areas of DEI, human capital and leadership development, as well as succession planning for our CEO and other senior executives. The committee regularly assesses our compensation programs to ensure that they align with the long-term interests of stockholders and are effective in retaining a talented workforce.

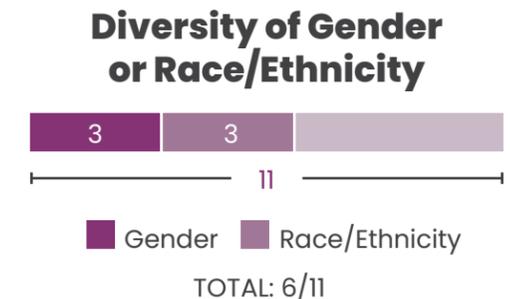
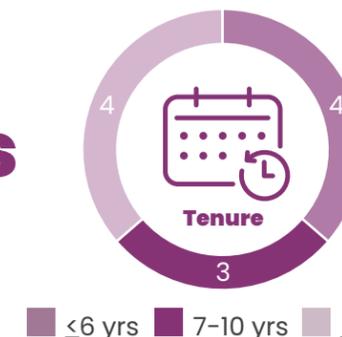
10
Independent Directors

4
Fully Independent Committees

64.6
years*
AVERAGE AGE



4 new
directors
SINCE 2016



*Ages are as of December 31, 2021.

3 The **Nominating and Corporate Governance Committee**, renamed in 2022, assists the board in its oversight responsibilities with respect to corporate governance risks, including those concerning governance policies and practices such as related-party transactions. The committee is responsible for identifying and recommending individuals qualified to become directors, overseeing annual performance self-evaluations, and developing and maintaining Valero's new director orientation and director continuing education programs.

4 The **Sustainability and Public Policy Committee** was created in 2022 to further enhance the board's oversight structure and efforts with respect to i) ESG; ii) sustainability and climate-related risks and opportunities; iii) HSE matters; iv) corporate responsibility and reputation management; v) social, community and public policy initiatives; vi) political and lobbying activities; and vii) compliance with legal and regulatory requirements for the operations of the company.

Valero's energy strategy is a priority and focus for the full board. In fact, our energy transition strategy was the key topic at our annual strategic planning meeting in 2021, which lasted three days and featured presentations from outside third-party experts on climate, liquid fuels, energy transition and policy matters.

Strong Corporate Governance

The Chief Compliance Officer oversees our overall compliance efforts, and has the authority to report and communicate directly with the Audit Committee. Our Code of Business Conduct and Ethics mirrors what our company stands for, reinforcing our commitment to act with integrity toward Each Other, our Shareholders, the Marketplace and our Business Partners. Our corporate governance policies guide us as we conduct business in a fair, compliant, ethical and honest way.

In 2021, our employees received more than 643,000 aggregate hours of training in compliance-related and other matters, including conduct and ethics, helpline reporting, anti-bribery, data privacy, human rights and information security. We provide employees, directors, business partners and others an external "Ethics Helpline" to address questions or report concerns about suspected or known unethical behavior. All reports to the helpline or otherwise are fully investigated, are confidential, can remain anonymous, and can be made without fear of dismissal or retaliation. Governance policies including our Code of Business Conduct and Ethics; Corporate Governance Guidelines; Policy on Political Contributions, Lobbying and Trade Associations; Human Rights Policy; Anti-Bribery and Anti-Corruption Policy; our Conduct Guidelines for Business Partners and other policies are published on our website at www.valero.com > Investors > ESG > Corporate Governance Documents.



"An ethical workplace doesn't 'just happen.' It takes consistent hard work and commitment from all of us. We also expect our business partners and individuals working on our behalf to be guided by these standards."

