Stewardship & Responsibility Report
Guiding Principles

OUR VISION
The world requires reliable, affordable and sustainable energy, and we see this as an opportunity.

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

SAFETY
Safety is our foundation for success.

ENVIRONMENT
We are committed stewards of the environment.

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

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

GOVERNANCE
We view our stakeholders as partners to whom we seek to deliver operational excellence, disciplined management of capital and long-term value on a foundation of strong governance and ethical standards.
In 2020, we achieved several operational records, including best year ever for safety and environmental performance. In addition, we generated more than $58 million for charities through donations, fundraising and volunteerism. As many people suffered hardships, we focused our charitable contributions on providing food, shelter, educational resources, fuel and other life necessities.

I am very proud of Team Valero. Throughout a year like no other, our employees showed their dedication to our company, and commitment to operating in an environmentally responsible and safe manner.

I am proud of our efforts in diversity and inclusion, as those are strengths of our Valero team. As part of our pandemic response, we also expanded employee physical and mental health benefits, enhanced safety protocols and maintained high levels of communication with our workforce.

Looking to the future, we remain steadfast in our energy transition strategy.

Valero is already a leader in the production of renewable fuels, with more than $3 billion invested. We expect to invest almost $2 billion over the next three years, expanding our board-approved low-carbon projects. In addition, we are evaluating and advancing investments in sustainable aviation fuel, hydrogen, carbon sequestration and more.

We are on track to achieve our plan to reduce/offset 63% of global refining greenhouse gas (GHG) emissions by 2025 through existing board-approved projects. And we are not stopping there. I am pleased to announce that we plan to increase that percentage to 100% by 2035. The management team and I recognize low-carbon fuels will be part of the energy mix. Demand for renewable fuels will be driven by low-carbon fuel policies and stricter fuel-efficiency standards. We plan to leverage our liquid-fuels platform and operational expertise to diversify into high-growth, high-return, lower-carbon projects going forward.

Thank you for your continued support and trust.
Who We Are

Valero Energy Corporation (NYSE: VLO), through its subsidiaries (collectively, “Valero”), is an international manufacturer and marketer of transportation fuels and petrochemical products.
Map of Operations

REFINING

Assets: 15 petroleum refineries in the U.S., Canada and the U.K.

Products: Gasoline, diesel, jet fuel and other specialty products, including asphalt and petrochemicals, that fuel modern life

Throughput Capacity: 3.2 million barrels per day of crude oil and other feedstocks

RENEWABLE DIESEL

Assets: Diamond Green Diesel (joint venture), Norco, Louisiana

Products: Renewable diesel fuel

Capacity: 290 million gallons per year

ETHANOL

Assets: 13 plants in the Midwest U.S.

Products: Ethanol, distillers grains and fuel-grade corn oil

Capacity: 1.7 billion gallons per year of ethanol; 4.5 million tons of distillers grains

LOGISTICS ASSETS

~3,000 miles of active pipelines
~130 million barrels of active shell capacity for crude oil and products
200+ truck rack bays

~5,200 railcars
50+ docks
2 Panamax-class vessels

Includes assets that have other joint venture or minority interests. Does not include ethanol assets, except for railcars.

ALTERNATIVE ENERGY GENERATION

Adjacent to the McKee refinery in the Texas Panhandle, 33 wind turbines with 50 megawatts of electricity capacity

4 cogeneration plants in the U.S. and the U.K.

Expanders at 6 of our refineries

PROPOSED CARBON SEQUESTRATION PIPELINE
We believe that proactive and consistent dialogue with stakeholders helps us address environmental, social and governance priorities, which enhance our business.

**ESG**

Our Sustainability Accounting Standards Board (SASB) report, which aligns Valero’s performance data with the recommendations of SASB’s framework in the Oil and Gas – Refining and Marketing industry standard, can be found on pages 106 and 107.

In 2018, we published our Review of Climate-Related Risks and Opportunities assessing the resilience of our business strategies under a potential transition to a lower-carbon economy consistent with a 2°C scenario. We intend to present an updated report following the Task Force on Climate-related Financial Disclosures (TCFD) recommendations later in 2021. We are participating in the CDP Climate Change Questionnaire 2021.

**ENVIRONMENTAL**

On track to achieve 63% global refining GHG emissions reduction/offset target by 2025

2020 best year ever for environmental performance

- World’s 2nd largest renewable diesel producer
- Renewable diesel and ethanol reduce life cycle GHG emissions up to 80% and 30%, respectively
- World’s 2nd largest corn ethanol producer
- Growth projects in low-carbon fuels as well as carbon capture and storage

**SOCIAL**

2020 best year ever for safety performance

Surpassed $58 million in community donations and fundraising, with more than $12 million for COVID-19-related support

- ~10,000 global employees
- 35% of our U.S. workforce are minorities
- 29% of our global professional employees are women
- Named to Forbes 2020 World’s Best Employers

**GOVERNANCE**

Diverse, independent board of directors:

5 of 11 represent diversity of race or gender

3 of 11 are women • 10 are independent

3 fully independent committees

- Board and committee oversight of risks and compliance, including climate-change risks, GHG reductions and renewable fuels strategy
- Compensation aligned with performance: all-employee bonus program includes ESG efforts and improvements; and executive performance shares include an Energy Transition performance measure (as a modifier to relative TSR) linking compensation to the company’s progress toward its publicly announced 2025 GHG emissions reduction/offset target and percentage of growth capital deployed for low-carbon initiatives


See page 107 for notes regarding this page.
Electric Vehicles (EVs)

A better understanding of electrification.

- EVs will be part of the energy mix to achieve low-carbon goals but they are not the single technology solution.
- Before an EV leaves the showroom, it has already emitted twice the CO₂ emissions of a car fueled by gasoline.*
- The mining/extraction and processing of the rare earth minerals and metals needed to produce an EV battery result in significant GHG emissions, and often occur in countries with less-stringent environmental and reclamation regulations than North America or Europe.
- Once in operation, an EV is still not “zero emissions” as the electricity that powers an EV often is generated by fossil fuels.
- The infrastructure build-out necessary to support an increase in EVs will be costly, time-intensive and fossil-fuel dependent, thus emitting a large amount of CO₂ itself.
- According to the IEA’s The Role of Critical Minerals in Clean Energy Transition, the world does not have the mineral resource capacity to meet the demand increase of renewable technologies, such as EV batteries.

Renewable Diesel

An affordable solution to immediately reduce transportation GHG emissions.

**Benefits of Renewable Diesel Compared to EVs**

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

**Electric Vehicles Are Not Zero Emissions**

Southwest Research Institute Ted Talk, Presented by Graham Conway

**Significant Issues and Emissions from EV Life Cycle**

- **Mining/Extraction**
- **Cobalt & Rare Earth Processing**
- **Manufacturing EVs**
- **Power Generation**

A single light-duty vehicle running on renewable diesel emits 29 tons less CO₂ than an electric vehicle**, an amount equal to the benefit of planting 435 trees***

A single heavy-duty long-haul vehicle running on renewable diesel emits 561 tons less CO₂ than an electric vehicle**, an amount equal to the benefit of planting 8,482 trees***

*Southwest Research Institute Ted Talk, Presented by Graham Conway

**Argonne National Laboratory (DOE) and Southwest Research Institute. See page 109 for notes regarding this chart.

***Estimated based on the U.S. Environmental Protection Agency (EPA) GHG Equivalencies calculator for urban tree seedlings grown for ten years.
In addition to absolute refining GHG emissions reductions, our production of renewable diesel and ethanol offers meaningful reductions in life cycle GHG emissions, compared with traditional diesel and gasoline. Blending and credits with respect to renewable fuels also provide a displacement of GHG emissions.

