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Audit of Valero's Environmental Justice Commitments and Actions



MONTROSE
ENVIRONMENTAL

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EXECUTIVE SUMMARY

Environmental Justice (“EJ” or “environmental justice”) has gained national focus in recent years and has become a policy priority for the Biden Administration. The U.S. Environmental Protection Agency’s (USEPA) mission of protecting human health and the environment through the development and enforcement of regulations to ensure compliance with federal environmental laws has also extended to include EJ in the permitting process.

Valero (“Valero” or the “Company”) maintains that EJ is an important element in protecting and nurturing its license to operate in communities where it owns and operates refineries and other critical energy infrastructure. Montrose Environmental (Montrose) was retained by Valero to audit Valero’s EJ commitments and actions (the “Audit”).

Montrose conducted the Audit using a team of multi-disciplinary experts, including engineers, scientists, certified auditors, and other professionals who bring informed and technical environmental expertise, including toxicology, epidemiology, biostatistics as well as EJ expertise in community engagement and environmental justice considerations. The Audit took over four months and involved extensive outreach with the community and substantive assessment of Valero’s policies and practices related to the pillars of EJ. Montrose assessed environmental factors associated with monitoring, permitting, compliance, and EJ as well as Valero’s actions related to community outreach and engagement, community feedback, and investments in communities.

The Audit found that Valero’s commitment to environmental protection, community engagement and involvement, and community investment go beyond compliance and align with the key pillars of EJ. Valero was the first major energy company to adopt a formal Environmental Justice Policy in 2009. This policy drives its commitment to “operate as a good neighbor and look for opportunities to work with local officials and directly with fenceline neighbors to improve the quality of life for its neighbors and communities.”

At the refinery level, there are significant actions being taken to address environmental and health concerns and to contribute to improving the quality of life of underserved communities. At the corporate level, EJ commitments can be enhanced by establishing enterprise-wide EJ expectations. A complete listing of notable findings and opportunities for continual improvement for Valero to consider are included in Sections 6.1 and 6.2 of the report, respectively.

1. INTRODUCTION

1.1. What is Environmental Justice (EJ)?

EJ can generally be described as a societal challenge regarding environmental harms inequitably distributed on the basis of race, color, national origin, or class. Heavily influenced by civil rights concerns, EJ encompasses a broad array of public health, social costs, welfare impacts, and cumulative environmental impacts. While existing regulatory and permitting standards establish measures designed specifically to protect the environment and human health, EJ concepts are centered around ensuring fair treatment for minority and underrepresented fenceline communities as well as meaningful involvement in the decision-making process in order to strive for a greater voice for those who live, work, and learn closest to industrial facilities.

In furtherance of its business, Valero places intentional focus and resources on community engagement, community investment, and commitment to environmental protection. Nevertheless, Valero's strong record of being good fenceline neighbors, community philanthropists, and regulatory compliance has not shielded it from critique and activism. Valero's current activities present opportunities to differentiate from peers, formalize environmental excellence programs, and bolster existing community engagement principles and actions into an integrated approach to promoting EJ.

1.2. EJ Context and Impacts

1.2.1 EJ Origins

EJ has its roots in the late 1960s Civil Rights Movement, which sounded the alarm about the public health dangers for communities and people of color. While not the first, the nonviolent protest at a PCB landfill in Warren County, North Carolina in 1982 is widely understood to be a key catalyst of the EJ movement. Other early examples include the 1979 class action lawsuit filed by African American homeowners in Houston, Texas, to block a landfill from being placed within 1500 feet of a local public school. This lawsuit was the first of its kind in the U.S. to charge environmental discrimination in waste facility siting under civil rights laws.

In 1990, the federal government acknowledged EJ when the U.S. Environmental Protection Agency (USEPA) Administrator established the Environmental Equity Workgroup. This workgroup was formed to address allegations that racial minority and low-income populations bear a higher environmental risk burden than the general public. EJ gained widespread prominence in 1994 when President Clinton signed Executive Order (EO) 12898, *Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations*, directing federal agencies to incorporate EJ throughout the rulemaking process. President Clinton's EO focused attention on the environmental and human health effects of federal actions on minority and low-income populations with the goal of achieving environmental protection for all communities.

In 1997, the White House Council on Environmental Quality developed “[Environmental Justice Guidance Under the National Environmental Policy Act](#)” to provide procedures for identifying and addressing EJ concerns. In 2010, and updated in 2015, “[Interim Guidance on Considering Environmental Justice During Development of an Action](#)” is a tool developed to incorporate EJ into USEPA's permitting and rulemaking process. Most recently, USEPA released [EPA Legal Tools to Advance Environmental Justice: Cumulative Impacts Addendum](#) (January 2023) and [EJ in Air Permitting Principles for Addressing Environmental Justice Concerns in Air Permitting Guidance Document](#) (December 2022).

1.2.2 The Modern EJ Movement

A re-emphasis on EJ has emerged over the last several years. Racial tensions in the U.S. related to high-profile events have converged with and catalyzed an increased focus on EJ considerations. Federal and State Executive branches have developed orders and guidance for USEPA and other government agencies to prioritize EJ.

The Biden Administration has identified EJ as a policy priority. In January 2021, President Biden signed EOs [13985](#) and [14008](#). As part of the EOs, the Biden Administration implemented a “whole of government” initiative to ensure that every federal agency would develop programs and prioritize federal investments to address “disproportionate health, environmental, economic, and climate impacts on disadvantaged communities.”

As part of the “whole of government” initiative, USEPA is prioritizing EJ as it relates to decisions within the agency. On September 24, 2022, USEPA announced the establishment of the Office of Environmental Justice and External Civil Rights. The USEPA Administrator pronounced, “[w]ith the launch of a new national program office, we are embedding environmental justice and civil rights into the DNA of USEPA and ensuring that people who’ve struggled to have their concerns addressed see action to solve the problems they’ve been facing for generations.” The office is comprised of more than 200 staff members and will distribute \$3 billion in block grants to underserved communities burdened by pollution.

Important context of President Biden’s EOs can be observed within the White House Climate and Economic Justice Screening Tool (CEJST), which does not include race as a specific determinant but rather focuses on systemic equity gaps. Also important is to recognize the overwhelming correlation between disadvantaged communities, poverty, race, environmental impact, and equity. The complex considerations of EJ, and climate and economic justice, are intertwined and for purposes of this Audit the focus is primarily on EJ.

The USEPA defines EJ as:

the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies.

According to USEPA, fair treatment means no group of people should bear a disproportionate share of the negative environmental consequences resulting from industrial, governmental and commercial operations or policies. USEPA indicates that meaningful involvement means:

- People have an opportunity to participate in decisions about activities that may affect their environment and/or health;
- The public's contribution can influence the regulatory agency's decision;
- Community concerns will be considered in the decision-making process; and
- Decision makers will seek out and facilitate the involvement of those potentially affected.

1.2.3 Public and Private Actions Driven by EJ

EJ considerations have been increasingly at the forefront of regulatory and policy decision making. While no procedures, standards or generally-accepted criteria exist to objectively determine EJ compliance or performance, Biden administration actions have integrated EJ into Federal funding, policy decisions and regulatory enforcement as a priority. Many Federal departments are adapting their policies, procedures, and organizational priorities with the USEPA leading actions, impacts, and responding to consequential public, regulatory, and legal responses. The Inflation Reduction Act of 2022 includes the use of EJ criteria for funding flows. DOE and other Federal agencies have incorporated EJ screening into decision analysis. Multiple governors have issued state-specific EJ orders that further focus expectations and requirements.

In June of 2022, activist organizations led by Earthjustice [filed a petition](#) requesting that USEPA intervene in how the Texas Commission on Environmental Quality (TCEQ) reviews air permits, arguing that TCEQ is operating in flagrant violation of Title VI of the Civil Rights Act. The petitioners asked that USEPA conduct a Title VI compliance review of Texas' air permitting program and initiate a State Implementation Plan Call to require changes to Texas' air permitting program that ensure EJ communities are protected and able to fully participate in the permitting process.

In July 2022, [USEPA issued a formal objection](#) to Valero Houston's air permit claiming TCEQ failed to comply with Clean Air Act (CAA) emission limits and failed to require additional monitoring requirements.

In October 2022, USEPA [issued a letter of concern](#) to the Louisiana Department of Environmental Quality (LDEQ) and Louisiana Department of Health (LDH), in part saying, "...with respect to LDEQ's implementation of its air pollution control permit program and LDH's duty to inform, and make recommendations to the public about prevention and reduction of health threats and air toxics exposures."

Beyond direct regulatory impacts, companies are facing increasing pressure from stakeholders to act swiftly and proactively on EJ matters. For example, activist shareholder proposals demanding action on EJ are becoming more frequent. Companies are receiving negative press for perceived lack of proactive and public action.

Valero was the first major energy company to adopt a formal Environmental Justice Policy in 2009. Valero's EJ Policy states:

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.

1.3. Purpose and Limitations of the Audit

The purpose of this Audit was to independently:

- Gather and review Valero policies, procedures, and commitments made to address the challenges of EJ and assess their alignment with key EJ principles;
- Assess and document the activities that Valero has undertaken to fulfil those commitments and uphold broader EJ principles;
- Review the impacts of Valero's operations and actions in the communities in which it operates; and
- Identify opportunities for improvement to further strengthen Valero's overall approach to assuring and promoting EJ.

This Audit was conducted by Montrose's team of multi-disciplinary experts, including engineers, scientists, certified auditors, and other professionals who bring informed and technical environmental expertise, including toxicology, epidemiology, biostatistics as well as EJ expertise in community engagement and environmental justice considerations to the project. Montrose expertise stems from the services provided to many clients – including refineries – in designing and implementing fenceline monitoring programs as part of a response to EJ concerns, and interpreting results not only for clients but also for the local communities. Montrose also has extensive experience in assisting clients with environmental permitting and compliance, responding to environmental incidents, environmental management systems, and environmental audits.