- **Joe Gorder**, Chairman and CEO

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 an energy transition.**

Operations	Earnings GROWTH	Capital DISCIPLINE	Executive COMPENSATION
Unmatched Execution with a Proven History of Operational Excellence	Growth Through Innovation	Demonstrated Commitment to Stockholders	Alignment of Executive Pay with Company Performance and Long-term Stockholder Value Creation
Safe, reliable, responsible operations have driven higher profitability and lower volatility.	Growth projects focused on operating cost control, market expansion and margin improvement.	Disciplined capital allocation with solid free cash flow and returns to stockholders across margin cycles.	Link superior company performance and executive pay.
The lowest-cost operator among peer group while maintaining first-quartile operating performance.	Leveraging our global liquid fuels platform to expand our long-term competitive advantage with investments in economic low-carbon projects.		Link ESG and climate-related goals and executive pay.
Applying liquid fuels manufacturing expertise to optimize our low-carbon fuels businesses.	Have applied a minimum after-tax internal rate of return (IRR) hurdle rate for projects.	Delivered on our target payout ratio of 40% to 50% of adjusted net cash provided by operating activities.	Alignment of interests of executives and stockholders.
			Balance of compensation over short- and long-term periods.
			Retention of top executive talent.

See page 111 for notes regarding this page and for non-GAAP disclosures.

Linkage of Executive Compensation and ESG and Climate Change Metrics

Annual Bonus Plan

Valero has historically included health, safety and environmental (HSE) performance measures as part of the metrics of its annual bonus program. In 2020, the Human Resources and Compensation Committee approved a modification to our annual bonus program to also include ESG efforts and improvements, which contain multiple objectives.

Operational Component, includes a HSE component weighted at 13.33%.

Strategic Component, weighted at 20%, includes:

- ESG efforts and improvements (sustainability, environmental stewardship, diversity and inclusion, compliance and corporate citizenship/community).
- Operational excellence (execution of capital projects, margin improvement and market expansion, and cost management and expense control).
- Disciplined use of capital (balanced utilization of sustaining and growth capital vs. target).
- Organizational excellence (innovation, public policy and leadership development).
- Returns to stockholders (return cash to stockholders through dividends and stock buybacks).

Long-term Incentive Program

In 2021, our Human Resources and Compensation Committee strengthened the ties between executive compensation and ESG priorities through the addition of an energy transition modifier to our long-term incentive program, tying executive compensation with our publicly disclosed GHG emissions reduction/displacement target for 2025 and the deployment of capital to low-carbon projects and initiatives.

Diversity search policies are in place that require that the initial list of candidates include diverse candidates for both board nominees and external searches for executive officers. For more information, visit our website at www.valero.com > Investors > ESG > Corporate Governance Documents.

Stakeholder Engagement

Our efforts to engage with stakeholders follow a “review, plan, engage and analyze and respond” cycle, with the following characteristics:



Proactive

Ongoing engagement with stakeholders is important to us. Along with responding to inquiries, we utilize a proactive program that seeks robust communication.



Consistent Dialogue

As part of our engagement efforts, we value our stakeholders' views, and their input is important to us. We provide management and the board with insight on issues and initiatives that are priorities for our stakeholders.



Process

By following our engagement process, we have built relationships and created meaningful interactions.



Assessment

We are constantly looking for ways to improve our engagement process to reflect and include stakeholder needs and business strategies.

Political Engagement

We believe that constructive engagement in the political system serves the best interests of our stockholders, employees, neighbors and other stakeholders.

In 2021, Valero enhanced its disclosures on political engagement, including board oversight, political participation and advocacy through trade associations. In addition, the company conducted a review of climate lobbying activities, which found that the relevant trade associations were substantially aligned with, or were in the process of aligning with, Valero's vision of providing affordable and sustainable energy, while reducing GHG emissions. For more information on political engagement, visit our website at www.valero.com > Investors > ESG > Political Engagement.

Our engagement program includes dialogue with stakeholders ranging from stockholders and regulatory agencies to community organizers.