Many state, provincial and national governments across the world have implemented, or are considering implementing, low-carbon fuel policies and stricter fuel efficiency standards to help reach GHG emissions reduction targets. This has helped, and should continue to help, drive the demand for both renewable diesel and ethanol. Valero believes that the ability to supply these renewable fuels could play an important role in helping to achieve such GHG emissions reduction targets.

We have invested more than $3 billion* to date in our renewable fuels businesses, and we have allocated almost $2 billion over the next three years expanding our board-approved renewable projects.

TARGETING TO REDUCE AND OFFSET 100% OF GLOBAL REFINING SCOPE 1 AND 2 GHG EMISSIONS BY 2035
ENVIRONMENT

We are committed stewards of the environment.

Our team works to protect the natural environment by operating in a responsible manner, including utilizing recycling and reusing practices, minimizing waste and investing in our assets. In fact, multi-billion-dollar capital investments to maintain our responsible operations along with continuous improvement in personnel safety, process safety and reliability have driven down our environmental events to record lows.

GOVERNANCE AND OVERSIGHT BY THE BOARD

The board of directors has oversight responsibility of climate-related risks and opportunities. The Nominating/Governance and Public Policy Committee assists the board in the oversight of risks relating to health, safety and environmental performance, as well as climate-related risks and opportunities. The committee also assists the board in oversight of ESG disclosures. Managed by a senior executive who reports directly to our CEO and with direct reporting opportunities to the committee, our environmental team is responsible for environmental strategy, risk assessment and implementation.
2020 HIGHLIGHTS

ON TRACK TO ACHIEVE

63%
GLOBAL REFINING SCOPE 1 AND 2 GHG EMISSIONS REDUCTION/OFFSET TARGET BY 2025.

100%
GLOBAL REFINING SCOPE 1 AND 2 GHG EMISSIONS REDUCTION/OFFSET TARGET BY 2035

2020
BEST YEAR FOR SAFETY PERFORMANCE AND THE LOWEST NUMBER OF ENVIRONMENTAL SCORECARD EVENTS*

LOW-CARBON FUELS AND PROJECTS

Our innovation has made us a leader in our industry for an energy transition.

We have invested more than $3 billion to date in our renewable fuels businesses. And we have allocated almost $2 billion over the next three years to complete the expansion of our renewable diesel plant located next to our St. Charles refinery in Louisiana, and to build another renewable diesel plant adjacent to our refinery in Port Arthur, Texas.

Last year, more than 40% of growth capital expenditures were invested in low-carbon projects. In 2021, we are allocating more than 50% of growth capital expenditures to low-carbon projects.

Many state, provincial and national governments across the world have implemented, or are considering implementing, low-carbon fuel policies and stricter fuel-efficiency standards to help reach GHG emissions reduction targets. These policies drive the demand for both renewable diesel and ethanol.

The growth of our renewable fuels business not only contributes to substantially lower carbon emissions, but also provides a good financial return to our stockholders.

By planting trees in wetlands and restoring swamps in front of levees, employees at the Valero St. Charles Refinery help protect the area from hurricanes.

See page 109 for notes regarding this page.
RENEWABLE DIESEL

Our renewable diesel uses a combination of used cooking oil, recycled animal fats and inedible corn oil to produce low-carbon-intensity renewable diesel that reduces life cycle GHG emissions up to 80%, compared with traditional diesel.

In a joint venture that started operations in 2013 at a plant adjacent to our St. Charles refinery, we have the capacity to produce 290 million gallons per year with a planned expansion to 690 million gallons by late 2021. Another renewable diesel plant was approved by our board to start operations in the second half of 2023, adjacent to our refinery in Port Arthur, Texas. This will result in a combined annual capacity of about 1.2 billion gallons of renewable diesel.

ETHANOL

A clean-burning, high-octane renewable fuel, ethanol has 30% lower life cycle GHG emissions, compared with gasoline. Our total ethanol production capacity is 1.7 billion gallons per year. In order to continue reducing the carbon intensity of ethanol, we have implemented additional processes using enzymes to further break down the corn kernel to produce cellulosic ethanol. This type of ethanol offers lower life cycle GHG emissions compared with corn ethanol.

LIFE CYCLE GHG EMISSIONS OF RENEWABLE FUELS

Life cycle GHG emissions of low-carbon fuels are expressed in carbon intensity and represent a cradle-to-grave analysis, including feedstock production and transportation, fuel production and distribution, and use of finished fuel. When compared with traditional fuels, life cycle GHG emissions of low-carbon fuels include all the traditional scope emissions.

FEEDSTOCK PRODUCTION & TRANSPORTATION

FUEL PRODUCTION AND DISTRIBUTION

USE OF THE FINISHED FUEL

LARGE-SCALE CARBON CAPTURE AND STORAGE TO FURTHER REDUCE THE CARBON INTENSITY OF ETHANOL

This project involves capturing high-concentration CO₂ streams produced in the fermentation process at our ethanol plants.

The removal of CO₂ from our ethanol plants has the potential to further reduce the carbon intensity of this low-carbon fuel by more than 40% and significantly contribute to our GHG emissions reduction/offset target.

Valero is expected to be the anchor shipper with eight of its ethanol plants connected to the 1,200-mile carbon capture pipeline across five Midwest states.

Map is indicative only. Exact pipeline route subject to change following the conclusion of open season.
ENVIRONMENTAL MANAGEMENT
Robust Operational and Environmental Management Systems following three programs:

1. COMMITMENT TO EXCELLENCE MANAGEMENT SYSTEM (CTEMS)

CTEMS provides the policies and procedures used to achieve operations excellence and to manage our business in a safe, reliable and environmentally responsible manner. A proprietary systematic approach unlike third-party management systems, CTEMs focuses on results and not exclusively on planning and documentation. CTEMs adheres to a plan>do>check>act model to achieve excellence in nine critical elements, driving safe and reliable operations, and minimizing impacts on communities and the environment.

2. FUELS COMPLIANCE

Our Fuels Compliance program provides operational safeguards, software, auditing, training and protocols for uniformity across our labs to reinforce our compliance with all fuels regulations across the globe. Our fuels compliance efforts also include evaluating low-carbon-intensity value generation opportunities by finding carbon intensity optimization opportunities and mitigating carbon risks in operations, including strategic planning, goals and objectives, is reviewed at least annually.

3. ENVIRONMENTAL EXCELLENCE AND RISK ASSESSMENT (EERA)

Created in 2020, EERA elevated the environmental audit and compliance functions to an environmental excellence vision. Its main goal is to assess the design and effectiveness of environmental management systems under specific excellence objectives, and to return an assessment per site to enable continuous improvement across the company. EERA defines more than 100 expectations and involves a five-step process using a combination of external assessors and internal subject matter experts.

At the Corpus Christi West refinery, leak detection and repair (LDAR) equipment is used to detect emissions.

When combined with CTEMs, EERA is much more relevant and effective for our complex refining business than generalized management systems such as ISO 14001.

In 2020, EERA was implemented completely at several of our refineries. By focusing on results in the field, and not exclusively on regulatory compliance, EERA promoted our excellence vision in 2020.

OUR APPROACH TO ENVIRONMENTAL MANAGEMENT

Responsibility: refinery staff dedicated to environmental excellence and risk mitigation

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

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

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

Record Keeping: ensure documents identified, managed and maintained

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

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

Audits and Assessments: internal and independent audits and verifications conducted to identify the adequacy and effectiveness of environmental controls, regulatory compliance and excellence vision
For Valero, being the most efficient and reliable operator in a highly competitive industry means being a better environmental performer.

**FLARE-GAS RECOVERY SYSTEMS RESULTED IN MORE THAN 97% FLARING-FREE OPERATIONS IN 2020**

More than 79% of Valero’s large process flares are equipped with flare-gas recovery systems. These systems reduce flaring and recover fuel gases, which are used to fire heaters and boilers, reducing natural gas consumption.

**SULFUR REMOVAL**

Sulfur obtained from the refinery process unit is removed for a variety of beneficial uses, including crop fertilizer.