Importantly, the hallmarks of a typical compliance audit are infeasible in the context of EJ. As noted above, there are no EJ regulations, standards, or generally-accepted criteria to measure against a company's current practices. Rather, Montrose's Audit drew upon the expertise and experience outlined above, as well as the EJ context summarized in Section 1.2, to assess Valero's commitments and actions in relation to the key pillars of EJ. As a result, instead of identifying "corrective measures" to describe gaps between current performance and a framework being measured against, Montrose provided Valero with opportunities for improvement. Montrose

believes that implementing these items will further support Valero in pursuing fair treatment and meaningful involvement of the communities in which the company operates.

This Audit Report was prepared by Montrose Environmental Solutions, Inc. It is based on the work that Montrose performed and the information that was made available to Montrose during the engagement. This Audit Report is not intended to provide assurance that Valero's operations have no adverse EJ impacts or that the entity is fully compliant with all relevant laws and regulations. Rather, this Audit Report represents Montrose's best professional judgement based on the information that was made available at the time of the Audit. Montrose's work was conducted in accordance with generally accepted practices and included the methods and materials described herein. While we (Montrose) believe that the information we obtained is reliable, we did not verify the accuracy or completeness of all the information that was provided to us. Therefore, we cannot guarantee the accuracy or completeness of the information contained in this Audit Report. This Audit Report is intended solely for the use of Valero, and may not be used or relied upon by any other person or entity without prior written consent of Valero. We accept no responsibility or liability to any third party, including any shareholder, investor, creditor, or other person, for any loss or damage suffered as a result of their use or reliance on this Audit Report.

This Audit Report includes disclosures regarding various policies, values, standards, approaches, procedures, processes, systems, programs, initiatives, assessments, technologies, practices, metrics and measures related to Valero's operations, ESG matters and compliance systems ("Policies and Procedures"). References to Policies and Procedures in this Audit Report do not represent guarantees or promises from Valero or Montrose about their efficacy or continued implementation, or any assurance that such Policies and Procedures will apply in every case. The use and implementation of 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 changes in circumstances, factors, or considerations that may cause Valero to use or implement other Policies and Procedures (or exceptions thereto), or to discontinue the use or implementation of certain Policies and Procedures.

2. AUDIT METHODOLOGY

Montrose's Audit focused on gathering baseline information regarding Valero's refineries and the surrounding communities to identify EJ-relevant operations, programs, actions, and issues. This initial phase included both a review and analysis of publicly available information and data (e.g., regulatory information and emissions data related to Valero sites, community demographic data, etc.), as well as information provided directly by Valero via completed questionnaires, shared documents and internal interviews. A more complete description of Montrose's methodology for the Audit is provided in Appendix A, and the initial matrix of findings used to guide the focused audit is included as Appendix B. To the extent Valero elects to share this Audit report with the public, Montrose requests that these Appendices are intentionally omitted for proprietary reasons.

Montrose also reviewed the results of external community surveys, conducted by Causeway (a third-party interview and polling company). Lastly, the methodology included interviews with key outside stakeholders and leaders in the communities.

Montrose reviewed the gathered information, and completed a detailed review of Valero's current approach to EJ and community outreach and engagement – the results of which are documented in this report.

Montrose's findings are based on the gathered evidence, analyzed through its knowledge and experience on environmental technical and EJ matters, and further informed by outside resources such as the USEPA's *Technical Guidance for Assessing Environmental Justice in Regulatory Analysis* to provide context to findings.

The following subsections provide additional detail regarding the methodology and specific activities that Montrose followed in the conduct of its audit.

2.1. Overview and Scoping

Montrose's Audit focused on Valero's refinery operations, given their scale and potential to benefit, impact, and influence local communities. Valero indicated that, based on a preliminary EJ screening performed internally using the USEPA EJScreen 2.0, 7 of the Company's 13 refineries (in 6 geographic locations in the United States) were identified as a priority for more comprehensive review. These included:

- Louisiana – Meraux;
- Louisiana – St. Charles;
- Tennessee – Memphis;
- Texas – Corpus Christi (East and West);
- Texas – Houston; and
- Texas – Port Arthur.

However, in order to draw independent conclusions regarding refineries/community areas and where EJ may be a significant consideration, Montrose extended its review of publicly available information and data to cover all 13 refineries. The results of this review were then used to inform which of the refineries should be included for further assessment as part of the Audit.

The initial scope of the audit included the facilities listed in Table 1 below.

Table 1. Valero Facilities Included in the Initial Scope of the Audit

State	Refinery Name	Refinery Address
California	Benicia	3400 East 2 nd St., Benicia, CA 94510
	Wilmington	2402 East Anaheim, Wilmington, CA 90744
Louisiana	Meraux	2235 Jacob Dr., Chalmette, LA 70043
	St. Charles	14902 River Rd., Norco, LA 70079
Oklahoma	Ardmore	One Valero Way, Ardmore, OK 73401
Tennessee	Memphis	2385 Riverport Rd., Memphis, TN 38109
Texas	Corpus Christi (East and West)	1147 Cantwell Land, Corpus Christi, TX 78407
	Houston	9701 Manchester, Houston, TX 77012
	McKee	6701 FM 119, Sunray, TX 79086
	Port Arthur	1801 South Gulfway Dr., Port Arthur, TX 77640
	Texas City	1301 Loop 197 South, Texas City, TX 77590
	Three Rivers	301 Leroy, Three Rivers, TX 78071

In addition to the refinery/community area focus, the scope of the audit also included a review of Valero's corporate-driven EJ-related programs and actions.

2.2. Review of Publicly Available Information and Data

Montrose performed a review of publicly available, web-based information associated with the 13 Valero refineries/community areas in the United States. Specifically, the following sources were reviewed in order to obtain EJ-relevant information to be considered in the Audit.

Table 2. Sources Leveraged as Part of the Review of Publicly Available Information

Source	Purpose/Detail	Applicability
Valero website	Establish overview of each refinery's operations and understand how this is communicated to the public	All refineries
USEPA EJScreen 2.0	Conduct EJ Screening using USEPA's screening tool, in order to understand pollution and source indicators, socioeconomic indicators, and the overall EJ Index in the areas surrounding Valero refineries	All refineries

Source	Purpose/Detail	Applicability
CalEnviroScreen 4.0	Conduct EJ screening using California EPA's (CalEPA's) screening tool, in order to identify census tracts in the areas surrounding Valero refineries which are disproportionality burdened by socioeconomic and environmental pollution factors compared to other California communities	Benicia, Wilmington
USEPA Enforcement and Compliance History Online (ECHO) Database	Review the regulatory information as well as the enforcement and compliance summary related to the CAA, including benzene fenceline monitoring data and trends	All refineries
State /Local Environmental Regulatory Websites:		<i>See below</i>
	Review CAA permit enforcement and compliance summaries, as well as annual emissions data (where available)	
California:	Bay Area Air Quality Management District South Coast Air Quality Management District	Benicia, Wilmington
Louisiana	LDEQ Electronic Document Management System	Meraux, St. Charles
Oklahoma	ODEQ, Air Quality Division: Active Air Permit Application Listing Final Issued PSD Permits	Ardmore
Tennessee	Phone call with permit engineer at Shelby County, TN (Air Permitting for Memphis is done through the local agency, Shelby County Health Department – Air Pollution Control; they have no electronic records available online)	Memphis
Texas	TCEQ Records Online Central Registry Query – Regulated Entity Search	Corpus Christi Houston McKee Port Arthur Texas City Three Rivers
Centers for Disease Control and Prevention (CDC) County Health Reports	Identify environmental public health factors for the counties surrounding the refineries by reviewing health data and environmental data compiled from national, state, and city sources	All refineries
Environmental Integrity Project (EIP) Benzene Pollution around Petroleum Refineries Dashboard	Understand how external parties are using ECHO-derived data to present comparative results, specific to fenceline monitoring; EIP is often referenced by activist organizations	All refineries

Appendix A provides additional detail regarding the methodology and the parameters of the review of publicly available information and data.

2.3. Synthesis and Analysis of Publicly Available Information

The information gathered via the publicly available sources, as presented in Section 2, was synthesized and evaluated on a refinery-by-refinery basis in order to understand the operating and community profiles of each location. These profiles served as a foundation upon which the internal interviews were conducted.

Montrose also analyzed the results of the review via a matrix of findings. This matrix was used to screen 18 specific facets of the review of publicly available information and data and assign a value to each facet depending on whether there was a finding, a limited finding, or no finding. This initial matrix of findings is included as Appendix B.

Based on the results of this analysis, Montrose confirmed that Valero's initial list of refineries identified as a priority for EJ action was aligned with the findings from the review of publicly available information – that is, Montrose also identified those refineries as a priority for further assessment. Montrose also identified two additional facilities that warranted inclusion in Montrose's more detailed audit: Valero's Wilmington Refinery in California and Valero's Texas City Refinery in Texas. In summary, the review and analysis of publicly available information identified the following nine Valero refineries in the United States as warranting inclusion in Montrose's more detailed Audit:

- California – Wilmington;
- Louisiana – Meraux;
- Louisiana – St. Charles;
- Tennessee – Memphis;
- Texas – Corpus Christi (East and West);
- Texas – Houston;
- Texas – Port Arthur; and
- Texas – Texas City.

Montrose reviewed its initial findings with Valero. Following recommendations from Montrose, Valero agreed to expand the scope of Montrose's more detailed audit to include the two additional refineries. See Section 6 for further information.

2.4. Valero Internal Questionnaire and Document Requests

Once the review and analysis of publicly available information and data was complete, Montrose looked to further understand EJ-related commitments, programs, actions, and priorities at the facility level within Valero. In order to gather this information for review, Montrose provided an internal questionnaire and document request form for each of the nine refineries to complete. The requested information covered areas such as environmental performance, community investment,

community outreach and engagement, air emissions monitoring and controls, workforce diversity metrics, and EJ awareness/training.