Stockholders

With our stockholders, we aim to maintain an open and consistent dialogue throughout the year to respond to their priorities and receive their feedback on different matters.



Indigenous Tribes

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



Neighbors

In community engagement, our environmental justice policy has led our efforts aiming to treat our 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 a meaningful opportunity to have their concerns heard, with the goal of providing them with greater comfort in our operations.



Government Officials

At local, state and federal levels, we work closely with government officials to share information about our business and understand public policies. Government officials are invited to our refineries and plants to learn about our operations, products and contributions, and their impact on the communities.



Nongovernmental Organizations (NGOs)

Valero is committed to constructive dialogue with NGOs to better understand and address their concerns. For instance, as part the permitting of the coker project in our refinery in Port Arthur, Texas, we engaged with multiple NGOs in the area to provide them with details on this capital project, including the improvement of efficiency and the strengthening of the refinery to ensure economic development to the area for years to come.



Industry and Business Partners

Valero encourages responsible business development and works with industry and business partners to see that environmental, employee, social, health, governance and ethical concerns are addressed.



CORPORATE PARTNERS FOR RACIAL EQUITY

In 2021, Valero became a founding business member of the Corporate Partners for Racial Equity with a mission of improving racial equity in the San Antonio area. The initiative raised more than \$13.5 million to support three focus areas: Equitable Education, Economic Opportunity, and Community Safety and Justice.

Area	Initiatives
Equitable Education	<ul style="list-style-type: none"> Tutoring programs and STEM-related skills. Career and skill development opportunities that lead to living wage jobs. Digital inclusion to provide affordable access to quality technology and connectivity.
Economic Opportunity	<ul style="list-style-type: none"> Supplier diversity programs. Robust services and training to small businesses. Accelerate dual-generation efforts, including subsidizing early childhood education and adult education, such as financial coaching, workforce training, certification programs, digital literacy programs, etc.
Safety and Justice	<ul style="list-style-type: none"> Wraparound services and violence prevention. Internships for justice-involved youth and young adults to advance fair-chance hiring and create pathways for successful community reintegration.

JUST Capital's 2022 rankings of America's largest publicly traded companies has

Valero ranked 4th of 19 Oil & Gas companies,

recognizing our efforts in driving positive change on pressing social issues.



Supply Chain and Business Partners

In 2021, Valero spent approximately \$1.8 billion on sustaining and growth projects.

Our business partners are critical to our success and reliability. We work collaboratively to promote optimal performance and mutual success by embracing the highest standards of responsible operations.

With our Conduct Guidelines for Business Partners, we reflect our expectations of high ethical standards and the unwavering requirement to act with integrity. We expect our business partners to commit to uphold Valero's reputation as a company with high standards of business ethics and conduct, including in the following areas:

- Anti-bribery and anti-corruption.
- Fair employment practices.
- Human rights.
- Antitrust.
- Gifts and entertainment.
- Information security.
- Conflicts of interest.
- Government contracting.
- Intellectual property.
- Corporate recordkeeping.
- Small business engagement.
- Insider trading.
- Data privacy.
- Health, safety and environmental.
- International trade regulations.

We have processes in place to vet our business partners to determine their compliance. Our business partners are critical to our success and reliability, and we work collaboratively with them to promote optimal performance and mutual success with safety and security protocols and programs in connection with the services they provide. At the same time, we require our business partners to comply with all federal, state and local laws, and rules, regulations, codes and ordinances. They are accountable for complying with the expectations of our policies and procedures, including, but not limited to, those related to health, safety and the environment, respect for human rights and employee rights, conflicts of interest, and anti-bribery and anti-corruption. Moreover, we have reflected these requirements and expectations in our Conduct Guidelines for Business Partners, published in 2021.