**MARINE VAPOR RECOVERY UNITS**

At certain refineries, captured vapors generated when loading ships with gasoline and other light products are routed back into the refinery’s gasoline pool.

**FUEL FROM OIL WASTE**

Recovered usable oil and oily solids are reprocessed into high-value fuel and byproducts through refining processes, including "coker injection," avoiding the generation and disposal of wastes.

**ENERGY EFFICIENCY INITIATIVES**

We are focused on improving process monitoring and control systems to reduce energy consumption.

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

**RECYCLING OF MATERIAL RECOVERED FROM TANK CLEANING**

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

**WASTEWATER MANAGEMENT**

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

**WATER RECYCLING**

With innovative approaches, we use each gallon of water more than 18.5 times prior to evaporation or return to the environment.

**REUSING EXHAUST GASES TO REDUCE ENERGY CONSUMPTION**

Installed at six of our refineries, expanders are designed to convert kinetic energy into electricity by reusing exhaust gases to spin turbines.
Valero is focused on reducing spills from its manufacturing and processing facilities, pipelines and vessels, and thoroughly investigates spills to reduce recurrence. We protect our people and the environment through operational excellence and technology, always with the goal of zero spills.

Valero volunteers from the Houston and Texas City refineries planted 140 trees during a habitat restoration event for the Galveston Bay Foundation in Kemah, Texas.

**CARBON CAPTURE SINCE 2013**

MORE THAN 1 MILLION TONS OF CO₂ EACH YEAR

Carbon capture opportunities include capturing the carbon dioxide associated with hydrogen production at refineries.

In 2013, our refinery in Port Arthur, Texas, became the first industrial site in the U.S. to host a large-scale carbon capture project, and it remains the only U.S. refinery doing so, with more than 1 million tons captured each year. Two steam methane reformer units, owned by a business partner that produces hydrogen from natural gas for the refinery, were retrofitted to capture the carbon dioxide generated from hydrogen production.

**1 million**

TONS PER YEAR CAPTURED IS EQUIVALENT TO THE BENEFITS OF PLANTING EACH YEAR

**2020 RESULTS**

2.5 million GALLONS OF WASTE REPURPOSED AS FUEL AT THIRD-PARTY FACILITIES, DISPLACING THE EQUIVALENT OF MORE THAN 8,500 TONS OF COAL AND PREVENTING 33,800 TONS OF CARBON

94% OF ALL REFINERY EXEMPTED AND HAZARDOUS WASTES WERE RECYCLED*

48% OF ALL HAZARDOUS WASTE WAS RECYCLED, INCLUDING 15.6 MILLION POUNDS OF CATALYST*

**HAZARDOUS WASTE MANAGEMENT PROGRAM**

We focus on reducing the generation of wastes across all media, including air, water and solid streams. Recycling, reusing and repurposing activities are essential components of our program. The program also includes regular waste reviews, risk assessments, waste stream prioritization and training.

**SPILL PREVENTION**

Valero is focused on reducing spills from its manufacturing and processing facilities, pipelines and vessels, and thoroughly investigates spills to reduce recurrence.

We protect our people and the environment through operational excellence and technology, always with the goal of zero spills.

*Refer to exempted hazardous waste as per regulatory classifications and per footnote EM-RM-150a.1 on page 107.

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

*Refers to exempted hazardous waste as per regulatory classifications and per footnote EM-RM-150a.1 on page 107.
Consideration of Biodiversity Impacts

Valero’s growth capital projects often require thorough evaluation of potential biodiversity impacts as part of their planning, approval and implementation phases, particularly when greenfield sites are being considered, or at locations where existing assets may have sensitive natural or cultural considerations.

In the pre-construction or planning phase of such capital projects, we perform environmental due-diligence as part of location selection. Once environmental reviews and virtual data gathering are performed, Valero’s environmental team works closely with the engineering and commercial departments to determine the best preliminary location for the project.

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

- Locations of surface waters and wetlands
- Threatened and endangered species habitats
- Previously recorded archaeological sites, historic structures and areas of tribal interest or significance
- Existing developed areas versus undeveloped greenfield sites
- Public lands, including parks, nature preserves and wildlife conservation areas
- Federal Emergency Management Agency floodplains
- Surface water intakes

For significant projects, alternative locations are considered. In these cases, we perform environmental field studies on the most viable locations to verify and delineate natural resources within proposed project areas. This data further drives project decisions on avoidance of sensitive features and habitats.

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

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

Pipeline Public Awareness Program

With more than 3,000 miles of active pipelines, Valero has programs in place to inform the public, emergency responders and other key stakeholders about the status of the pipelines, and offers resources to residents and businesses. We also provide training to emergency response personnel in the community.

Because digging or other excavation, construction or farming activity can potentially damage a pipeline and have both safety and environmental impacts, Valero encourages the public to contact their state’s one-call center, from the “811: Call Before You Dig” resource on its website.
At our Benicia refinery near the San Francisco Bay, Valero placed straw "wattles," or interwoven natural material, over pipelines to allow small mammals, including the threatened salt marsh harvest mouse, passage over the pipes. The wattles serve as bridges and provide critical access for the mouse to the dense ground cover and adjoining grasslands it is dependent upon.

Wildlife and Plant Protection

Our Pembroke refinery in the United Kingdom creates and sustains habitat for wildlife and plants with a Biodiversity Action Plan on 500 acres it owns outside its fence line. This includes work with the Bumblebee Conservation Trust to create habitat for the rare shrill carder bee, at the site of a removed tank storage farm. Valero volunteers have cleared and planted wildflower meadow seed, and also have created safe nesting areas in earthen banks for shelduck waterfowl, secure from predators.

Biodiversity and Habitat Conservation

Our staff biologist identifies endangered species and critical habitat in the vicinity of our facilities, and documents ecological projects conducted by our plants and Valero volunteers. Valero sponsored the Texas Butterfly Ranch Caterpillar Condos for Classrooms program to teach second grade students the life cycle and migration patterns of monarch butterflies.

For a pipeline replacement project between our Ardmore refinery and Wynnewood terminal in Oklahoma, Valero conducted surveys on the rare American burying beetle and provided critical data to the U.S. Army Corps of Engineers and the U.S. Fish and Wildlife Service on area populations of the beetle.

At our Benicia refinery near the San Francisco Bay, Valero placed straw "wattles," or interwoven natural material, over pipelines to allow small mammals, including the threatened salt marsh harvest mouse, passage over the pipes. The wattles serve as bridges and provide critical access for the mouse to the dense ground cover and adjoining grasslands it is dependent upon.

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

Valero’s Jefferson, Wisconsin, ethanol plant is creating habitat for peregrine falcons, on the state’s endangered list, to nest and reproduce. Parent falcons return each year to the plant, where volunteers have built a nest box and placed it high up in an old grain elevator stairway, with window access. In 2020, three chicks hatched and fledged successfully. The plant regularly has invited employees and their families to watch as a researcher bands the small chicks for tracking.
Wetlands Restoration

The Benicia refinery captures clean sediment dredged from its dock area to raise the elevation of nearby subsided wetlands, which helps protect and recover wildlife and plant species. Over the past four years, Valero has contributed approximately 134,000 cubic yards of clean dredged material – an amount roughly equal to 6.4 million 50-pound bags of sand – for restoration at the Montezuma Wetlands Restoration Project. The effort not only protects habitat but also helps ensure safe dock operations, clearing sediment to allow ample underwater clearance for large ships.

For more than 10 years, the St. Charles refinery has worked closely with the Pontchartrain Conservancy. As part of wetlands and swamp restoration, together we have planted approximately 5,000 trees in front of levees to help protect the area from hurricanes.