Completion of the information requests were facilitated by Valero's leadership teams, including Health, Safety and Environment teams, Public and Community Affairs teams, and Government Affairs teams. Submitted documents were reviewed by the Montrose team to (1) inform the focus areas for the subsequent internal and external interviews and (2) inform Montrose's overall Audit. For the overall Audit:

- See Section 3 for further details regarding Valero enterprise-wide approach to EJ, including EJ policy and training/awareness activities;
- See Section 4 for further details on air emissions compliance and monitoring, including beyond the fenceline actions; and
- See Section 5 for further detail on community outreach and engagement as well as community investment.

To inform Montrose's overall Audit, the information provided in these sections is also supplemented by the information obtained via the internal interviews, the community survey, and community interviews (Sections 2.4, 2.5, and 2.6 below).

2.5. Internal Interviews

Montrose conducted internal interviews with representatives of each of nine refineries identified for more detailed assessment as part of the Audit. These interviews were generally conducted with key refinery personnel primarily responsible for Health Safety and Environment and Public Affairs at the facility. The discussions lasted at least 60 minutes and were facilitated by Montrose. The objective of the interviews was to validate the information gathered during the review of publicly available information, the questionnaire, and the document request, fill in Montrose's gaps in understanding regarding activities related to EJ, and solicit additional, relevant information for the audit. These interviews were conducted between October 25 and December 7, 2022.

Table 3. Internal Interviews

State	Refinery Name	Interviewees	Date
California	Wilmington	Refinery HSE Director Director Community Relations & Government Affairs	11/30/22
Louisiana	Meraux	Government Affairs	10/28/22
	St. Charles	Refinery Public Affairs Manager Director Environmental/Safety	11/1/22
Tennessee	Memphis	Refinery Public Affairs Manager Manager Refining Safety	11/2/22
Texas	Corpus Christi (East and West)	Refinery Public Affairs Manager	10/25/22
	Houston	Refinery Public Affairs Manager	10/27/22
	Port Arthur	Refinery Public Affairs Manager	10/27/22
	Texas City	Refinery Public Affairs Manager Director HSE	12/7/22

As noted above, relevant information gathered during the interviews is included in Sections 3, 4, and 5.

2.6. Community Survey

Concurrent with Montrose's Audit, a third party (Causeway) conducted a community survey on Valero's behalf. For the areas surrounding the seven refineries identified by Valero in the initial scope, Causeway surveyed a minimum of 100 random respondents in each of the six communities (for a total of 608 respondents). Respondents included residents living in a three- to ten-mile radius of the local Valero refinery. Each survey respondent was asked a series of 23 questions to identify their impressions of the industry, the local Valero facility as well as perspectives on EJ and the socioeconomic and environmental factors that it encompasses.

Montrose reviewed the results of the community survey. Survey results are referenced throughout this Audit report and are specifically summarized in Section 5.2.

2.7. Community Interviews

At each of the nine Valero refineries identified for a more detailed assessment, Montrose also conducted virtual or telephonic interviews with leaders from non-profit organizations, government, businesses, educational institutions, healthcare providers, and regulatory agencies (as listed in Table 4) in order to further inform this audit. The objectives of these community interviews were to:

- Solicit additional direct community input regarding Valero's relationship with the communities in which it operates;

- Hear more about how Valero’s communication and outreach practices are experienced by those members of the communities; and
- Further understand general community perceptions of Valero.

During the interviews, these leaders were also asked to provide their perspective on the relationship between the oil and gas industry and EJ, and offered the opportunity to make suggestions on ways that Valero can strengthen its relationships with its fenceline neighbors.

An initial list of interviewees was compiled by Valero. Subsequently, Montrose provided (and Valero accepted) suggestions for additional interviewees in order to enhance representation of each community. Interviews were scheduled for 30 minutes and did not include Valero representation in order to provide a platform for transparent and honest input from the community stakeholders. The details and results of these interviews are referenced throughout the report and are specifically summarized in Section 5.2.

Table 4. Community Interviews

State	Refinery Name	Community Group Interviewed	Date
Louisiana	Meraux	St. Bernard Chamber of Commerce	11/29/22
		Meraux Foundation	11/30/22
	St. Charles	St. Charles Parish	11/28/22
		LA House of Representatives	11/30/22
		St. Charles Public Schools	11/30/22
		United Way St. Charles	12/1/22
		River Parish Community College	12/5/22
		Tulane Center for Energy Law	1/9/23
Tennessee	Memphis	Memphis River Parks Partnership	11/28/22
		Shelby County Health Department	11/30/22
		Streets Ministries	11/30/22
		Creative Life, Inc.	12/1/22
		Feed the Needy	12/7/22

State	Refinery Name	Community Group Interviewed	Date
Texas	Corpus Christi (East and West)	NAACP-Corpus Christi	11/28/22
		Coastal Bend Air Quality Partnership	11/29/22
		Coastal Bend Food Bank	11/29/22
		Texas State Aquarium	11/29/22
		Regulatory Agency	11/30/22
		Coastal Bend Bay & Estuaries	12/1/22
	Houston	Christus Foundation for Healthcare	11/28/22
		Community Family Center	11/28/22
		Manchester Civic Club	12/8/22
	Port Arthur	Community In-Power and Development Association, Inc.	11/24/22
		United Way	11/28/22
		Port Arthur Chamber of Commerce	11/30/22
		Jefferson County	12/1/22
	Texas City	Texas City CAP Member	12/12/22
		Texas City CAP Member	12/13/22

2.8. Audit Report Preparation

As noted throughout Section 2, Montrose undertook several activities in order to gather, review, and document information regarding activities Valero is undertaking in order to address EJ matters in the communities in which they operate. The review of publicly available information was largely used to inform the scope of the Audit and provide an initial understanding of the ‘current state’ at each of Valero’s 13 refineries. The questionnaire, document request, and internal interviews were used to gather information regarding Valero and its approach to the key pillars of EJ (e.g., environmental protection, community engagement, and meaningful community involvement). The community survey and community member interviews provided an external lens with which to gauge public sentiment.

Montrose also assessed corporate- and refinery-level programs and activities that Valero executes in relation to EJ considerations.

3. VALERO'S APPROACH TO ENVIRONMENTAL JUSTICE

Valero was the first major energy company to adopt a formal Environmental Justice Policy in 2009 (published on its website under ESG > Governance Documents > Governance Policies and most recently in [Valero's Environmental, Social and Governance \(ESG\) Report, August 2022](#)). As such, Valero was an industry leader in expressing commitment to addressing EJ challenges, particularly in relation to its fenceline neighbors.

Recognizing that a healthy relationship with all of its fenceline communities, including minority and underrepresented neighbors, is essential to Valero's license to operate at these locations and the Company's other business purposes, Valero continues its efforts to expand its collaboration with fenceline neighbors, endeavoring to provide additional opportunities for public participation and two-way engagement. Through these efforts, Valero works alongside hundreds of community nonprofit partners and other community advocates to collaborate with its fenceline neighbors, align priorities, understand needs, and provide the means to gain access to resources such as health services, nutritional food choices, quality education opportunities, and workforce development, the lack of which are foundational indicators when screening for EJ concerns.

Valero's sustained commitment to its neighbors' quality of life extends to protecting the environment. Valero has partnerships with environmental nonprofits, schools, and other organizations at each of its U.S. refinery locations, working to restore neighborhood parks, protect wetlands, and invest in environmental projects to the benefit of key stakeholders. See Section 5 for additional details on partnerships with nonprofit organizations.

At the enterprise level, Valero is committed to leveraging its leading refining expertise to produce the next generation of transportation fuels that will use renewable feedstocks and offer lower emission rates. As noted in Valero's disclosures, the Company is on track to achieve its 63% global refinery GHG emissions reduction and displacement target by 2025. The Company's disclosures further state that the Company plans to further reduce and displace 100% of its global refinery Scope 1 and 2 GHG emissions by 2035 through board-approved projects and carbon capture and storage projects under development. Furthermore, Valero has located renewable diesel facilities adjacent to its refineries at St. Charles and Port Arthur, helping to ensure those communities receive the economic support of these low-carbon businesses through direct and indirect jobs as well as tax income and other economic development benefits.

Valero's 2022 ESG Report provides an in-depth review of selected actions Valero has taken, and continues to take, involving environmental stewardship, employee and community safety, governance, diversity, equity & inclusion (DEI), and EJ principles – both within and outside of Valero's fencelines. The report highlights Valero's goal of reducing and displacing 100% of its global refinery GHG emissions (Scope 1 and 2) by 2035 and committing a multi-billion-dollar investment in low-carbon fuels. The report also provides multiple examples of Valero's community partnerships and investments.

Valero's Diversity Ambassadors are positioned at each refinery and serve as advocates of DEI principles both on-site and within the neighboring communities. In their capacity as DEI advocates, Diversity Ambassadors elevate awareness and promote inclusivity at work and in the community. The National Association of Colleges and Employers recognized Valero's 2021 minority engineering program as a DEI program of excellence.

3.1. Policy and Procedures

Valero operationalizes its commitment to EJ through a variety of mechanisms, striving to integrate EJ considerations into existing processes as a means for making these considerations part of the Company ethos. The following subsections provide additional detail regarding Valero policies, procedures, and other work practices that serve to embed a commitment to EJ enterprise-wide.

3.1.1 EJ Policy

As previously indicated, Valero was the first major energy company to adopt a formal Environmental Justice Policy in 2009. The current EJ Policy states:

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.

The Valero Environmental Justice Policy Statement (Policy No. E-021, approved by General Counsel on September 1, 2021), is accessible to the public. It is made available for download on the Investor page of Valero's website. The policy owner is noted as VP Environmental, Compliance & Remediation.