Cybersecurity

In 2022, the Audit Committee amended its charter to formalize its oversight responsibilities concerning Valero's initiatives and strategies respecting cybersecurity and IT risks. At least once annually, our Senior Vice President and Chief Technology Officer and the head of our Internal Audit team provide a report to the Audit Committee on Valero's information security operations, structure and framework; various cyber and IT security metrics; Valero's cybersecurity management program, improvement efforts and future projects; and Valero's governance and assessments related to cyber and IT security.

Institutional Investor Magazine Names Valero 'Most Honored,' with the CEO and CFO Among Top Named Executives

For the sixth year in a row, Institutional Investor magazine named Valero among its "Most Honored Companies," based on results across several categories of its "2022 All-America Executive Team" rankings. Joe Gorder, Valero Chairman and Chief Executive Officer, ranked Best CEO by the sell-side analysts in the integrated oil sector. Jason Fraser, Valero Executive Vice President and Chief Financial Officer, also ranked among top CFOs in the integrated oil sector. Homer Bhullar, Valero Vice President of Investor Relations and Finance, ranked Best IR professional by sell-side analysts in the integrated oil sector.

Valero ranked among top-two overall (buy-side and sell-side analysts combined) for Best IR Team, IR Program, ESG, and Crisis Management of COVID-19 categories.

The publication determined the rankings from votes of nearly 3,500 money managers, sell-side researchers and buy-side analysts, who were asked to rate the companies they believe demonstrate excellence in certain categories or performance attributes.

Companies that earn two or more top-three appearances in the seven distinct ranking categories are recognized as a "Most Honored Company." Out of over 1,500 companies receiving votes, less than 10% earned the "Most Honored" distinction.



Joe Gorder

Chairman and Chief Executive Officer



Jason Fraser

Executive Vice President and Chief Financial Officer



Homer Bhullar

Vice President Investor Relations and Finance

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	2021 Valero
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	EM-RM-110a.1	23.7 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 in 2021 puts the company on track to reach 63% reduction and displacement of global refinery GHG emissions Scope 1 and 2 by 2025. Valero plans to further reduce/displace 100% of its global refinery Scope 1 and 2 GHG emissions by 2035 through board-approved projects and carbon sequestration projects under development.
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N ₂ O), (2) SO _x , (3) particulate matter (PM ₁₀), (4) H ₂ S, and (5) volatile organic compounds (VOCs)	EM-RM-120a.1	(1) NOx: 8,400 metric tons (2) SO _x : 7,600 metric tons (3) PM ₁₀ : 2,600 metric tons (4) H ₂ S: De minimis (5) VOCs: 7,500 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) 175 million m ³ (2) 1,717% (3) 18.7%
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	EM-RM-140a.2	Annual Report on Form 10-K , Item 3 (page 32)
Hazardous Materials Management	Amount of hazardous waste generated, percentage recycled	EM-RM-150a.1	(1) 50,400 metric tons (2) recycled hazardous waste without incineration: 27%; recycled hazardous waste with incineration of waste fuels: 55%
	(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) Six (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: 0.21 (1) (b) Global refining TRIR Contractor: 0.26 (2) (a) Global refining Fatality Rate Employee: 0.00 (2) (b) Global refining Fatality Rate Contractor: 0.01
	Discussion of management systems used to integrate a culture of safety	EM-RM-320a.2	ESG Report (pages 40–55)
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	2021 TCFD Report and Scenario Analysis Annual Report on Form 10-K , Item 1A (pages 17–31)

Topic	Accounting Metric	Code	2021 Valero
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: 0.16
Activity Metric	Refining throughput of crude oil and other feedstocks	EM-RM-000.A	1,017.3 million barrels of oil equivalent (BOE)
	Refining operating capacity	EM-RM-000.B	3.15 million barrels per calendar day (MBPD)