Land Remediation, Management

At the site of a closed refinery in Michigan, Valero conducted a wetland restoration project to provide physical characteristics essential in developing vegetation and wildlife along the Pine River. The wetland was redesigned to contain multiple habitats prior to seeding the area with a diverse group of native plant species as well as adding multiple wildlife habitat structures. Wildlife, including bald eagles, turtles, multiple species of ducks and a variety of aquatic species, have used this restored wetland area. The project was successfully completed in conjunction with state and local agencies, and continues to flourish as a vital habitat.

As part of Pembroke’s construction of a cogeneration unit, it converted a former residence into habitat for local populations of bats relocated because of the new unit. The bat house has attracted a number of new residents. The refinery also is looking to “re-wild” areas of land it owns, a conservation effort aimed at restoring and protecting natural areas through the planting of native broadleaf woodland. Re-wilding is a process that promotes nature-based carbon storage. The refinery also operates an Environmental Education Program and hosts students at its nature boardwalk to explore aquatic plants and animal species.

In partnership with the nonprofit Texas Coastal Exchange, Valero invested in the capture of 10,000 tons of carbon dioxide in marsh, prairie and woodland habitat in the wetlands of the Texas Gulf Coast near our Port Arthur refinery. Rather than developing the land, landowners commit to preserving the ecosystems to capture carbon dioxide underground.

The Galveston Bay Foundation, a nonprofit conservation organization serving the area since 1987, partnered with Valero’s Houston and Texas City refineries for tree planting and habitat restoration events.

The St. Charles refinery has partnered with the Coastal Conservation Association, a nonprofit that advises and educates the public on conservation and marine resources.

Our Aurora ethanol plant received the 2019 Brooking County Conservation District Tree Stewardship Award for its stewardship of natural resources, including planting 5,500 trees in South Dakota.
Many of our refineries use power from renewable sources either from local power grids or from our own projects. Local power grids can draw from renewable sources, ranging from hydro power to wind, solar, biogas and geothermal. And we produce some of our own power, from wind or from recycling gases (such as steam and exhaust) within our refining processes. Roughly 22% of our total energy consumption originates from renewable sources.

**Energy Efficiency**

- **Hydropower**: More than 99% of the electricity used at our Quebec City refinery comes from renewable sources – mainly hydropower, with small portions from wind, biomass and biogas.
- **Wind generation**: Adjacent to our McKee refinery in the Texas Panhandle, our windfarm was completed in 2009 at an investment of more than $80 million, and includes 33 wind turbines with 50 megawatts of electricity capacity.

**Cogeneration Plants**: Fueled by natural gas, our cogeneration plants reduce our reliance on local power grids, which are often less environmentally friendly and more costly. Cogeneration represents a very efficient way of producing electricity and thermal energy or steam, with the steam recycled back into the refining process for other uses.

Valero has cogeneration systems at refineries in Wilmington, Benicia, Port Arthur and Pembroke.

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

**Cogeneration unit at the Wilmington refinery, which reduces our reliance on the local power grid.**

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**Data Verification**

Valero uses third parties to conduct environmental, emissions and fuel compliance verifications. State, provincial and national governments across the world with cap-and-trade and low-carbon fuel policies require independent assurance of our GHG emissions and the carbon intensity of our low-carbon fuels. In addition, we engaged Lloyd’s Register Quality Assurance Inc., an affiliate of Lloyd’s Register North America Inc., to evaluate and issue an assurance statement on the accuracy and reliability of our global refining Scope 1 and 2 GHG emissions. We intend to continue obtaining assurance statements on our global refining GHG emissions each year.

Details on independent verifications and assurance statements can be found on our website at www.valero.com > Investors > ESG > Reports and Presentations.

**ENVIRONMENTAL METRICS**

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<td>181.2</td>
<td>165.8</td>
<td>164.1</td>
<td>164.6</td>
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<tr>
<td>Oil spilled to land (&gt;1 bbl)</td>
<td>22</td>
<td>25</td>
<td>14</td>
<td>21</td>
</tr>
<tr>
<td>Oil spilled to water (&gt;1 bbl)</td>
<td>0</td>
<td>4</td>
<td>3</td>
<td>4</td>
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</tbody>
</table>

*Million metric tons CO₂e. Scope 1 is defined as the direct GHG emissions from global refinery operations. Scope 2 (market-based) is the indirect GHG emissions from purchased electricity and steam calculated using EPA-derived steam emissions factors and energy supplier-specific emissions factors. Metric Tons Million m³. Count of oil spill events to land or water of more than one barrel.

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Wetland restoration and tree planting event by Valero’s St. Charles Refinery volunteers.

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

Our water-risk-based approach is integrated into our operational and long-term planning to mitigate and reduce water risks. We have taken several steps we believe are necessary to secure our operations in conditions of water scarcity.

- At our Wilmington refinery we have a signed contract to take treated municipal wastewater to supplement our cooling tower makeup water. Upon project completion, we will save up to 420 million gallons of potable water per year. That is roughly the annual amount consumed by 9,000 U.S. households.*

- Our Three Rivers refinery sends treated wastewater for use in irrigation.

- Our Corpus Christi refineries pay into a broad industry fund that provides water-supply security and supports research and plans for the construction of a desalination facility to serve industrial users.

- Our Welcome ethanol plant was one of the industry’s first operators to achieve “zero discharge” of wastewater by recovering and recycling process water and stormwater.

- Process water and stormwater are treated as necessary before discharging or reusing. Our wastewater treatment plants are generally comparable to those operated by most cities.

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

- Taking a risk-based approach to water management and integrating water strategy and water security into our long-term planning and business processes
- Engaging with local governments, industry associations, suppliers and regulatory agencies to develop innovative solutions in water management and conservation
- Assessing and managing regional water risks through sustainability assessments
- Protecting existing water resources through sound water management policies
- Recycling and reusing water to minimize demands on fresh water sources and improve efficiency

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

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

In 2020, we recycled more than 18.5 times the amount of fresh water we withdrew to support our refinery operations, primarily through the recirculation of water in high-efficiency cooling towers.

*Source: Water Footprint Calculator
Safety is our foundation for success.

OUR OPERATIONS CONTINUED DURING THE COVID-19 PANDEMIC

Leveraging our extensive and proven safety and emergency preparedness protocols, we responded responsibly and quickly to protect the safety and well-being of our employees, their families and communities during the COVID-19 pandemic. As part of the world’s critical infrastructure, Valero refineries continued producing transportation fuels and other products essential to everyday life, while keeping employees and contractors protected with safe-at-work protocols, regular communications and response plans.

Corporate and support employees at our headquarters returned to the office after safe-at-work protocols were put in place. These measures included increased frequency and type of cleaning, work-station modifications, mandatory face masks, safe-return training and social distancing protocols.
We believe that safety and reliability are extremely important, not only to the cultural values we aspire to as a company, but also for operational success. A decrease in the number of employee safety events and process safety events reduces unplanned shutdowns and increases the operational reliability of our plants. This, in turn, translates into fewer environmental incidents, a safer workplace, lower environmental impacts and better community relations.

We strive to improve safety and reliability by offering year-round safety training programs for our employees and contractors to promote the Valero culture of safety excellence. Safety compliance is achieved with frequent audits and quality assurance visits as well as comprehensive risk assessments to ensure safety standards are followed and comply with and often exceed local, state and federal regulations.

In 2020, we spent $2 billion in capital expenditures to grow and sustain our operations, including investments in safety, preventive equipment maintenance, environmental mitigation and reliability. We also implemented new programs, procedures and training aimed at preventing injuries and environmental incidents.

In 2020, Valero’s refining combined employee and contractor injury rate was its best ever with a Total Recordable Incidence Rate (TRIR) of 0.23 incidents per 200,000 working hours, well below the industry average. Our Tier 1 Process Safety Event Rate was 0.06.