While there are not additional, named EJ-specific standards or procedures inside Valero, Montrose identified enterprise-wide programs and activities that incorporate and embed EJ considerations. Based on Montrose's review, the primary area where EJ is addressed in documented policies and procedures – beyond the EJ Policy – is the Environmental Excellence Risk Assessment (EERA) conducted at the refineries, discussed below.

3.1.2 EJ in Environmental Excellence Risk Assessment (EERA)¹

Established in 2020, Valero's EERA framework defines more than 100 expectations and involves a five-step process using a combination of external assessors and internal subject matter experts (Valero TCFD Report, 2021). Valero's proprietary EERA goes beyond environmental compliance

¹ For a definition of Valero's Environmental Management Systems, see Form 10-K for the year ended December 31, 2022, page 5.

assessments to identify continuous process improvements and provide environmental management assurance. As part of Valero's commitment to continuous improvement, Valero's EERA considers environmental performance metrics, community engagement criteria, EJ principles, and environmental management system excellence.

EERA is undertaken on a four-year cycle, led by a corporate team. Sharing of learnings and best practices is also foundational to EERA; to this end, assessment teams consist of subject matter experts from Corporate and other refineries. A typical EERA team may include the Vice President of HSE Excellence & Assurance, the Vice President of Environmental Compliance & Remediation, an Executive Director of Environmental Affairs from Corporate, HSE Directors from another site, a Technical Director from another site, the Senior Manager of Environmental Excellence & Assurance from Corporate, an Environmental Manager from another site, and additional Corporate environmental subject matter experts.

Element 2.0 of Valero's EERA (External Stakeholders) is focused on Valero's relationship with its fenceline neighbors and other external stakeholders. The EERA framework establishes a total of nine expectations related to improvement of plant curb appeal, nurturing good relationships with the community, and nurturing good relationships with regulators and legislators. EERA assessors review those activities devoted to each expectation, following the assessment guidance text provided, and document related observations. Refinery activities (in response to the expectations) are rated on both their design and effectiveness. The EERA team also provide recommendations for performance improvement on most expectations.

Montrose reviewed the most recent EERA reports for several of the refineries. These reports consistently documented Valero activities in support of the Element 2.0 requirements that include EJ considerations and provide recommendations for continued/improved actions.

Each site is required to prepare a gap closure plan, in response to the EERA findings and recommendations, for review within 90 days following the on-site assessment. The gap closure plan and the methods for tracking gap closure are owned by the refinery, and the means by which gap closure actions are tracked may vary refinery-to-refinery. However, the gap closure progress is reviewed annually (remotely) by the Corporate HSE Excellence & Assurance and the Corporate Environmental Departments. Two years after the on-site assessment, an on-site mid-cycle review is to be conducted with the Refinery Leadership Team.

At the time of this Audit, four annual gap closure progress reviews and one mid-cycle review (Houston) had been completed (with a second mid-cycle review for both Corpus Christi refineries in progress). For the annual gap closure progress reviews, an updated version of the Excel audit report was reviewed. These documents included the refinery response to the recommendation and, in most but not all cases, the assigned person and the current action status.

As an example of the types of actions Valero is taking to meet EERA Element 2.0 requirements, the July 2020 Houston refinery EERA documented that refinery personnel, in communication with local healthcare providers, were told of a need for additional healthcare capacity. A subsequent donation from Valero enabled the Christus St. Mary's Medical Clinic to expand and serve more individuals as the need for their services continued to outpace their space. This clinic provides

low-cost/no-cost medical services for uninsured members of the Valero Houston Refinery community. In further support of the clinic's services, the Houston refinery hosts the Christus St. Mary's medical mobile clinic, which provides immunization vaccines and other healthcare services to residents within the fenceline community.

Montrose also reviewed the mid-cycle review report for Houston, which noted progress on some Element 2.0 items (e.g., meetings with the City of Houston and Harris County occurred) and opportunities which the refinery team is developing (e.g., written strategic plan for external stakeholders).

3.2. Training and Awareness

Training around the principles of EJ occurs in various formats across Valero, although there is not an explicitly named EJ training. Members of the Refinery Leadership Team are provided Stakeholder Communications and Engagement Training every two years. This is an internal training course, facilitated by the Valero Public Relations team. The next planned training is scheduled for February 2023.

Additionally, awareness-level training is provided to refinery leadership on EERA requirements, including expectations of Element 2.0 (External Stakeholders), when EERA results are presented.

Based on multiple interviews, Valero refinery personnel demonstrated a strong understanding of the principles, responsibilities, and challenges that relate to EJ: to mitigate potential adverse human health and environmental impacts on disadvantaged communities in which it operates and provide opportunities for fenceline neighbors to participate in the permitting and broader decision-making process.

3.3. Other Enterprise-Wide Activities in Support of Valero's Commitment to EJ

In support of Valero's commitment to EJ, Montrose identified several additional efforts and programs that are executed at a facility/local level but driven by corporate initiatives and implemented across Valero's refineries. Discussed in later sections of this Audit report, these activities include the following:

- Periodic mobile air monitoring (i.e., DV3000 deployment by Valero) – see Section 4
- Community Advisory Panels – see Section 5

4. ENVIRONMENTAL FACTORS

As noted in Section 1, USEPA defines EJ as *the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies*. This section documents the Audit largely through the environmental lens. In addition, Section 5 documents the Audit largely through the community/social lens. Montrose recognizes that these two elements are inextricably linked and, therefore, there is inevitably some overlap in these two sections. However, by looking at EJ through each of these lenses, Montrose seeks to ensure a robust assessment and presentation of relevant and important findings.

At a corporate level of the organization, [Valero's Health Safety and Environmental Policy Statement](#) details Valero's commitment to worker health and safety, regulatory compliance, training, and careful management of natural resources required for its operations. The Policy also documents Valero's commitment to building strong community partnerships by creating awareness of HSE issues and communicating openly and transparently on HSE performance with employees, the public, the neighboring communities, and other key stakeholders to promote a full understanding of Valero's operations and HSE commitments.

Montrose's Audit was not an audit of Valero's compliance with environmental rules, regulations, or permits,² but rather included an assessment of environmental factors associated with monitoring, permitting, compliance, and EJ. Montrose reviewed each refinery's compliance history, including USEPA's database of non-compliance, ECHO, and included interviews with select regulatory agencies and key stakeholders to establish context for environmental factors associated with this audit.

4.1. Air Emissions Monitoring, Permitting, and Compliance (within the fenceline)

Valero is committed to protecting human health and the environment and EJ principles. The objective of each of these commitments is to protect communities in which Valero operates, maintain compliance with regulations, and conduct business with community engagement and transparency.

Air monitoring programs are deployed at Valero refineries as required by regulatory requirements and company practices. While some of the air monitoring systems are required by regulations and/or air permits to maintain compliance (e.g., demonstrate emissions below a permit threshold), other air monitoring systems are pilot projects that go beyond permit compliance requirements – for example, the real-time community ambient air monitoring (see Section 4.3.1). Combined, these Valero air monitoring systems provide compliance assurance and can quickly identify potential issues for investigation and corrective action both inside and outside of a facility fenceline.

² Audits and assessments are regularly conducted by Valero within the EERA program or as required by regulation, etc.

4.1.1 Air Emissions Monitoring (within the fenceline)

Within the fenceline, Valero monitors both direct emissions (monitoring at a point source) as well as ambient air monitoring (including fugitive source monitoring) in order to address compliance with permit limits, protect worker health and safety, and promptly identify and correct issues that could otherwise impact ambient air quality for prolonged periods.

Direct (point source) emissions monitoring programs include:

- Continuous Emissions Monitoring Systems (CEMS): These systems are placed in the outlet stacks of certain fired equipment (boilers and heaters) as well as process vents like the Fluid Catalytic Cracking Unit (FCCU). CEMS continuously measure the mass emission rates of compounds such as NO_x and SO₂ exiting the stack to confirm operations are within permitted limits.
- Continuous Flare Monitoring: All flare systems are equipped with monitoring equipment to track the amount of process gases routed to the flare for destruction, as well as tracking operational parameters to confirm the flare is operating properly. Parameters monitored for flare systems typically consist of flow rate, heating value of flared gas (to ensure complete combustion), sulfur content of flared gas (to monitor SO₂ emissions), as well as monitoring to confirm the flare is lit at all times.
- Other Continuous Monitoring: Other process parameters are continuously measured to assess compliance with permitted limits. This includes continuous monitoring of Hydrogen Sulfide (H₂S) in the refinery fuel gas system, continuous monitoring of emission control device-related parameters, and other parameters related to environmental performance.
- Stack Testing: Lower-emitting equipment not deemed to require continuous emission monitoring still undergoes periodic stack testing to confirm it is operating properly and within permitted limits.

In-plant air monitoring (including fugitive source monitoring) includes:

- Leak Detection and Repair Programs: Pumps, valves, and other equipment that have the potential for leaks are inspected by technicians on a routine basis. Leaks that are identified during these inspections are fixed and re-monitored to confirm the repair was effective.
- Routine Optical Gas Imaging (OGI) Inspections: Refinery personnel conduct routine inspections of storage tanks, wastewater treatment operations, and other equipment using OGI cameras equipped with infrared (IR) technology. These OGI cameras are capable of detecting VOC leaks that are not visible to the naked eye and are useful in identifying and correcting leaks.
- Unit Battery Limits Monitors: Stationary air monitors are placed around the perimeter of certain process units within the refinery. These monitors continuously measure for target compounds to serve as an early warning system if elevated concentrations are detected. These monitors are used primarily for worker safety, but can also function as early detectors to identify and correct issues that could otherwise impact ambient air quality.
- Personal H₂S Monitors: Valero's policies require that each person in each refinery wears a personal H₂S monitor at all times while in and around the processing units. These monitors

continuously measure for H₂S and alarm and record in the event elevated H₂S is detected. These monitors are used primarily for worker safety, but can also function as early detectors to identify and correct issues that could otherwise impact ambient air quality.