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

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

Greenhouse Gas Emissions

- EM-RM-110a.1:
- Actual global refinery GHG emissions (Scope 1) related to 15 refineries as reported and complying with applicable regulations in the United States, United Kingdom and Canada, and converted into a CO₂ equivalency following the methodology of the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (2014).
 - Valero's refining reportable segment (see our 2021 Annual Report on Form 10-K, page 5), 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 GHG emissions Scope 1 and 2 related to the refining logistics assets are de minimis and account for less than 0.25% of Valero's refining reportable segment.
 - Percentage of global refinery GHG emissions (Scope 1) covered under an emissions-limiting regulation that is intended to directly reduce emissions, including the California Cap-and-Trade Program, the United Kingdom Emissions Trading Scheme, Quebec Cap-and-Trade System, and the U.S. federal New Source Review (NSR) permitting program for greenhouse gases.
 - Global refinery Scope 1 and 2 GHG emissions represent more than 99.75% of the refining reportable segment's (Standards Application Guidance - 3.0 Reporting Boundaries) Scope 1 and 2 GHG emissions.
- EM-RM-110a.2:
- Base year (2011) includes:
 - Refinery sales, acquisitions and closures were accounted for following SASB guidelines in the calculation of global refinery emissions (Scope 1).
 - Global refinery GHG emissions (Scope 2 market-based) from purchased electricity and steam calculated using EPA-derived steam emissions factors and energy supplier-specific emissions factors.
 - The accuracy and reliability of the data and information, as well as the conformance with World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A corporate accounting and reporting standard, with respect to 2011 gross global refinery GHG emissions Scope 1 and 2 were verified by Lloyd's Register Quality Assurance, Inc. (LRQA), an independent third-party and an affiliate of Lloyd's Register North America, Inc. Besides issuing an independent assurance statement on the accuracy and reliability of our global refinery GHG emissions Scope 1 and 2 in 2011 (base), LRQA issued an assurance statement on our global refinery GHG emissions Scope 1 and 2 in 2019, 2020 and 2021. We intend to continue getting independent assurance statements on our global refinery GHG emissions each year. A copy of LRQA's assurance statement can be found at the end of this Report.
 - Target years 2025 and 2035 and Performance to Date:
 - In setting each of our 2025 and 2035 targets and in assessing our ability to reach these targets, estimated global refinery GHG emissions (Scope 1), and estimated GHG emissions (Scope 2) from purchased electricity and steam in future years are based on a combination of measured and estimated emissions data using available information, including the anticipated emissions reductions derived from operational improvements (Scope 1) and energy suppliers (Scope 2).
 - Estimated displacements of GHG emissions for future years are based on measured and estimated data with respect to the anticipated amount of renewable fuels produced, the level of global renewable fuels blending and the number of renewable fuels credits from renewable fuels, using currently available information and our estimations of anticipated carbon intensity as well as carbon capture and storage projects under evaluation.
 - Global refinery GHG emissions reduction target of 63% by 2025 is the combination of: (1) the absolute reduction of global refinery GHG emissions Scope 1 and 2 by 2025 (against 2011 base year); (2) the GHG emissions displacement by the production of our lower carbon fuels ethanol and renewable diesel in 2025; and (3) the GHG emissions displacement by global blending of and credits from renewable fuels in 2025. When calculating the displacement from blending and to avoid double counting, our renewable fuel production that contributes to our blending obligation is not included. At least annually, all components of this target are verified and/or audited by third parties.

- In addition to the components of the 63% target by 2025, the global refinery GHG emissions reduction target of 100% by 2035 includes carbon capture projects under development.
- The calculation of displacements of GHG emissions by low-carbon fuels that are used in assessing our actual progress to date in meeting the 2025 target are based on a combination of publicly reported low-carbon fuels production amounts, renewable fuels blending levels and the number of renewable fuels credits from renewable fuels, and the carbon intensity from low-carbon fuels we produce and sell or blend as well as from the low-carbon fuels we purchase and blend.
- Carbon intensity estimations for actual progress and future years are based on market-based carbon intensity calculations based on the verifications and audits of applicable jurisdictions where these low-carbon fuels are sold as well as two sources of low-carbon life cycle GHG emissions analysis models, the California Air Resources Board's GREET3.0 2020 used by California's Low Carbon Fuel Standard (LCFS); and the Argonne National Laboratory GREET3.0 2020 (ethanol) and 2019 (biodiesel) models and published papers.
- As the operator of the consolidated entity (Standards Application Guidance - 3.0 Reporting Boundaries), displacements of GHG emissions from the lower carbon intensity of renewable diesel include the entire production of renewable diesel of the consolidated entities.