For us, safety means our employees and contractors go home every day to their families and our communities rest assured knowing we are dedicated to keeping them safe.
### SAFETY METRICS

#### GLOBAL REFINING

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
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<tbody>
<tr>
<td>Personnel Safety Employee¹</td>
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<tr>
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<td>Process Safety Events Rates - Tier 1²</td>
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<tr>
<td>Process Safety Events Rates - Tier 2²</td>
<td>0.18</td>
<td>0.31</td>
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</table>

¹ Recordable injuries per 200,000 working hours.
² Per 200,000 working hours.
²² Global refining Tier 1 process safety event (PSE) rates and Tier 2 PSE rates as defined within American Petroleum Institute Recommended Practice 754.

#### VALEO REFINERIES VS. OTHER SECTORS

<table>
<thead>
<tr>
<th>Sector</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>2.8</td>
<td>2.8</td>
</tr>
<tr>
<td>Forestry and Logging</td>
<td>2.8</td>
<td></td>
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<tr>
<td>Manufacturing</td>
<td>3.3</td>
<td></td>
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<tr>
<td>Hospitals</td>
<td>5.5</td>
<td></td>
</tr>
<tr>
<td>Framing Contractors</td>
<td>7.0</td>
<td></td>
</tr>
<tr>
<td>Accounting/Tax Preparation</td>
<td>0.3</td>
<td></td>
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<td>Petroleum Refining</td>
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<td></td>
</tr>
<tr>
<td>Electric Power Generation</td>
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</tr>
</tbody>
</table>

PROCESS SAFETY AND RELIABILITY

Resulting from another excellent performance in process safety and reliability, Valero once again achieved high refinery utilization rates, which are essential to curb environmental incidents and improve safety. Our capital investments in reliability, along with our program of comprehensive reliability assessments and proprietary management systems, have contributed to consistent excellent performance in process safety. Our efforts have yielded results. In 2020, we continued achieving low process safety event rates, both in terms of annual and three-year rolling average Tier 1 Process Safety Event Rate.

63% REDUCTION IN TIER 1 PROCESS SAFETY EVENT RATES SINCE 2011*

INVESTMENTS IN RELIABILITY CONTRIBUTE TO OPERATIONS EXCELLENCE

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

VPP: HIGHEST PLANT-SAFETY DESIGNATION

“Going beyond” has been a constant theme throughout our history, and one of the best examples has been our participation in the Voluntary Protection Program (VPP) of the U.S. Department of Labor’s Occupational Safety and Health Administration (OSHA).

10 REFINERIES ARE OSHA VPP STAR SITES BECAUSE OF RIGOROUS SAFETY STANDARDS

Valero voluntarily submits to rigorous safety standards and audits. Facilities that have maintained industry-leading safety performance and have successfully passed the assessment process, establishing that they have implemented continuous enhanced safety systems, are approved as VPP Star Sites, regarded as OSHA’s highest plant-safety designation.

Valero leads the refining sector with 10 U.S. petroleum refineries approved as VPP Star Sites. Valero also goes beyond the U.S. border to make sure its Quebec (Canada) and Pembroke (United Kingdom) refineries have the opportunity to shine. Each holds Valero VPP Stars after passing audits patterned after those in the U.S., conducted by teams of independent OSHA-trained inspectors.

As part of a partnership with OSHA, several dozen Valero employees are designated as Special Government Employees (SGEs), who participate in VPP assessments, sharing safety knowledge, experience and best practices with others both within and outside our industry. We believe that our employees are our competitive advantage, but when it comes to protecting the safety and well-being of others, that is one advantage we are willing to share.

Mechanical availability is the percentage of time our units are available to operate, and a key indicator of reliability. Our 97.2% mechanical availability in 2020 represents highly reliable refinery operations. Excellent performance in this metric reflects our ability to prevent unplanned downtime, minimize environmental events and successfully execute planned and unplanned refinery maintenance in a timely manner.

97.2% MECHANICAL AVAILABILITY IN 2020

INVESTMENTS IN RELIABILITY CONTRIBUTE TO OPERATIONS EXCELLENCE

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

As part of our continuing commitment to safety, we launched the Goal Zero program in 2020, focused on eliminating incidents.

After a year of implementation, this program improved performance through sharing of safety incident information and focusing on six data-driven areas: energy isolation and control; heavy equipment and vehicle operations; hand awareness and safety; dropped objects; slips, trips and falls; and contractor safety management.

Goal Zero is supported by the use of assessments like our Control of Hazardous Energy and Materials (CHEM), which looks at refinery processes from the preparation of equipment for maintenance to the way the equipment is placed back into service afterward. The CHEM assessments closely examine the human aspect of our processes and challenge our team members to really focus on the execution of procedures designed to protect them.

Valero’s innovative data-based approach is designed to bring incident and injury rates down to zero, our goal.

Hands down, the most applause from Valero’s new Goal Zero program in 2020 came with required use of new cut- and impact-resistant gloves for specified tasks.

In 2020 Valero refining employees and contractors saw a 74% drop in hand injuries from the year before. Not only that, the share of hand injuries to total recordable incidents decreased from 36% to 16% in that time, contributing to Valero’s lowest-ever refinery combined employee and contractor injury rate.

The number of refineries with zero hand injuries soared from four in 2019 to 11 in 2020 – including Ardmore, Benicia, Corpus Christi (two refineries), Houston, McKee, Memphis, Meraux, Pembroke, Quebec and Three Rivers.

Glove selection and protection levels are determined by work type at each refinery. Employees and contractors are trained to pay attention to adjacent work activities, maintain good visibility, focus on the task at hand and eliminate potential hazardous human-machine interferences. Rules of thumb include keeping hands out of the “line of fire,” never putting hands on a suspended load and using mechanical lifting devices for heavy equipment, among others.

Like the new hand safety initiative, all Goal Zero focus areas closely examine the human aspects of our processes and challenge our team members to maintain emphasis on the procedures designed to protect them.
LIFE-SAVING RULES

We have long maintained a set of “Life-Saving Rules” at our plants to guard against the most serious of unsafe work practices that could lead to injuries. Violations of these rules are met with the highest personal accountability. They range from working without a valid work permit, to failure to wear specified life-protection equipment.

Our employees and contractors have become familiar with these rules – and how the rules apply to their own roles and responsibilities. They know that the rules simply must be followed in all circumstances to eliminate serious incidents.

The program is supported by comprehensive training and realistic field exercises focusing on critical work processes and procedures.

SAFETY TRAINING

As part of our CTEMS, we offer a robust and dynamic year-round training program to ensure excellence in operations. With more than 592,000 hours of safety training in 2020 for ~6,000 refinery employees, our safety training covers a wide variety of topics, including:

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

CONTRACTOR SAFETY

Valero’s strong safety culture includes not only employees but also contractors. Contractors have adopted the same approach to operational excellence in order to avoid incidents. In fact, contractor companies working at Valero refineries hold a total of 26 OSHA Voluntary Protection Program Stars, after voluntarily submitting to and completing stringent safety audits by OSHA inspectors, as most of Valero’s refineries have done.

As outlined in our CTEMS, safety qualifications for all existing and new contractors performing work at our refineries are essential to improve safety performance, efficiency and safety compliance. Contractors are held to the same level of safety training as our employees, participating in more than 890,000 training hours in 2020.

PRESCREENING FOR SAFETY PERFORMANCE AND RISKS

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

OPERATING GUIDELINES ON CONTRACTOR SAFETY MANAGEMENT

- Contractor performance is evaluated both during and at the completion of jobs, including preplanning, permitting, auditing and post-job evaluations.
- Contractors are expected to meet or exceed Valero health and safety programs, as well as state and federal regulations.
EMERGENCY PREPAREDNESS AND RESPONSE

With refineries along coastlines and ethanol plants in the U.S. Midwest, Valero evaluates and prepares for physical risks to its facilities from natural disasters, including hurricanes and tornadoes, to other threats, and works to mitigate risks to its people, assets, surrounding communities and the environment. Valero's investment in sustaining capital expenditures includes upgrades in physical risk mitigation practices.

