UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ☒ Filed by a party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☐ Definitive Proxy Statement

☒ Definitive Additional Materials

☐ Soliciting Material Under Rule 14a-12

Valero Energy Corporation
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee paid previously with preliminary materials.

☐ Fee computed on table in exhibit required by Item 25(b) per Exchange Act Rules 14a-6(i)(1) and 0-11.

April 14, 2023

VIA EMAIL

Mary Minette
Mercy Investment Services

Harry Ashman
Columbia Threadneedle Investments, on behalf of our reo® clients

Luan Jenifer
Miller/Howard Investments, Inc.

Kathy Ryan
Irish Life Investment Managers

Nick Spooner
Robeco

Mads Steinmüller
Danske Bank Asset Management and Danica Pension

Natalie Wasek
Seventh Generation Interfaith Coalition for Responsible Investment

Re: In response to Climate Action 100+ letters dated January 5, 2023 and March 13, 2023

Dear Climate Action 100+ Representatives,

I am writing as the Chair of the Sustainability and Public Policy Committee and on behalf of the Board of Directors of Valero Energy Corporation (Valero). Valero is providing this supplement as you requested in your March 13, 2023 follow-up letter. At the outset, we want to thank you again for the opportunity to engage. We also want to echo the comments from our call – the Board and management team at Valero value constructive engagement with our shareholders and carefully consider all feedback we receive.

Valero appreciates your acknowledging the industry-leading GHG emission reductions from our low-carbon fuels and carbon capture, utilization and storage (CCUS) efforts, as well as the constructive feedback you provided in our engagement. As you know, Valero expects that the projects it is undertaking will reduce GHG emissions by more than 32.3 million metric tons per year by 2035 – a significant contribution.

GHG Reduction Target Setting

After having reviewed your letters and reflected upon our call, we believe the fundamental differences in our perspectives centers around how we determine the best way to reduce GHG emissions. You have expressed your preference for absolute emission reductions, which companies can achieve by closing refineries. You highlighted that several of our peers have closed refineries over the last couple of years and have targets that take advantage of those closures. However, we believe the challenges presented by the ambitions of the Paris Agreement and the energy needs of the world are not met by a narrow strategy for reducing carbon emissions. We think it is necessary to have – and are succeeding at -- an 'all-of-the-above' approach to carbon reductions, including reductions through lower-carbon fuels, CCUS and innovation. We expect our strategy to continue to advance with changes in technology, public policy, regulatory requirements and other factors. What will not change, however, is our commitment to be a leader in the production of affordable transportation fuels while still producing superior results for our stockholders and other stakeholders.

The size and mix of businesses among energy companies and the posture of their refining assets can be quite different. Not every refiner needs to close refineries to be aligned with the objectives of the Paris Agreement. Most climate experts acknowledge that fossil fuels will be needed well beyond 2050, particularly as policymakers and the world balance the additional imperatives of energy security and affordability. Even under the extremely ambitious IEA Net Zero 2050 Scenario, traditional refined products will still be needed in the world.

Resilience and Growth

Our strategy is one of resilience and growth. We have positioned our traditional refining assets to be among the most resilient and best performing in the industry. Valero plans to capture a greater market share with its low-cost, advantaged and reliable refining system. This is why we were not forced into refinery closures during the severe economic downturn associated with the COVID-19 pandemic. We will continue working on the efficiency of our traditional refining fleet, and we cannot rule out that we may ultimately divest or close a refinery; but our carbon strategy as of today is not built around the closure of facilities, and thus our targets do not reflect it.

The other component of Valero's strategy is growth of its low-carbon portfolio -- growth not only in volume, but in new low-carbon product offerings and in continually lowering the carbon intensity of the fuels we offer. These fuels have the direct effect of lowering GHG emissions into the world's atmosphere as they displace traditional fuels. And, of course, we must implement this strategy while making sure that we deliver returns to our stockholders.