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

EM-RM-140a.2: In measuring the number of instances of non-compliance in any calendar year that resulted in formal enforcement actions we look to the views of the SEC and define such number to be the amount of environmental proceedings which occurred during that calendar year that are (i) based on non-compliance with water quality permits, standards or regulations and (ii) required to be disclosed pursuant to Regulation S-K 103 (applying the lowest numerical disclosure threshold in effect at the time). Please see Valero's Quarterly Reports on Form 10-Q and 2021 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 American Petroleum Institute RP-754.

Activity Metric

EM-RM-000.A and EM-RM-000.B: total combined average throughput volumes on an annual basis (See Valero's 2021 Annual Report on Form 10-K, page 46).

Global Footnotes for SASB Data

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

EEO-1 Report

The data below corresponds to the 2021 U.S. Equal Employment Opportunity Employee Information (EEO-1) Report (which we intend to file in 2022). The EEO-1 Report is a compliance report mandated by federal statute and regulations. The survey requires company employment data to be categorized by race/ethnicity, gender and job category. Please note that the job categories differ in the way we categorize jobs and track Diversity, Equality and Inclusion progress at Valero.

Job Categories	Hispanic or Latino		Not Hispanic or Latino												Overall Totals
	Male	Female	Male						Female						
			White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaska Native	Two or More Races	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaska Native	Two or More Races	
Executive/Sr Officials & Mgrs	0	1	11	0	0	1	0	0	1	0	0	0	0	0	14
First/Mid Officials & Mgrs	166	83	1,048	48	4	51	6	10	195	16	0	15	0	3	1,645
Professionals	228	272	774	30	0	109	5	22	372	41	1	43	4	17	1,918
Technicians	70	15	126	14	1	20	5	2	40	15	0	8	0	1	317
Sales Workers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Administrative Support	27	100	61	9	0	4	0	0	125	15	3	7	2	3	356
Craft Workers	210	1	726	57	2	23	8	9	5	5	1	0	0	0	1,047
Operatives	636	23	1,661	284	4	54	31	45	73	29		3	2	8	2,853
Laborers & Helpers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	14	5	16	3	0	1	0	3	1	1	0	0	0	0	44
TOTAL	1,351	500	4,423	445	11	263	55	91	812	122	5	76	8	32	8,194
PREVIOUS REPORT TOTAL	1,344	493	4,602	428	13	250	53	85	832	122	3	81	9	30	8,345

Non-GAAP Disclosures and Notes

Year ended December 31

Capital investments attributable to Valero

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

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

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

Reconciliation of Total Capital Investments to Capital Investments Attributable to Valero (in millions)	2021	2020
Capital expenditures (excluding VIEs)	\$ 513	\$ 1,014
Capital expenditures of VIEs:		
DGD	\$ 1,042	\$ 523
Other VIEs	\$ 110	\$ 251
Deferred turnaround and catalyst cost expenditures (excluding VIEs)	\$ 787	\$ 623
Deferred turnaround and catalyst cost expenditures of DGD	\$ 6	\$ 25
Investments in nonconsolidated joint ventures	\$ 9	\$ 54
Total capital investments	\$2,467	\$2,490
Adjustments:		
DGD's capital investments attributable to our joint venture member	\$(524)	\$(274)
Capital expenditures of other VIEs	\$ (110)	\$(251)
Capital investments attributable to Valero	\$ 1,833	\$ 1,965

Adjusted Net Cash Provided by Operating Activities

Defined 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 50/50 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.