• Emergency response plans at each facility
• Qualified response teams and relationships with outside response personnel
• Regular drills and assessments

EMERGENCY MANAGEMENT PLANNING

Assess potential risks posed to our people and operations, and implement solutions

• Emergency response plans at each facility
• Critical capital resources
• Qualified response teams and relationships with outside response personnel
• Use of emerging technologies
• Regular drills and assessments
• Emergency management process that complies with all laws and regulations

HURRICANE PREPAREDNESS

This involves both pre-hurricane season measures, as well as a five-phase process in order to give adequate time and resources for our employees and facilities to safely prepare.

Phase 1: Start of season
Phase 2: Predicted storm path and potential for impact
Phase 3: Significant impact to sites likely
Phase 4: Shutdown
Phase 5: Post-hurricane response

SECURE FACILITIES

Reducing physical risks through infrastructure design to withstand adverse natural disasters and weather conditions.

Improvements to existing assets after natural disasters or other threats are identified.

Our post-hurricane assistance team provided much-needed employee help after the storms by removing debris and doing urgent home repairs and other essential tasks.

Secure Facilities

Reducing physical risks through infrastructure design to withstand adverse natural disasters and weather conditions.

Improvements to existing assets after natural disasters or other threats are identified.

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

Valero has built a reputation of being a best-in-class operator and an outstanding corporate citizen by offering a level of philanthropic generosity that is unmatched. Amid the COVID-19 pandemic, our rich history of strong community support and fundraising efforts did not waver. In fact, it was just the opposite. Our response was swift and we provided:

- Fuel cards for first responders and nonprofit organizations
- Hand sanitizer and protective gear for emergency responders
- Monetary support for organizations on the front lines
- Educational resources to support online learning
- Volunteers to help serve meals and deliver food
IN 2020, VALERO AND ITS FOUNDATIONS RAISED $58.4 million FOR CHARITIES THROUGH FUNDRAISING, DONATIONS AND VOLUNTEERISM

$12.2 million IMMEDIATE COVID-19 SUPPORT

“Neighborhood parks are the heart and soul of our community. I thank the Valero Energy Foundation for investing in Hartman Park and for being an early supporter of the 50/50 Park Partners Initiative. We are just getting started with our work to improve greenspace, transform parks and enhance the quality of life for every Houstonian.”

– Houston Mayor Sylvester Turner

“I can’t thank your team enough for the work you did. Volunteers are important partners for the conservancy and for the park staff. We appreciate Valero’s partnership at every level.”

– Denise Gross, executive director, Phil Hardberger Park Conservancy

“In 2020, Valero and its foundations raised $58.4 million for charities through fundraising, donations and volunteerism. $12.2 million was immediately given to support the COVID-19 pandemic.”

At Valero, we strive to operate as a good corporate citizen and look for opportunities to work with local officials and fence-line neighbors to improve the quality of life and provide information about our business.

Our approach to successful community engagement is to work collaboratively and tailor our partnerships and outreach to meet each community’s unique needs. Our community investment is also viewed through a lens of environmental justice where all people are treated fairly and compassionately, while ensuring our community support is impactful and creates long-term value.

“This year more than ever we are grateful to receive funds from the Valero Benefit for Children and be a charity partner. The kids are with us all day now, and we are supporting distance learning for multiple school districts to mitigate the learning loss our kids will face when they return to school. We are staying on top of the changing schedules and getting the kids the programs and services they need.”

– Anna Eaton, COO, Vacaville Neighborhood Boys and Girls Club, Vacaville, California

“This year has been an extraordinarily challenging one for our region with the economic impact of COVID-19, as well as numerous tropical storm threats and impacts. To receive this extraordinary donation from the Valero Benefit for Children is perfectly timed as we continue to respond to so many needs that the impacts of 2020 have generated in our community.”

– Dan Maher, president and CEO, Southeast Texas Food Bank

“Valero has already given us the largest donation we have ever received but to have even more is beyond our expectations. Valero’s staff has really done something special and we can’t thank them enough.”

– Tracy Olin, PATCH (Pembrokeshire Action to Combat Hardship) manager, Pembroke, U.K.
In 2020, more than 800 organizations were supported through Valero’s diverse and inclusive community investment strategy:

**FOUR PILLARS OF SUPPORT**

1. **BASIC NEEDS**
   - Basic human needs are essential to having a community that is able to thrive. Support for emergency response services, children’s homes and area food banks are a few examples of this support.
   - 33% | $19.3 million

2. **HEALTH CARE**
   - Amid the COVID-19 global pandemic, we prioritized health care needs in our neighboring communities. Major gifts went to children’s hospitals, medical centers and service providers that offer specialized health care services and programs, including testing facilities for COVID-19.
   - 30% | $17.5 million

3. **EDUCATION**
   - Valero is a strong supporter and advocate of education, and prioritizes learning and college preparation as an investment in our future. We support school-based programs that ensure students have the necessary tools and technology to succeed at all ages, including STEM education programs, mentoring, wrap-around social services and after-school programs.
   - 28% | $16.4 million

4. **CIVIC**
   - We support initiatives that foster the success of the communities where we live and work. Valero supports a wide range of conservation programs, city parks and zoos, libraries and museums as well as safety infrastructure, including police, fire and emergency management services.
   - 9% | $5.2 million

**TOTAL GENERATED FOR CHARITIES THROUGH EMPLOYEE AND COMPANY DONATIONS, CORPORATE PHILANTHROPY, FUNDRAISING AND VOLUNTEERISM**

$58.4 million
COVID-19 GLOBAL PANDEMIC: EXTRAORDINARY IMPACTS ON FAMILIES AND COMMUNITIES AROUND THE WORLD

Our Valero community outreach teams worked tirelessly to ensure donations were swiftly deployed to alleviate the hardships of many throughout this crisis.

Around 20,000 fuel cards ($25, $50, $100 value) were distributed to front-line workers, educators, nurses, first responders and others in need.

More than 754 gallons of hand sanitizer were made at our Hartley, Iowa, ethanol plant to help ease the initial shortage of hand sanitizer.

“We are so thankful for the generosity of Valero, our longtime corporate partner. The fact that so many people within Valero took the time to make these masks by hand to support our patients, their families and Driscoll in its effort to care for the children of South Texas makes this a very special donation.”

- Martha Avery, vice president of development for Driscoll Children’s Hospital in Corpus Christi, Texas, after receiving a $25,000 grant from the Valero Energy Foundation

In Louisiana, $110,000 was provided to the Second Harvest Food Bank of Greater New Orleans and Acadia to help increase food packaging and distribution efforts for 23 parishes.

“Valero’s investment in our strategy to sustain students’ academic and social-emotional growth during these times allowed us to purchase 200 laptops and tablets to help equip our students’ learning environments at home.”

- Marlon Foster, founder/chief executive, Knowledge Quest, Memphis, Tennessee

Our Three Rivers refinery employees and interns assembled 125 care packages for seniors, including hand sanitizer and toiletries.

During the height of the pandemic, the Wilmington Community Clinic in California teamed up with Valero to offer COVID-19 tests for local residents. Those who were tested received a bottle of hand sanitizer as well as a $20 fuel card from Valero. In addition, Valero provided the protective gear for the technicians performing the tests, like the one seen here.
MAKING A DIFFERENCE AROUND THE WORLD

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

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

ECONOMIC SUPPORT

~10,000
direct jobs, bolstering local economies with payrolls

~4,000
contractors

$215,048*
median of the total annual compensation of all employees, excluding our CEO

$2 billion
spent in 2020 on maintenance and growth projects, boosting construction and service jobs

ENVIRONMENTAL JUSTICE

Valero was the first major energy company to adopt a formal environmental justice policy aimed at improving quality of life for nearby neighborhoods.