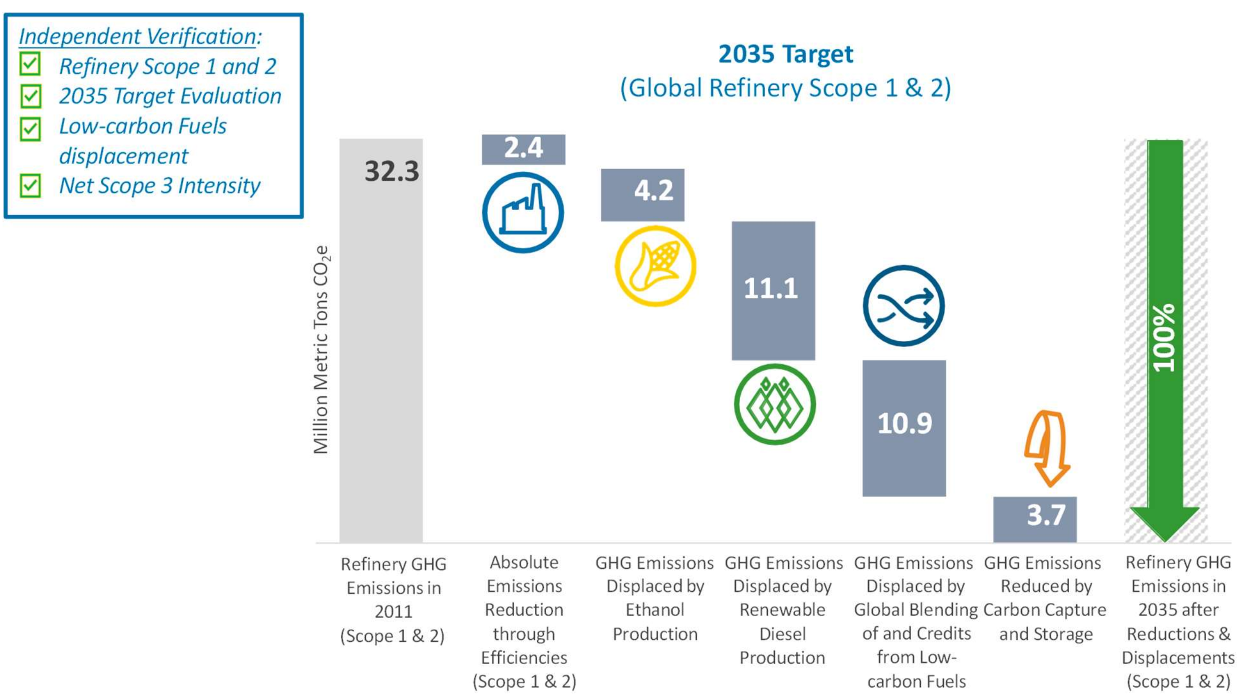
Clear Targets and Disclosures

Valero has designed reduction targets to align with its strategy. Valero was the first traditional refiner to move into the low-carbon ethanol business, and is one of the world's leaders in renewable diesel production. To date, Valero has invested more than $5 billion in a world-scale low-carbon portfolio of ethanol and renewable diesel production. Valero also is an early mover in the CCUS space. Earlier this year, Valero announced its investment in one of the largest sustainable aviation fuel production projects in the world. It is expected to be operational in 2025. None of our peers can genuinely claim to be doing more than Valero is to advance the production of low-carbon liquid fuels.

It is important to note that individual companies in the energy industry can have a diverse mix of assets and, thus, quite different reporting and reduction approaches. Valero wants investors to understand that the Company has a strategy to grow in a lower carbon world and to recognize that our strategy is substantive and viable. This strategy is not just an ambition; rather, it is coming to life through Board-approved projects and/or projects under execution.

In the waterfall target chart below and in our related disclosures, Valero has been very detailed and transparent about how the Company plans to make GHG emission reductions. Our disclosure format is industry-leading: Valero has divided and disclosed reductions in metric tons, so that investors can mix and match what the Company is targeting. If an investor wants to see the amount of GHG emission reductions Valero is achieving via lower absolute emissions, as some of you prefer, then the first column of the waterfall provides the reduction of absolute GHG emissions targeted. Likewise, with CCUS and low-carbon fuels displacement, each is separately disclosed in the waterfall. If investors want to attribute low-carbon fuels displacement to Scope 3 or want to exclude them, they have complete transparency in order to do so. We even divide targets between ethanol and renewable diesel production and separate blending.

Valero also provides the added assurance that our goals are realistic. Valero provides only reductions with a line of sight that have Board review and approval and/or that are in meaningful development. No company, that we are aware of, has been so transparent and specific in its GHG emissions target disclosures.