- Five-Gas Monitors: Refinery personnel routinely use Five-Gas monitors within the refinery. These monitors measure H₂S, SO₂, CO, Oxygen, and LEL. These monitors are used primarily for worker safety, but can also function as early detectors to identify and correct issues that could otherwise impact ambient air quality.

4.1.2 Air Permit Status and Compliance (within the fenceline)

Montrose conducted a web-based review of each of Valero's 13 U.S. refineries with regard to air permit status and compliance. This involved reviews of regulatory databases and, when applicable, phone interviews with relevant regulatory agencies, facility managers and community stakeholders. In accordance with Valero's Commitment to Excellence Management System (CTEMS)³, each refinery must establish an action item tracking system (using EHSM or other methods) to establish and document environmental-related corrective and preventive actions that stem from compliance orders, permit non-compliances, and other environmental incidents.⁴

Air permit status and compliance are based on actions Valero could take to maintain compliance, restore compliance, and communicate with regulators and community stakeholders. Alleged permit violations were not considered a metric for audit findings because of the context of alleged permit violation causation, regulatory negotiations and timing status. Valero's air permit status and compliance, and environmental justice principles and actions, are consistent with corporate policies and public commitments.

USEPA and State regulatory agencies have complex permit requirements, enforcement actions, and notice of violation closure procedures and timeframes. Valero provides updates and communicates with regulators and community members. Through the lens of environmental justice, air permit status and compliance are communicated both in regulatory reporting and with local stakeholders in various settings. Additionally, in its annual report in Form 10-K, Valero discloses material environmental enforcement matters that the company reasonably believes have the potential to result in monetary sanctions of \$300,000 or more.

In reviewing the USEPA ECHO reports and other publicly available information online (i.e., from state permitting and compliance agencies), the vast majority of identified violations and/or instances of non-compliance were indicated as being resolved and closed. Montrose solicited input from Valero personnel when making determinations on whether permit violations or non-compliances were resolved and the extent to which past or unresolved alleged violations may have impacted the neighboring communities and was communicated. Unresolved violations represented a small portion of total violations noted.

³ For a definition of Valero's Environmental Management Systems: Form 10-K for the year ended December 31, 2022, page 5.

⁴ As this is not intended to be an environmental compliance audit, Montrose did not conduct further review of this documentation.

According to USEPA's ECHO database, there are five open/unresolved reports of violations related to Valero's refineries (Meraux Refinery, LA; St. Charles Refinery, LA; McKee Refinery, TX; and Port Arthur Refinery, TX).

Online information from state-level agencies was not available for review for the Ardmore Refinery (Oklahoma) or the Memphis Refinery (Tennessee). Also important to note is that agency website information is not always maintained up-to-date.

Montrose's permit review identified that in July 2022, USEPA issued a [formal objection](#) to Valero Houston's Title V operating permit (Permit No. 1381), claiming TCEQ failed to comply with CAA emission limits and failed to require additional monitoring requirements. Title V Permit No. 1381 is currently active with TCEQ. The USEPA objections were similar to those filed against eight other permits in Texas (mostly dealing with overarching TCEQ programmatic issues). According to Valero, a revised draft permit is expected to be issued by TCEQ, which will then go through another round of public notice and USEPA review.

Public involvement on the Valero Houston Refinery's air permits included criticism related to how permitting agencies like TCEQ have processed permit applications submitted by Valero.⁵

4.1.3 Communication with Regulators

Across its refineries, Valero has built trusted working relationships with its relevant regional, state, and federal environmental regulators. Based on information gathered during interviews, Valero environmental personnel remain in contact with regulators in order to not only communicate regarding permits and compliance matters, but, in some cases, also to gain insight and recommendations for environmental best practices, future opportunities for community outreach and engagement, and to remain informed of emerging environmental issues and regulatory changes.

Periodic contact with regulators is an expectation per Valero's EERA (2.3). Agency engagement is also a requirement of the Valero CTEMS. Representatives from each refinery are required to meet with key local regulatory agency personnel at least once per calendar year in order to gain a better understanding of the agency's main concerns regarding the location's operations, the agency's regulatory development calendar, and enforcement priorities.

In reviewing the results of the most recent EERA, it appears that communication with regulators is not consistent across all of the refineries and, in some cases, is reported as cautious, largely reactive, and ad hoc.

⁵ On June 17, 2022, Texas Environmental Justice Advocacy Services (t.e.j.a.s.), Sierra Club, Caring for Pasadena Communities, EIP, Lone Star Legal Aid, and Earthjustice submitted a comment letter to TCEQ on its objections to the Houston Tank Farm Title V permit renewal. At the time of this Audit, Valero was actively preparing to respond to the proponents' concerns. On November 2, 2022, Sierra Club, t.e.j.a.s., EIP, and Earthjustice submitted a letter to TCEQ alleging that TCEQ failed to notify mailing list recipients of the pending refinery NSR air permit renewal (Permit 2501A) and requesting that TCEQ re-open the public comment period.

4.1.4 Community Outreach Prior to and During Permitting

A key principle of EJ is meaningful engagement with the community to solicit input that informs decision-making. Interviews with Valero personnel indicated a long-term understanding of the importance of communicating and engaging meaningfully with its fenceline neighbors and that these actions support the principles of EJ and Valero's license to operate.

Eleven of Valero's 13 U.S. refineries have Community Advisory Panels (CAPs) and hold regular meetings. (There are not CAPs associated with the Ardmore, Oklahoma, or McKee, Texas, refineries due to lack of interest from the communities, both of which are rural areas of low population density.) Comprised of stakeholders from fenceline communities and businesses, nonprofit organizations, and government representatives, the CAP meetings provide a forum for Valero to share operational updates, permitting status and progress and provide CAP members and stakeholders the opportunity to ask questions, advise, and make recommendations. The discussions at these meetings are not consistently documented; therefore, it is difficult to confirm that permit-related issues are proactively raised, discussed, and considered. However, interviews with Valero personnel indicate a recognition of the importance of engaging stakeholders prior to permit submittal, allowing fenceline neighbors the opportunity to have a voice and provide input to Valero's decision-making process. CAP activities are described further in Section 5.

4.2. Fenceline Monitoring

Under the USEPA Petroleum Refinery Sector Rule (40 CFR Part 63 Subpart CC), refineries across the U.S. are required to monitor concentrations of benzene at their property boundary, or fenceline. The specific monitoring methods and equipment required are prescribed by USEPA regulations.

Passive sampling devices are located around the entirety of each Valero refinery fenceline at designated intervals. A composite sample is collected and analyzed every two weeks to identify whether there were elevated levels of benzene at that sampling location during the corresponding two-week period. Concentrations above a certain threshold trigger an investigation to identify and correct the source of the elevated readings

The USEPA action level for fenceline benzene is $9 \mu\text{g}/\text{m}^3$, based on the rolling annual average of the ΔC . Rolling average ΔC at the Valero refineries has been consistently below the USEPA benzene action level from 2018 through 2021 (the time period reviewed by Montrose), with the exception of two facilities (one in 2018 and 2019, and one in 2021). Both of these facilities have undertaken corrective actions to address the issues that caused the elevated readings.

Valero's processes dictate that each instance that a two-week monitoring period shows a benzene detection above $9 \mu\text{g}/\text{m}^3$, the reading is entered into Valero's EHSM database, triggering a root cause analysis to identify the source of emissions and ultimately develop a corrective action plan to address the issue. According to Valero, the exceedances noted above at the two facilities followed that procedure.

At Valero's California refineries, constituents beyond benzene are included in fenceline monitoring. For example, the Valero Wilmington Refinery's fenceline monitoring program includes 16 compounds in addition to benzene.

Additionally, certain sites may deploy stationary analyzers that detect total VOCs or specific compounds such as benzene. These analyzers are strategically located in areas at or inside the fenceline allowing for advanced notification of elevated concentrations so that issues can be quickly identified and addressed.

Benzene fenceline monitoring data are available to the public via USEPA's ECHO database. In California, fenceline monitoring data are also available on dedicated websites, as required by California regulations.

4.3. Beyond the Fenceline (Community) Monitoring

As noted above, Valero's air emissions monitoring programs go beyond regulatory and permit requirements in many cases. This is most evident in the air emissions monitoring that is conducted by Valero or those acting on Valero's behalf outside of the Valero refineries, within the communities surrounding the facilities.

4.3.1 Periodic Real-time Mobile Community Air Monitoring

Since 2021, ten Valero refineries have deployed a contracted mobile air monitoring vehicle in the surrounding communities as part of a Valero-wide community air monitoring campaign. Equipped with a Duvas DV3000 analyzer, these units use an ultraviolet spectrometer that can analyze air samples every few seconds, with real-time results. They are capable of continuously measuring ambient air concentrations for up to 14 different target compounds, including benzene, NO_x and SO₂, at low, part-per-billion levels. When deployed in the community, the vehicle-based monitoring platform enables air monitoring over large areas of the surrounding neighborhoods.

The purpose of deploying the mobile air monitoring vehicles is to confirm the absence of elevated air contaminants in the surrounding community that may be due to industrial activity (Valero or other industrial companies). This effort also illustrates Valero's commitment of expertise and resources to inform and protect the communities in which it operates.

There are no established standards for mobile air monitoring. However, Valero assesses monitoring results against other available standards (e.g., the TCEQ short-term and long-term Air Monitoring Comparison Values for benzene, the USEPA SO₂ NAAQS standards, and other) as a means to screen the monitoring results.