Notes from Page 9: Valero published the 2021 TCFD Report and Scenario Analysis following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). A copy of this report is available on our website at www.valero.com > Investors > ESG.

Valero uses third parties to conduct GHG emissions, carbon intensity and fuel compliance verifications. Governments across the world with cap-and-trade and low-carbon fuel policies that purchase our low-carbon fuels require independent third-party assurance of our GHG emissions and the carbon intensity of our products. For instance, California requires the mandatory verification of GHG emissions data reports as well as low-carbon fuels. Verification services are performed by qualified and trained third-party verifiers. We engaged Lloyd's Register Quality Assurance Inc., an affiliate of Lloyd's Register North America Inc., to evaluate and issue an assurance statement on the accuracy and reliability of our global refinery Scope 1 and 2 GHG emissions.

Notes from Page 14: Southwest Research Institute Ted Talk, presented by Graham Conway. Life cycle emissions from EVs are significant from mining raw materials to fabrication to delivery to the showroom. Two times as much CO₂ emissions are generated compared to cars fueled by gasoline. Before it leaves the showroom, 12 tons of CO₂ emissions have already been generated vs. 6 tons of CO₂ emissions from cars fueled by gasoline.

Notes from Page 15: U.S. Heavy-Duty Long-Haul Vehicle (HDV) Life Cycle Emissions study conducted by Southwest Research Institute - "Life Cycle Analysis Report" (2021). Class 8 heavy-duty truck with a 1,000,000 mile (~15 years) lifetime, electric truck with a 500-mile battery range, electricity based on 2019 EIA average mix, one battery replacement, and diesel engine running on 100% waste oil based renewable diesel. Embedded emissions captures the emissions involved in the manufacturing, assembly and production of the vehicle as well as maintenance items over the lifetime of the vehicle such as battery, fluids, ADR (assembly, disposal and recycling), and components.

Notes from Page 36: Data Verification. Valero uses third parties to conduct GHG emissions, carbon intensity and fuel compliance verifications. Governments across the world with cap-and-trade and low-carbon fuel policies require independent third-party assurance of our GHG emissions and the carbon intensity of our products. For instance, California requires the mandatory verification of GHG emissions data reports as well as low-carbon fuels. Verification services are performed by qualified and trained third-party verifiers. We engaged Lloyd's Register Quality Assurance Inc., an affiliate of Lloyd's Register North America Inc., to evaluate and issue an assurance statement on the accuracy and reliability of our global refinery Scope 1 and 2 GHG emissions. We intend to continue attaining assurance statements on our global refinery GHG emissions each year.

Valero's Net Scope 3 Intensity was calculated using Valero's reported GHG emissions in 2021 under the EPA 40 CFR Part 98 netted for avoided emissions and emissions reductions from low-carbon fuels displacement of petroleum-based fuels and carbon capture, divided by total refining throughput, and ethanol and renewable diesel production. Avoided emissions are determined using the total produced and purchased/blended ethanol, renewable diesel and biodiesel volumes converted to energy-equivalent volumes of gasoline and diesel and multiplied by the corresponding emissions factors. Emissions reductions include carbon capture initiatives. GHG emissions for the refineries in Canada and the U.K. were calculated in conformance with EPA 40 CFR Part 98 methodology.

Peer group consists of publicly listed independent pure play refiners. Net Scope 3 Intensity for the peer group was calculated using company reported 2021 GHG emissions, if publicly available, or otherwise 2020 GHG emissions (latest reported GHG emissions) under the EPA 40 CFR Part 98 netted for avoided emissions from low-carbon fuels displacement of petroleum-based fuels, if publicly available or based on an assumed blending and credits for 10% ethanol and the U.S. national average of 4.4% for biodiesel and renewable diesel divided by total refining throughput, and actual ethanol, biodiesel and/or renewable diesel production as disclosed in publicly available financial statements for the same year as the peer latest reported GHG emissions.