Scope 3 Reporting and Targets

This year Valero added a Scope 3 metric to its disclosures as reflected below[1]. This disclosure shows that Valero has the lowest GHG emissions among the peer group on a per barrel basis. Our disclosure is aligned with the GHG Protocol, which approves of disclosure of Scope 3 on an intensity basis. We particularly value this disclosure because it helps shareholders appreciate that, while Valero is a significant energy producer, the Company is producing liquid fuels in a far less carbon intense manner.

To date, Valero has not set a separate Scope 3 target. As we articulated during the call, the Board is very focused on only making a commitment if the Company has a clear line of sight and plans on how we would achieve it. Because we do not have a full line of sight into the future use of our products, we believe it is prudent to refrain from laying out further (and speculative) GHG emissions targets related to the use of our products. Moreover, the Board has deep concerns about existing methodologies to measure Scope 3 emissions and their potential for duplication and inaccuracy; it would be imprudent to set quantitative targets when the underlying measurement scale lacks the rigor shareholders expect from us. However, as your letter concedes, Valero is already delivering industry leading efforts to reduce the carbon intensity of its Scope 3. Nonetheless, the Company will actively continue to review this and other parts of its low-carbon strategy in light of future developments.

Finally, as we discussed in our recent meeting, the Board does not support the Company making aspirational commitments or issuing targets without a strategy for achieving them. We believe too many companies have found themselves in the position of being accused of "greenwashing" because of such aspirational commitments. Valero never wants to be in a position to have to walk back commitments or to have an unanticipated lack of progress towards its aspirations called into question.

---

[1] See page 111 of the ESG Report (available at Valero.com > Investors > ESG > Reports and Presentations) for details on Valero's Net Scope 3 Intensity and the peer group.

Independent GHG Emissions Reduction Verification

You stated that "there's no independent verification for 'displaced emissions' methodology and quantity." We respectfully disagree. Attached as Appendix A is a list of the 48 independent verifications that our low-carbon fuels production was subject to last year alone. These were independent verifications undertaken by some of the most credible carbon regulators in the world and upon which millions of dollars of valuation by sophisticated buyers were based. But even beyond those 48 independent verifications, Valero hired two independent verifiers to specifically review our target assumptions, calculations and methodologies[2]. These verifications covered not only our achieved reductions, but also the reasonableness of our forecasted target related reductions through 2035. The Board is again unaware of any other company in our sector that has taken such steps.

Capital expenditure disclosure

Valero reviewed the capital disclosure examples provided in your second letter and found ours to be comparable. Valero does not disclose specific granular project capital (traditional or low-carbon) until it has been vetted through our capital gating process. This capital discipline has been a hallmark of Valero's commitment to stockholders and one of the principles that has been highly valued by our investors. It would be anomalous for Valero to disclose long-range low-carbon capital projects. That said, we again point out that, Valero has one of the largest portions of its growth capital targeted towards low-carbon and carbon reducing projects in the industry. In 2021 and 2022, Valero deployed approximately 74% and 46% of its growth capital towards low-carbon projects, respectively[3]. Again, we believe our actions today are stronger indicators of our Company's commitments than speculative estimates of future capital spending with no line of sight or capital disciplinary reviews.

Board Competency and Oversight

Valero's Board has broad and diverse climate competency and we have a keen focus on climate-related risks and opportunities. Valero has reviewed the examples of Board competency disclosures you cited and confirmed that we have similar robust disclosures of such competencies. Moreover, as we conveyed in our call, Valero has further detailed those competencies in its 2023 Proxy Statement recently filed with the SEC.

Our Board members take seriously our independence and our fluency on different climate-related perspectives. In addition to core governance best practices (such as a robust lead independent director role and regular executive sessions outside the presence of management), we ensure that external experts lead discussions at our annual three-day strategic planning meeting. Over the past two years, this has included presentations from third-party experts on topics such as climate, low-carbon projects and innovation, ESG and sustainability. Third-party experts also present at regularly

[2] These independent verifications can be found at Valero.com > Investors > ESG > Other Reports > Independent Verification Statements: Scope 1 and 2; Net Scope 3 Intensity; Low-carbon Fuels GHG Inventory and 2035 GHG Emissions Target evaluation.
[3] See pages 57-60 of our Annual Report on Form 10-K for the year ended December 31, 2022.

scheduled Board and committee meetings on these topics. Moreover, as you have experienced, the Company engages extensively with our shareholders on this topic.