Based on the information provided to Montrose, there were several refinery community areas where the majority of the compounds of interest were found to be non-detectable; this includes Corpus Christi, Meraux, Port Arthur, and St. Charles. In instances where screenings resulted in elevated readings (e.g., Memphis, Houston, Texas City), Valero concluded these concentrations were not Valero-influenced due to the reading locations, wind direction, and their isolated or intermittent nature.

Valero intends to acquire two in-house mobile monitoring vehicles equipped with a DV3000 analyzer in 2023. One would be located in Corpus Christi, providing coverage to the two Corpus Christi refineries and the Three Rivers refinery. The other vehicle would be located at the Houston refinery and also provide coverage for the Texas City and Port Arthur refineries.

4.3.2 Other Stationary Community Monitoring

At several refinery locations, Valero is involved in industry alliances and other industry groups that work together to address common issues. In some instances, these industry groups may establish and operate stationary air monitoring systems in the communities surrounding Valero's refineries. This type of monitoring is funded by the industry group members, including Valero and other industrial neighbors.

The nature and scale of these community monitoring efforts are based on local needs and concerns. Compounds monitored also vary based on location, but may include SO₂, ozone, and organic compounds such as benzene. Data review processes, as well as communication of results and decisions regarding further actions, are determined on a case-by-case basis.

5. COMMUNITY/ SOCIAL FACTORS

This section of the Audit report focuses on community/social factors. As noted above, Montrose recognizes that the environmental and the community/social elements are inextricably linked and, therefore, there is inevitably some overlap in both Sections 4 and 5. However, by looking at EJ through each of these lenses, Montrose seeks to ensure a robust assessment and presentation of relevant and important findings.

5.1. Community Outreach and Engagement

Since its start in 1980, Valero has pursued long-standing and positively recognized relationships with its fenceline communities. Many of Valero's current community outreach practices align with the recommendations from [*Promising Practices for Permit Applicants Seeking EPA-Issued Permits: Ways to Engage Neighboring Communities \(Promising Practices\)*](#). Importantly, our Audit confirmed that Valero's community outreach and engagement extends beyond environmental permitting.

5.1.1 Outreach and Engagement Plans

Based on a review of Valero's EERA and corrective action reports, outreach and engagement approaches vary by refinery. Of the nine priority refineries assessed via internal interviews and document review, three have written plans which establish formalized practices around community outreach and engagement. One such example of a formal, written plan is the Valero Corpus Christi Refineries Community and Local Government Affairs Plan, which sets annual goals for community outreach and engagement activities. Goals for 2022 include, but were not limited to:

- Increase communication with fenceline neighbors;
- Focus community giving on making a positive impact in the areas of food insecurity, health equity, education, and environmental stewardship;
- Work with Valero's environmental and permitting groups to address community concerns for permit applications/renewals;
- Build relationships with environmental stakeholders and leaders;
- Continue to identify organizations to partner with and increase volunteer opportunities;
- Work with environmental groups to set up meetings with regulatory stakeholders;
- Increase Valero volunteer hours to greater than 10,000 hours; and
- Create and distribute community newsletter.

The written plan is also used to document actions and progress towards goals to date, helping to ensure that annual objectives are met.

5.1.2 Methods of Outreach and Engagement

Through refinery and external stakeholder interviews, it was evident that Valero endeavors to remain in communication with and accessible to its fenceline neighbors. Valero uses multiple methods of community outreach and engagement that include, but are not limited to, community information phone lines, refinery newsletters, direct mailings (printed in English and Spanish), site-specific websites, and participation in CAPs. Methods of outreach and engagement are largely dictated by the individual refineries; Montrose observed various approaches of Valero proactively reaching out to community leaders and other stakeholders. Additionally, while COVID-19 impacted the ability for refineries to engage as meaningfully with community members, many refineries are reinvigorating their regularly scheduled in-person community meetings and events.

For example, prior to their permit submission scheduled for December 2022, the Valero Houston Refinery conducted a “Tank Farm Permitting 101” presentation for its fenceline neighbors via the Manchester Community Civic Club in July 2022. Presented in both Spanish and English, Civic Club members were invited to ask questions of Valero representatives. In another instance, the Valero Corpus Christi Refinery held an open house in September 2022 for local government officials in order to promote transparency and encourage open communication.

The Valero Port Arthur Refinery reported that refinery management, environmental, and communications personnel have regularly scheduled meetings with TCEQ, the Port of Port Arthur, local law enforcement and emergency response agencies, and the Texas Department of Transportation in order to sustain and strengthen those relationships.

Additionally, in the Fall of 2022, the Valero St. Charles Refinery held a holiday open house at the refinery for community members. Additionally, refinery personnel are participating members of the New Sarpy CAP and each year the refinery hosts a refinery tour for CAP members.

As part of the EJ expectations of EERA, Valero refineries are advised to develop a written strategic plan to identify external stakeholders and outline how the refinery plans to build relationships with them (with a focus on fenceline communities and regulators). The sites are advised to work with Valero’s Corporate Communications and Corporate Community Engagement teams to develop their external engagement strategy and plans, in order to ensure best practices from other sites are shared and implemented across Valero. This kind of proactive engagement is a key indicator of a commitment to promoting EJ.

Across Valero, CAPs are a primary mechanism for communication with local communities – for both providing information as well as receiving feedback from neighbors. The leadership teams at the Valero refineries are involved in engaging with external stakeholders. Each refinery has a Public Affairs Manager who is responsible for proactively coordinating community outreach and engagement. Additional detail on these elements of outreach and engagement are noted below.

5.1.2.1 Community Advisory Panels

A CAP is an advisory group to the local refinery management, seeking to represent the concerns and opinions of the local residents as it pertains to refinery operations. CAP members include representatives from community organizations (e.g., Chamber of Commerce, City Council) as well as representatives of the community at large. CAPs are intended to create a space for open and meaningful engagement and dialogue between fenceline community neighbors and Valero.

Valero's participation and documentation of CAP meetings varies from refinery to refinery. The structure and the formality of the CAPs also varies by refinery. While in some cases there is little available documentation, in other cases the CAP structure and proceedings are not only well-documented but also made publicly available.

5.1.2.2 Other Outreach/Engagement

The Public Affairs Manager at each Valero refinery is responsible for stewarding and leading local government affairs and community investment and engagement efforts. These managers engage with community stakeholders, elected officials, and external organizations to coordinate efforts both within Valero and with external stakeholders to drive a positive impact in the community and promote mutual understanding.

As part of their role, Public Affairs Managers seek out opportunities for direct engagement with the community. For example, the Valero Houston Refinery's Public Affairs Manager indicated she attends the monthly Manchester Civic Club meetings, where she provides refinery updates and makes herself available for community members to share any questions or concerns. Valero's Wilmington Refinery Public Affairs Manager presents refinery updates in both Spanish and English language. In addition to her involvement with the Wilmington CAP, she regularly meets with Madres, a group of Latina moms in Wilmington, where she provides information on refinery activities and addresses any concerns or questions of the group.

5.1.3 Alliances and Partnerships

Valero has long-standing relationships with multiple organizations, educational institutions, businesses, non-profits, and governmental agencies that serve its fenceline communities, including minority and underrepresented neighbors. Valero has strong national partnerships with nonprofits as well as successful local relationships with numerous food banks, environmental groups, and educational resources, devoting millions of dollars and thousands of volunteer hours in service and support to its fenceline communities and the neighborhoods in which they live and work.

As an example of a national partnership, Valero has been a materially significant supporter of United Way for more than four decades, supporting the needs of the communities in which it operates in the U.S. and Canada. As of 2021, Valero has contributed more than \$236 million to 59 United Way affiliates in 26 states across the U.S. where employees live and work. Valero is a United Way '[Pacesetter](#)' organization and is among the largest corporate contributors to United Way chapters throughout the communities where it operates.

One example of a successful local community partnership is that between the Valero Memphis Refinery and Knowledge Quest's [Green Leaf Learning Farm](#). The Green Leaf Farm was started in 2010 in order to help meet the nutritional needs of the South Memphis Community. Since the Farm's inception, Valero has partnered with the City of Memphis and Knowledge Quest (an education and critical services non-profit organization) to provide funding and donate volunteer hours towards construction and science, technology, engineering, and mathematics (STEM) development. These initiatives have resulted in the transformation of thirty vacant, blighted lots and three abandoned, vacant buildings into the microfarm that stands on Knowledge Quest's Memphis campus.

Additional examples of Valero's alliances and partnerships are summarized in Valero's 2022 ESG Report.

5.1.4 Volunteerism

There is an employee-corporate intersection between Valero's individual volunteerism and corporate philanthropic giving (see Section 5.2, below). Each Valero refinery maintains a Volunteer Council whose members are tasked with engaging with fenceline neighbors, businesses, and local organizations, identifying ways to partner in service to those communities, and coordinating those service programs. Valero volunteers share their time and talents with local communities in a variety of ways, depending on community needs. Valero indicated its volunteers plant trees, travel to the local elementary school to read to elementary children, visit the local high school to lead a STEM class, and serve on the board of more than 320 nonprofits. They also reported often offering basic essentials and transportation fuels to neighbors impacted by severe storms. During the last five years, Valero employees volunteered more than 600,000 hours (equivalent to nearly 60 full-time volunteer workers per year).

5.2. Community Feedback

5.2.1 Community Survey

According to the community survey conducted by Causeway in October 2022, a majority of residents do not think that environmental racism is an issue in their community (only 27% believe it is a major issue). However, a majority of respondents are at least somewhat concerned about environmental issues in their local area, and a majority of respondents are at least somewhat familiar with the term "environmental justice." This contrast suggests that while there is limited racial-related EJ concerns, there is concern generally over the level of pollutants in air and water.

That said, an overwhelming majority of residents surveyed recognize the importance of oil and gas companies to the local economy. A majority of residents overall (59%) also have a favorable impression of Valero as a company; among those expressing an opinion (excluding unsure or no opinion respondents), 80% have a favorable impression of Valero.