Our employees at our sites and corporate office work to ensure projects don’t negatively impact our neighbors. Our Senior Vice President and Deputy General Counsel, Stephanie Hall, has led strategic efforts on a wide range of legal matters for the company, including collaborative work on environmental justice initiatives and community programs at Valero.

While serving as a member of the National Environmental Justice Advisory Council (NEJAC) in 2010-2015, Hall worked with fellow council members to provide the EPA with consensus advice and recommendations on integrating environmental justice considerations into the agency’s programs, policies and day-to-day activities. She advocated for balance in policymaking and championed many local efforts to further improve Valero’s reach in neighboring communities, including disproportionately burdened minority and/or low-income neighborhoods.

Throughout the years, Valero has sought to be a good neighbor by caring about the concerns of its surrounding communities. We believe that energy affordability brings a better future to all communities, and as the lowest-cost operator, we work hard to ensure that happens. As contemplated in our environmental justice and human rights policies, we recognize and appreciate the dignity, value and worth of all human beings. We strive for excellence, operationally (“our license to operate”) and otherwise, in all that we do as a company.

ENVIRONMENTAL JUSTICE POLICY

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

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

“By supporting the production of clean American-made transportation fuels such as Valero’s renewable ‘Diamond Green Diesel,’ we are not only bringing well-paid jobs to Port Arthur but also ensuring the affordability of fuels and energy for our community.”

- Hilton Kelley, an environmental activist, 2011 Goldman Environmental Prize Winner, and founder of Community In-Power and Development Association (CIDA)

*See 2021 Proxy Statement, page 71. See page 109 for notes regarding this page.
VALERO STEWARDSHIP AND RESPONSIBILITY REPORT • 63

GREAT PLACES TO LIVE AND WORK
Valero is committed to regular and meaningful communication with fence-line neighbors, community advocacy groups and government entities.

We work to understand local needs and then collaboratively engage and respond in a timely manner.

LISTEN
for local needs

ENGAGE
collaboratively

RESPOND
timely

OUR NEIGHBORS
Valero uses numerous communication tools and resources to engage with local stakeholders, including one-on-one meetings, newsletters, information lines and community advisory councils or panels, which we call CACs or CAPs.

INDUSTRY AND BUSINESS PARTNERS
Valero encourages responsible business development and works with industry and business partners to see that environmental, employee, social and health concerns are addressed.

INDIGENOUS COMMUNITIES
Our refinery in Ardmore, Oklahoma, is in the heart of the Chickasaw Nation and has a long-standing relationship with this Indigenous tribe. During the construction of a recent 2.8-mile pipeline near Ardmore, four communities were consulted, including the Osage Nation, Wichita and Affiliated Tribes, Chickasaw Nation and Quapaw Tribe of Indians.

GOVERNMENT OFFICIALS
Valero works closely with local, state and federal governments to share information about its business and understand public policies. Government officials are invited to Valero sites to learn about operations and their impacts on the communities.

NONGOVERNMENTAL ORGANIZATIONS (NGOs)
Valero is committed to constructive dialogue with NGOs to better understand and address their concerns.

“Engagement with, and collaboration between, local sponsors and the people they serve are important in preserving the vitality of the community. This is accomplished by providing a safe space where community concerns can be freely voiced. This safe space ultimately builds trust. Trust is essential if we are to establish real authentic relationships that lead to positive progress.”

– Sharon Bailey Murphy, manager of environmental affairs, City of Corpus Christi, Texas
COMMUNITY AND BUSINESS PARTNERS

For more than 20 years, Valero’s refinery in Memphis has been donating food and funding to Feed The Needy, which provides thousands of boxes of food every year to residents.

In 2020, the organization distributed more than 270,000 pounds of food and funding to feed 3,600 families throughout Memphis and the greater Mid-South. Valero volunteers, along with one of our business partners, Barnhart Crane, served on the front lines, helping to ensure our neighbors had food on their tables for the holidays.

“My first year I made a delivery to an elderly lady. When I opened the door, it was just her and a dog in the house. The food delivery weighed over 60 pounds, so I lifted out the heavy turkey and placed it in her sink. Then I opened the refrigerator and the only thing inside was dog food, a gallon of cold water and condiments. When I finished that delivery, I was a little shook up. It brought tears to my eyes. Now, I’m committed to the cause,” said Steve Freeman, Barnhart Crane’s project manager.

Barnhart Crane has stepped up to provide volunteers, equipment, warehouse space and monetary contributions. Feed The Needy Chair Ruth Rawlings-Banks believes a difference can be made when a community pulls together.

Last November, Valero Memphis Refinery’s Vice President and General Manager Eric Brown presented Feed The Needy a check for $54,000 for food and fuel. “We were glad to offer support as Feed The Needy helped out thousands of families through the pandemic,” said Brown.

“Many of our neighbors are living paycheck to paycheck. The pandemic has caused more people to find themselves in need. We are truly grateful for Valero, Barnhart Crane and every contribution from our stakeholders.”

– Ruth Rawlings-Banks, Feed The Needy chair

Valero actively engages and partners with environmental organizations on opportunities to improve air and water quality and protect resources and habitats.

Since 2005, we have partnered with dozens of groups throughout the United States, Europe and Canada to plant more than 20,000 trees and help improve the environment for future generations.

**Kemah, Texas:** Valero volunteers from our Houston and Texas City refineries planted 140 trees through a partnership with the Galveston Bay Foundation. “Valero is an important partner to help support all the efforts that are going on in the community,” said Bob Stokes, president of the Galveston Bay Foundation. “We both care about the bay and it’s in both of our interests to make sure that the bay is a clean and healthy place.”

**Quebec, Canada:** For the fifth consecutive year, volunteers from our Quebec refinery planted trees and shrubs in the lands adjacent to Parc de la Rivière-Etchemin to enhance the natural landscape.

**St. Charles, Louisiana:** For more than 10 years, Valero has worked closely with the Pontchartrain Conservancy, formerly Lake Pontchartrain Basin Foundation, to plant nearly 5,000 trees.

**Benicia, California:** Valero has a long-standing partnership with the Benicia Tree Foundation to plant and prune trees annually throughout the area.

**Pembroke, U.K.:** In the United Kingdom, school children have been participating in the environmental program at the nature boardwalk and environmental center located next to our Pembroke refinery for the past 10 years. Activities include animal identification skills and developing a general appreciation for nature.
Volunteerism is deeply woven into the social fabric of Valero’s culture.

Our employees have a passion for helping to build better communities and regularly share their time and talents. At each of our sites, a Valero Volunteer Council targets a number of hands-on projects throughout the year. In 2020, our employees around the globe volunteered an impressive 84,000 hours.

San Antonio – The presidents of our volunteer councils met in San Antonio in February of 2020 and took part in a special project at Haven for Hope, a transformational campus for the homeless. The volunteers helped paint and clean up the facility’s courtyard and served coffee, hot chocolate and smiles to some of the residents.

Callao, Peru – During the Christmas season, Valero volunteers directly reached 1,000 homes in the Márquez community, delivering thousands of toys as well as boxes with basic necessities and holiday food, including hot chocolate and pastries.

Ardmore, Oklahoma – In early 2020, a group of Valero engineers spent a day working with sixth graders at Plainview Public Schools. A Valero engineer was assigned to a group of students to help develop a hands-on project.

Pembroke, U.K. – Valero volunteers were back at Barrow Farm RDA helping with weed-clearing, hedge-cutting and replacing fence posts, all in a COVID-19-compliant way. The charity provides services to children and adults with special needs and disabilities.

Memphis, Tennessee – As part of a 15-year tradition, employees at the Memphis refinery “adopted” 39 children from the neighboring community to provide Christmas gifts, including clothing, shoes and toys.