Finally, we shared that, last year, Valero added a new Sustainability and Public Policy Committee for the Board. We created this committee and structured its composition and duties (as outlined in its committee charter) to bring enhanced focus on climate-related risks and opportunities. This committee oversaw Valero's publication of our 2022 TCFD report using the IEA Net Zero 2050 Scenario, which is the IEA's most ambitious scenario. In preparing this report, Solomon, a leading world expert on the refining industry, concluded that under the extremely ambitious IEA Net Zero 2050 Scenario as applied by it, Valero's strategy was aligned with the net zero goals of the Paris Agreement and, most importantly, that our overall refining portfolio would remain resilient in the 2050 transition contemplated by such scenario.

Conclusion

The Board appreciates the challenge investors encounter in assessing the climate-related risks and opportunities in their portfolio companies. While it is appealing to ask for absolute conformity in disclosures, Valero believes that investors are better served when companies are allowed enough flexibility to explain their respective climate strategies, so long as they are transparent. Valero has been very transparent in its disclosures. And, most importantly, we have been substantive and credible in our actions. The Board has received strong support for and recognition of our very careful and deliberative approach to making capital commitments and low-carbon efforts. Our guidance to management has been to make public commitments only where we have a clear line of sight and a plan to execute. While Valero may disappoint those who prioritize prescriptive reporting frameworks or seek aspirational pledges, the Board believes telling the Valero story of industry leading and profitable low-carbon investments and tailoring our commitments in a specific manner to align with our actual plan is paramount. Valero has some of the lowest carbon fuel offerings available. We have aggressive targets and a robust and clear strategy that has positioned us today as an industry leader in carbon reductions and fueling the energy needs of the world.

The Board hopes the information here, as well as our engagements more generally, help balance an understandable desire to rely on standardized protocols with the more complex nature of reality and actual and funded operations. Again, thank you for taking the time to visit with us.

Sincerely,

Deborah P. Majoras

Deborah P. Majoras
Chair, Sustainability and Public Policy Committee

cc: Climate Action 100+ signatories
Valero Board of Directors
Rich Walsh, Senior Vice President, General Counsel and Secretary, Valero
Homer Bhullar, Vice President Investor Relations and Finance, Valero Energy
Giovanna Rueda, Vice President ESG, Valero

Appendix A

Independent Verifications of Valero's Low-carbon Fuels in 2022

Audit Name	Business Unit	Auditor	Number of Audits
California LCFS 2021 VMSC Transaction and MCON verification	VMSC	ALG	1
ISCC 2022 VMSC ISCC PLUS recertification audit	VMSC	Control Union	1
ISCC 2022 VMSC ISCC EU recertification audit	VMSC	Control Union	1
ISCC 2022 VEL London ISCC EU recertification audit	VEL London	Intertek	1
ISCC 2022 Valero Refining ISCC EU recertification audit	Valero Refining	Control Union	1
ISCC 2022 VEL Pembroke ISCC EU initial audit	VEL Pembroke	Intertek	1
ISCC 2022 VRF ISCC PLUS	VRF - Albion, Aurora, Albert City	Control Union	3
ISCC 2022 VRF ISCC EU	VRF - Aurora	Control Union	1
ISCC 2022 VGM ISCC PLUS	VGM	Control Union	1
ISCC 2022 VGM ISCC EU	VGM	Control Union	1
EPA RFS 2021 VRF annual reports attestation	VRF	Valero Internal Audit	1
EPA RFS 3-year Engineering Review	VRF - each plant is a separate audit	Trinity Consultants	14
California LCFS 2021 VRF annual CI verification	VRF – Aurora, Fort Dodge, Hartley	Christianson	3
California LCFS 2021 VRF initial CI validation	VRF – Albert City, Albion, Linden, Welcome	Christianson	4
ISCC 2022 DGD ISCC EU Initial Audit	DGD-SC & DGD-PA	SCS Global Services	2
ISCC 2022 DGD PLUS Initial Audit	DGD-SC & DGD-PA	SCS Global Services	2
EPA RFS 2021 DGD annual reports attestation	DGD-SC	Weaver	1
EPA RFS 3-year Engineering Review	DGD-SC	Frazier Barnes	1
EPA RFS Registration	DGD-PA	EcoEngineers	1
California LCFS 2021 DGD-SC annual CI verification	DGD-SC	Christianson	1
RED I and RED II DGD Customer Certification Audits for Norway sales	DGD-SC & DGD-PA - each customer audited separately	PwC	6
		Total	**48**