Lastly, the survey indicated that while community favorability is generally high and respondents are aware of the importance of Valero to the local economy, a majority in all but one market (Valero Port Arthur Refinery) are unaware of Valero community outreach and partnership activities.

5.2.2 Community Interviews

In soliciting community input and feedback via community interviews, Montrose sought representative voices from not only organizations that receive large financial contributions from Valero and who would be expected to have a favorable viewpoint, but also from individuals who represent organizations advancing EJ concerns on behalf of the community such as the Community in Power & Development of Port Arthur, Texas and the NAACP. Additionally, Montrose spoke with representatives from organizations who provide services in healthcare, education, early childhood development, critical needs, workforce development, and environmental conservation and restoration to fenceline neighbors and the communities in which they live.

While it would be difficult to encapsulate each conversation in this Audit report, as each respondent brought a unique perspective, there were a number of consistencies. First, those interviewed described Valero as a “great community partner,” a “true partner,” and having a positive impact on the community. When asked their impression of Valero’s community involvement and outreach efforts, answers included, “Valero does much more than people know” and they “do a poor job of telling their story” but “a good job of connecting with community.” One regulator shared that they found refinery personnel to be very responsive, typically responding to inquiries and requests within the hour.

Every individual interviewed was asked to provide recommendations on how Valero could strengthen and improve its relationships with their organizations as well as with other community members. Responses included specific recommendations on how Valero could further engage with fenceline community neighbors, such as hosting a refinery Facebook page to reach more community members. One respondent noted that they believe Valero has demonstrated that it is focused on the betterment of the communities in which it operates and is interested in forging alliances, and offered to take Valero representatives door-to-door in order to make more personal connections.

One EJ advocate provided relevant context, describing their organization as fighting for residents’ rights for clean air and economic opportunities. The advocate believes a disproportionate number of people living in fenceline communities suffer from respiratory diseases and that air emissions during environmental incidents have the potential to increase cancer rates of those citizens. However, the EJ advocate was emphatic in saying that if the oil and gas industry were eliminated, fenceline communities would be devastated. The EJ advocate had no interest in eliminating the industry. The organization intends to keep holding Valero and others accountable; however, the EJ advocate reported that the relationship with Valero is not adversarial. It is more like a partnership. The EJ advocate noted that the organization and Valero share the common goal of improving the lives of fenceline communities.

5.3. Investing in Communities

In 2021, Valero gave more than \$62 million to charities through employee and Company donations, corporate philanthropy, and fundraising efforts. More than 616 nonprofit organizations were supported in 2021 alone through Valero’s diverse and inclusive community strategy. Valero’s

community investments were found to benefit the most vulnerable among its fenceline communities, including minority and underrepresented neighbors, with a giving focus on addressing hunger/food insecurity, education and workforce development, community health and well-being, and women and minorities.

5.3.1 Hunger/Food Insecurity

Food insecurity is the lack of consistent access to enough food for every person in a household to live an active, healthy life. Food insecurity continues to plague families in the U.S.; in 2021, 10.2% (13.5 million households) experienced food insecurity. Many of Valero's fenceline community families have been negatively impacted by COVID-19 and the economic downturn, resulting in lost jobs, reduced income, poor health, and lack of resources to purchase nutritional foods. As noted in Valero's 2022 ESG Report, over the past five years Valero provided nearly \$7 million to assist food banks and pantries serving families and the elderly in community around Valero facilities.

Below are a few examples of meaningful actions. Further examples are provided in Valero's 2022 ESG Report:

- Every third Thursday of each month, the Valero Houston Refinery holds a food distribution event, serving over 5,000 families each month.
- In 2021, the Valero Meraux Refinery 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, including funds provided to Second Harvest to help provide thousands of people with meals following the storm.
- In addition to providing \$1.5 million to the Coastal Bend Food Bank of Corpus Christi, TX, for a new facility in 2021, the Valero Corpus Christi Refinery employees volunteer each month to help with food packaging and distribution.

5.3.2 Education and Workforce Development

Valero's 2022 ESG Report reflects a belief that access to quality education, better paying jobs and strong workforce development programs contribute to the strength and resiliency of a community. Some examples of where Valero has made investments in this area include:

- In 2021, the Valero Energy Foundation donated \$100,000 to the Port Arthur Independent School District (ISD) to fund the Empowering Students and Teachers in STEM program, a four-part initiative where teachers are provided the materials necessary to ensure students are thriving in these subjects.
- The Valero Houston Refinery is also a long-time partner of YES Prep Public Schools. With over 17,000 college-bound students across 20+ campuses, YES Prep Public Schools provide high quality education to students from underserved communities.
- In 2021, the Valero St. Charles Refinery 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, which bears Valero's name, provides residents with a local technical and vocational school where students can attain an Associate Degree in Process Technology or Instrumentation.

- The Valero Port Arthur Refinery has partnered with the Lamar Institute of Technology, Lamar State College, and Port Arthur ISD to stimulate and support a community-based workforce. Two graduates of the program now work at the Valero Port Arthur Refinery. Additionally, since 2000, this refinery has partnered with the Port Arthur Industry Group to provide college scholarships to Port Arthur residents interested in STEM-related careers.

5.3.3 Community Health and Well-being

Valero partners with non-profits that are committed to the health and well-being of the most vulnerable in the surrounding communities in which they operate. Examples of these investments are noted below, with additional detail available in Valero's 2022 ESG Report.

- The Valero Houston Refinery partners with nonprofits such as Legacy Community Health, which employs wrap-around specialists in schools to help facilitate connecting disadvantaged children and their families with basic life necessities like bedding, food, clothing, and shoes.
- In 2021, Valero donated \$5.8 million to various healthcare institutions in Texas, including the University Health System Foundation and the University of Texas Health Science Center.
- The Valero Corpus Christi Refineries donated \$1.5 million over the past six years to the Driscoll Children's Hospital in South Texas, which provides pediatric care for 31 counties. In 2021, Valero raised \$81,000 to purchase 'Transporter Preemie Pods' for the hospital. Additionally, they donated \$175,000 to the Ronald McDonald House Charities of South Texas who provide free lodging for children and their families while their children receive critical treatment at the Driscoll Children's Hospital.
- The Valero Houston Refinery employees hold an annual Back to School Bash where volunteers have distributed over 1,500 backpacks to schoolchildren in the last six years. In addition, a medical bus is parked onsite, providing basic health care support. In 2023, Valero intends to expand the Back to School Bash to allow for children to receive school vaccinations during the event.
- The ultra-accessible Morgan's Wonderland Camp in San Antonio, Texas, with a particular emphasis on giving children and adults with physical and developmental disabilities an opportunity to enjoy camp-type activities, was opened in 2020 thanks to a \$15-million grant from Valero.
- In 2021, the Valero Port Arthur Refinery donated \$180,000 to the Christus Health Foundation of Southeast Texas to support its Maternal and Child Unit at CHRISTUS Hospital – St. Elizabeth providing critical medical equipment for labor and delivery rooms.

5.3.4 Women and Minorities

Interviews with Valero refinery personnel indicated a recognized responsibility to protect and advocate for women and minorities. Valero's commitment is largely reflected in its own operations, where Valero seeks diversity in its workforce both through its hiring practices and employee development. For example, Valero's discloses that 37% of its U.S. workforce is minority, including 23% Hispanic, 7% African American. In addition, women account for 30% of Valero's professional jobs and 19% of all Valero employees.

Outside of Valero's own organization, women and minorities are positively impacted through Valero's focus on hunger/food insecurity, education and workforce development, and community health and well-being investments noted above. Some additional examples of how this responsibility is translated into action are noted below:

- Through direct donations, scholarships or curriculum guidance, Valero partners with local and regional educational institutions that stimulate and support a community-based workforce, in an effort to reflect the diversity of the communities in which it operates. For instance, Valero partners with Del Mar Community College in Corpus Christi, Texas; William R. Moore College of Technology in Memphis, Tennessee, River Parish Technical College and Nunez Community College in Louisiana and Lamar Institute of Technology, Lamar State College in Port Arthur, 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.
- Valero's Memphis Refinery donated \$80,000 to the Soulsville Foundation of Memphis 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.
- Valero Corpus Christi Refinery provided \$200,000 to New Life Refuge Ministries, which works to provide shelter and treatment for victims of sex trafficking.

5.3.5 Other Investments

While Valero's charitable giving is focused on the four areas noted above, Valero's charitable giving extends beyond these specific areas. Other examples of community investments include:

- In 2021, the Valero Memphis Refinery donated \$1 million to Memphis River Parks in support of the beautification of the community, including 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. The Valero Memphis Refinery volunteers assisted with the tree planting.

- In January 2021, Valero donated \$1 million to the Pontchartrain Conservancy for a local wetland restoration project. As a long-time partner to the Pontchartrain Conservancy (formerly the Lake Pontchartrain Basin Organization), Valero has provided funding and volunteer hours towards the planting of tree seedlings across hurricane-damaged wetlands located near the Valero St. Charles and Meraux Refineries. To date, more than 80,000 trees have been planted resulting in 1,146 tCO₂e annual sequestration to communities proximal to Valero's facilities. Valero is also working with the Pontchartrain Conservancy towards restoration of over 400 acres of critical wetland habitat to mitigate storm surges.
- In 2021, Valero started investing in and 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. This type of natural bank barrier helps to prevent storm surges, reduce erosion, improve water quality and enhance fish and wildlife habitat.

5.3.6. Fundraising

A major fundraising effort that has made multi-million-dollar community investments possible is the Valero Texas Open. For the last 20 years, Valero has been the title sponsor of this tournament. In 2022 alone, in collaboration with business and community partners, the Valero Texas Open, the Valero Benefit for Children and Champions for Charity events generated \$22 million in proceeds for hundreds of charities in need. This brings the total amount raised by Valero to \$205 million since becoming the title sponsor.