There is not currently any standardized methodology for calculating Scope 3 emissions and the inherent unreliability of Scope 3 calculations may be of limited value. While our Net Scope 3 Intensity calculations include data reported under EPA 40 CFR Part 98, Net Scope 3 Intensity itself is not based on any standardized industry methodology and is not necessarily calculated in the same manner or comparable to similarly titled measures presented by other companies, including the peer group, or estimates published by third parties.

Notes from Page 54: Sustaining Capex and Growth Capital Investments Attributable to Valero are available on our website at www.valero.com > Investors > Events & Presentations > Investor Presentation.

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LRQA Independent Assurance Statement

Relating to Valero Energy Corporation's GHG Inventory for the Calendar Year 2021

This Assurance Statement has been prepared for Valero Energy Corporation, in accordance with our contract.

Terms of Engagement

LRQA was commissioned by Valero Services Inc. to provide independent assurance of Valero Energy Corporation's (Valero's) greenhouse gas (GHG) emissions inventory ("the Inventory") for the calendar year (CY) 2021 against the assurance criteria below to a limited level of assurance and materiality of the professional judgement of the verifier using LRQA's verification procedure and ISO 14064 - Part 3 for greenhouse gas emissions. LRQA's verification procedure is based on current best practise and is in accordance with ISAE 3000 and ISAE 3410.

Our assurance engagement covered Valero's operations at their refineries, using the operational control consolidation methodology, and specifically the following requirements:

- Verifying conformance with:
 - World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A corporate accounting and reporting standard, revised edition (otherwise referred to as the WRI/WBCSD GHG Protocol) for the GHG data¹;
- Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:
 - Direct (Scope 1) and Energy Indirect (Scope 2) GHG Emissions.

The Inventory excludes emissions of Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulfur hexafluoride (SF6) and Nitrogen trifluoride (NF3) on the basis of their de minimis contribution to the emissions inventory.

LRQA's responsibility is only to Valero. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Valero's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Inventory is derived. Ultimately, the Inventory has been approved by, and remains the responsibility of Valero.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that Valero has not, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable performance data and information as summarized in Table 1 below.

The opinion expressed is formed on the basis of a limited level of assurance² and at the materiality of the professional judgement of the verifier.

¹ <http://www.ghgprotocol.org/>

² The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



Table 1. Summary of Valero’s GHG Emissions Inventory for CY 2021:

Parameter	Quantity	Units
Scope 1 GHG emissions	23.67	Million tonnes CO ₂ e
Scope 2 GHG emissions (Location-based) ¹	4.99	Million tonnes CO ₂ e
Scope 2 GHG emissions (Market-based) ¹	4.86	Million tonnes CO ₂ e

1. Scope 2, Location-based and Scope 2, Market-based are defined in the GHG Protocol Scope 2 Guidance, 2015.

LRQA’s Approach

LRQA’s assurance engagements are carried out in accordance with our verification procedure. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- interviewing relevant employees of the organization responsible for managing GHG emissions and environmental data and records;
- assessing Valero’s data management systems to confirm they are designed to prevent significant errors, omissions or mis-statements in the Inventory. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal quality control; and
- verifying historical GHG emissions data and records at an aggregated level for the calendar years 2021.

LRQA’s Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021 *Conformity assessment – Requirements for bodies providing audit and certification of management systems* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

Signed

Dated: June 30, 2022

Derek Markolf
LRQA Lead Verifier
On behalf of LRQA, Inc.
1330 Enclave Parkway, Suite 200,
Houston, TX 77077

LR Reference: UQA00001846

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The English version of this Assurance Statement is the only valid version. LRQA assumes no responsibility for versions translated into other languages.

This Assurance Statement is only valid when published with the Inventory to which it refers. It may only be reproduced in its entirety.

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