Proceeds from these fundraisers are distributed every year to nonprofit organizations that serve fenceline communities in the areas of basic needs, education and healthcare. Donations to food banks, homeless shelters, after-school meals, emergency response, STEM programs, mentoring programs, as well as access to medical and mental health resources were possible due to this successful fundraising effort.

5.4. Outreach and Engagement of Opposition Organizations

Valero is, at times, the focus of opposition groups and activist organizations (largely with ties to the anti-fossil-fuel movement). Rather than ignoring the claims and communications coming from these groups, Valero seeks opportunities for outreach and engagement to promote transparency and gain mutual understanding. Valero's aim is to establish a basis for future discussions and meetings by offering an open seat at the table where respectful discourse is encouraged and where honest, accurate, scientific information is made available.

For example, Valero's partnerships with the Corpus Christi NAACP and Mr. Hilton Kelley's organization in Port Arthur illustrate how Valero has built a bridge with these organizations by working together in service to their communities.

Another such example where opposition organization outreach occurred is related to the Valero Port Arthur Refinery. As part of the coker project permitting process, Valero contacted multiple community and activist organizations in the area to provide them with project details and to seek input. As a result, Valero was able to directly engage with stakeholders and understand a broad range of views and take those into consideration. As a result, stakeholders better understood the permitting process and, ultimately, the permit was issued without community objection.

6. CONCLUSION

Valero's commitment to environmental protection and its community investment and volunteerism go beyond compliance and align with the key pillars of EJ. As previously indicated, Valero was the first major energy company to adopt a formal Environmental Justice Policy in 2009. Valero's Environmental Justice Policy drives its commitment to *"operate as a good neighbor and look for opportunities to work with local officials and directly with fenceline neighbors to improve the quality of life for its neighbors and communities."* Valero's EERA includes not only a link to the EJ Policy but also an assessment of how fenceline communities and regulators are engaged. While the Company does not label standards and procedures as EJ-specific efforts, there is a commitment to EJ principles and several environmental and community affairs programs and activities assert that EJ values and principles exist within Valero's refineries.

At the refinery level, there are significant 'boots on the ground' actions taking place to address environmental and health concerns and contribute to improving the quality of life of underserved communities – from beyond-the-fenceline air monitoring to community partnerships and investments.

Nevertheless, Valero's strong record of being good fenceline neighbors, community philanthropists, and regulatory compliance has not shielded Valero from critique and activism. Valero's current activities present opportunities to differentiate the Company from peers and formalize environmental excellence programs, and existing community engagement principles and actions, into an integrated approach to promoting EJ. There is also an opportunity to improve community awareness and transparency regarding programs Valero is already undertaking.

Specific Audit results are detailed below, including notable best practices as well as opportunities to leverage these practices across other refineries and strengthen the overall corporate-level approach.

6.1. Results

Both enterprise-wide and at a facility level, EJ is understood as meaningful and relevant. Valero is committed to environmentally responsible operations and it is a generous and committed provider of important resources within the communities in which it operates, facilitating access to nutritional food, healthcare, quality education, workforce development, and other key priorities. While EJ-specific organizational governance to maintain and measure consistency of facility-level actions is ad hoc, this does not diminish the value of the actions Valero is taking. Additionally, there are enterprise-wide practices and processes in place that align with Valero's EJ corporate values and principles – namely, the EERA program.

Notable findings from Montrose's Audit include:

- Most of Valero's facilities are co-located in communities that are underserved, minority in racial composition, low income and with degraded air quality even as Valero operates within its permit requirements and conducts fenceline monitoring.

- Valero has a history of improving lives, well-being and health in the communities in which it operates through its investments and fundraising activities.
- Based on random community surveys and stakeholder interviews, Valero refinery facilities are positively viewed by their fenceline communities, including minority and underrepresented neighbors.
- Valero facilities understand the importance of community engagement, though there appeared to be varying degrees of community outreach practices between facilities based on interviews.
- Interviews with facility personnel and external stakeholders indicate parties understand the context for EJ as requiring environmentally responsible operations and meaningful engagement with all stakeholders.
- Opposition voices were neither vitriolic nor dismissive of Valero's community engagement efforts.
- The EERA is the primary corporate-level measurement of community engagement.
- Although Valero has a strong environmental compliance program, Valero has had alleged violations of environmental laws that led to enforcement actions in EJ-indicated communities, and this Audit confirmed that they are being actively managed by Valero to take corrective actions and resolve the matters.
- Most facilities have not typically engaged communities early in the environmental permitting process but are reportedly working on improving that approach in future processes.
- Regulatory relationships are largely considered mutually positive between Valero and regulators, though the cadence in which regulators are engaged varies by facility.

Of the EJ communities this Audit focused on, it is worth highlighting the Valero Corpus Christi Refineries East and West, which exhibit maturity as it relates to actions taken to promote EJ. At Corpus Christi, many of the best practices necessary for Valero to develop corporate-wide EJ practices and procedures exist. While there are well-regarded community engagement practices and regulatory relationships at the nine priority facilities, meaningful EJ related differences exist at Corpus Christi that result in robust public engagement, particularly as it relates to communicating environmental impact from operations, permits, and planned activities. Central to this finding is that Valero already has best practices that provide early and meaningful public engagement with fenceline neighbors relative to facility operational safety and environmental compliance.

6.2. Opportunities for Continued Improvement

Valero's EJ-focused actions are part of a dynamic and complex relationship between each of Valero's refineries, the communities in which they operate, and the regulatory agencies. Valero focuses its expertise, personnel and financial resources on fostering these relationships and preserving its permits to operate. Areas of EJ focus include environmental controls, community

engagement, and philanthropy/volunteerism. Accordingly, Montrose's Audit identifies opportunities for continued improvement in these focal areas.

At the corporate level, as a next step for Valero, EJ commitments can be enhanced by a more enterprise-wide approach – i.e., establishing corporate standards and processes, and sharing the tools and experiences of one refinery with other refineries, so that successes can be repeated where warranted and failures can be minimized. This will enhance Valero's community relationships and better serve the minority and underrepresented fenceline communities near Valero refineries.

In the spirit of continual improvement and demonstrating leadership in the industry, Montrose provided Valero with a list of recommended actions for Valero to consider in order to further operationalize its commitment to EJ. Below is a summary of those opportunities for continued improvement. For opportunities at the refinery level, applicability and the 'how' of addressing the recommendation should be assessed on a refinery-by-refinery basis.

Table 5. Summary of Identified Opportunities for Continued Improvement

Category	Opportunities
EJ Policy	Review and update the existing Valero EJ Policy in order to (1) better define the pillars of Valero's approach to addressing EJ, (2) further align the policy with the current regulator and societal expectations surrounding EJ, (3) strengthen the policy commitment language, and (4) include greater specificity around refinery-level expectations and commitments.
EJ Policy (Implementation)	Identify opportunities to more explicitly integrate EJ considerations into key Company policies, standards, procedures, and management systems, in support of the next EJ Policy iteration.
EERA	Review and update the expectations of Element 2.0 of the EERA framework in order to more explicitly address EJ and Valero's commitment to promoting EJ through specific actions (in line with the next EJ Policy iteration).
EERA	More effectively use the EERA as a tool for centrally identifying and tracking Valero actions that warrant broader internal and external communication, in order to highlight Valero's commitment to EJ and effectively share best practices. (While the EERA reports identify positive actions taken by Valero, internal and external stakeholders are often not made aware of these actions.)
Training and Awareness	Conduct EJ awareness-level training, that can be expanded over time as needs change, for corporate personnel, refinery personnel, and key vendors, including a general orientation to the subject as well as highlighting Valero's commitments and expectations.
Air Permitting and Compliance	Prioritize and systematically review pending and upcoming permit renewals and engage the local communities, including facilitating community input and involvement in the process.

Category	Opportunities
Air Permitting and Compliance	Establish corporate-level expectations regarding community outreach and engagement in advance of future permitting activities, including facilitating community input and involvement in the process.
Air Permitting and Compliance	Set corporate-level expectations and establish local mechanisms for communicating with local communities regarding permit exceedances.
Communication with Regulators	Ensure corporate expectations regarding regular engagement with regulators (residing in the EERA framework and the CTEMS) are being monitored, met, and documented across the refineries.
Fenceline Monitoring	Evaluate, enhance, and maintain mechanisms for proactively communicating fenceline monitoring results to the refinery communities.
Community Mobile Air Monitoring	As the program is further formalized, establish protocols regarding the community mobile air monitoring program, including communication of air monitoring results to the communities.
Industry-Group Stationary Community Air Monitoring	Work with industry groups to establish protocols regarding industry-group monitoring programs, including communication of air monitoring results to communities, when appropriate.
Community Outreach and Engagement	To the extent not already in place, establish and implement community outreach and engagement plans at the refinery level.
CAPs	Establish and implement corporate-level expectations regarding the establishment and management of CAPs at the refinery level.
CAPs	Establish and implement a refinery-level communications plan for each CAP to make information more readily available.
Community Feedback	Review the summary of feedback provided by community members as part of this Audit and consider (and document) actions for addressing. Engage directly with community interviewees to assure feedback has been received and is being reviewed.
Community Investment	Establish a community investment plan at the refinery level aligned with the foundational EJ needs of Valero refinery fenceline communities.
Opposition Organization Outreach and Engagement	Continue to reach out proactively to activist organizations, seeking opportunities for discourse. Document outreach efforts and engagement sessions.

Appendix A: Montrose Proprietary Audit Methodology

This appendix contains detailed information on the proprietary methodologies Montrose leveraged in this Audit. This information is excluded from any publicly-available version of this report.

Appendix B: Initial Matrix of Findings

This appendix contains detailed information on the proprietary methodologies Montrose leveraged in this Audit. This information is excluded from any publicly-available version of this report.