Quebec, Canada – Employees at the Quebec refinery donated nonperishable food and other goods during their traditional Christmas collection for Comptoir Le Grenier, a community food counter for people in need.
Valero has been the title sponsor of the Valero Texas Open since 2002. As part of the tournament fundraising effort, Valero sponsors the “Benefit for Children” and “Champions fore Charity” events, helping make the Valero Texas Open one of the most charitable tournaments on the PGA Tour.

In 2020, the Valero Texas Open as well as the Benefit for Children and Champions fore Charity were canceled due to the pandemic; however, our very generous business partners and donors helped Valero provide more than $14 million to nonprofits across the United States. Given the urgency of need and enormous demand for social services, the distribution of funds was expedited to more than 300 organizations. Another $16 million in net proceeds was raised through the tournament’s fundraising efforts in 2021, which will be distributed later in the year.

“None of this would be possible without the incredible generosity of our business partners, sponsors and individual donors, who despite the tournament’s cancellation, continued to provide their support because they share in our mission of caring for communities coast to coast. We are blessed by our long-standing relationships with Benefit for Children top sponsors, including the Richard Industrial Group, The Stronghold Companies, EMCOR Industrial Services, B&E Resources, Universal Plant Services, Burns & McDonnell, Zachry and Bay Ltd.”

– Eric Fisher, Senior Vice President, Wholesale Marketing and International Commercial Operations and the chair of the 2020 and 2021 Valero Texas Open and fundraising events

"We know that many in our community are struggling due to the pandemic. These nonprofit organizations are faced with increased needs for services and dwindling donations. Valero understands how important it is to continue supporting them and the work they do for children in our community, and our foundation is proud to continue our support.”

- Cory Moss, Vice President and General Manager of the Valero Texas City Refinery

Valero Texas Open & Benefit for Children

OUR INVESTMENTS AT WORK
$400+ Million Impact in Communities
Over the Past 10 Years!

NET PROCEEDS RAISED
MORE THAN
$14 million IN 2020
+ $16 million IN 2021
MORE THAN
$187 million IN ALL-TIME NET PROCEEDS THROUGH 2021

2020 DISTRIBUTION BY THE NUMBERS

24% FOR HEALTH CARE
45% FOR BASIC NEEDS
31% FOR EDUCATION

- $100,000 in St. Charles, Louisiana, for Creative Family Solutions to provide professional counseling services throughout the pandemic
- $100,000 in Port Arthur, Texas, Garth House Mickey Mehaffy Children’s Advocacy Program to help prevent child abuse and neglect
- $125,000 in Corpus Christi, Texas, to support the Coastal Bend Food Bank in supplying food to families in the 11 counties it serves
- $60,000 in Three Rivers, Texas, to the Live Oak County Child Welfare Inc. to provide child care services
- $250,000 to Port Arthur, Texas, for technology support for the independent school district’s 8,300 students
- $100,000 to the Houston Independent School District Foundation for the Children East End Innovation Fund, which provides grants to district educators to enhance programs and curriculum

In 2020, $400+ Million Impact in Communities Over the Past 10 Years!

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Despite a global pandemic, Valero employees remained united in their generous commitment to United Way throughout the country. In fact, employees increased their average pledge by more than $100, raising the Valero employee per capita gift to $1,281.

"Like many things in 2020, we altered our campaign activities to ensure the safety and health of our employees. Despite the changes, our employees remained committed to helping communities, and the final results reflect the company’s 40-year legacy of giving back," said Mark Schmeltekopf, Senior Vice President and Chief Accounting Officer, Valero’s companywide campaign chair.

One example of our United Way partnership at work was in the Los Angeles Harbor area. As students continued remote learning, Valero and the United Way of Greater Los Angeles saw a huge need for children to be able to access technology and internet services to complete their school work. Valero and the United Way of Greater Los Angeles provided $200,000 to set up learning pods at three local community organizations: The Boys and Girls Club of Los Angeles Harbor, Strength Based Community Change and the YMCA of Wilmington. The learning pods facilitate online class engagement, allow staff at the organizations to work with students and help them get online to complete their classwork.

"The digital divide existed before COVID-19, but the pandemic exposed the enormity of the challenge for families in our community," said Yolanda De La Torre, YMCA of Wilmington executive director. "Thank you, United Way and Valero, for investing in our Wilmington community and allowing us to bring peace of mind to our families and especially our youth during this unprecedented time."

UNITED WAY: 40 YEARS UNITED
Valero’s 2020 United Way pledge campaign far exceeded expectations.

In U.S. communities where Valero has operations, our employees’ generosity sets the bar and drives the success of local United Way campaigns, often comprising the largest portion of the overall pledge contributions for that market.

UNITED WAY OF MID & SOUTH JEFFERSON COUNTY – Valero Port Arthur Refinery is the No. 1 contributor, providing 74% of funds for the annual campaign.

UNITED WAY OF SOUTH CENTRAL OKLAHOMA – Valero Ardmore Refinery is the No. 1 contributor, making up around 55% of the annual campaign.

UNITED WAY OF THE COASTAL BEND (TEXAS) – Valero’s refineries in Corpus Christi and Three Rivers together are the No. 1 contributor, providing around 38% of the annual pledge campaign.

UNITED WAY OF GALVESTON COUNTY MAINLAND – Valero Texas City Refinery is the No. 1 contributor, providing around 36% of the campaign.

UNITED WAY OF ST. CHARLES (LOUISIANA) – Valero is the No. 1 contributor, making up 33% of the annual pledge campaign.

UNITED WAY OF SPENCER (IOWA) – Valero’s Hartley and Albert City ethanol plants are the No. 1 contributors to the organization’s annual campaign.

UNITED WAY OF SAN ANTONIO – Valero’s corporate office is the No. 2 contributor in employee contributions, providing around 12% of the total campaign.

UNITED WAY OF GREATER LOS ANGELES – Valero Wilmington Refinery is the No. 4 contributor.

UNITED WAY OF THE MID-SOUTH – Valero Memphis Refinery was presented with three awards in 2020: Best Team Effort, Best Difference Maker and Best Game Changer.

INVESTMENTS AT WORK
In 2020, Valero had the privilege of seeing the final impact of several noteworthy capital investments:

Houston – Move-in Day!
Valero volunteers moved in furniture and equipment to the new St. Austin Community Center. The 30,000-square foot center was made possible, in part, by a $1 million contribution in 2018 by the Valero Energy Foundation, and provides residents with access to medical care.

San Antonio – It’s Open!
In 2020, San Antonio city officials and Valero celebrated the opening of the Phil Hardberger Park & Land Bridge, a tribute to former Mayor Phil Hardberger. In 2018, Valero provided $750,000 to assist with the construction of the amazing new addition to San Antonio.

Pembroke, U.K. – Magical Sight!
In 2019, Valero volunteers planted 2,000 spring bulbs in a sensory garden at Richard House Children’s Hospice in East London. The garden is now in full bloom with daffodils.

Dumas, Texas (McKee) – Open for Patients!
In 2019, the Valero Energy Foundation invested $275,000 in an expansion project at Moore County Hospital to add a new emergency room, operating rooms and patient rooms for the hospital. The new section of the hospital opened in January 2021.

UNITED WAY 2020 TOTAL CAMPAIGN: $16.3 million
We consider our employees a competitive advantage and our greatest asset. We foster a culture that supports diversity and inclusion, and provide a safe, healthy and rewarding work environment with opportunities for growth.

As a global leader in refining and renewable products, Valero is dedicated to safety, excellence and accountability. As an employer of choice, Valero is also dedicated to caring for its greatest strategic advantage – its people.
RESILIENCE IN A CHALLENGING YEAR

The well-being of every Team Valero member is our highest priority, from health and financial wellness to rewarding career development.

In 2020, as the global pandemic changed our world and disrupted the work and personal lives of our people, this promise took on a new level of importance, requiring agility and resilience in the face of uncertainty. These unrivaled challenges did not dismantle our teams or change who we are. They elevated our faith – in our programs, in our culture and in each other.

As one team, we understood our purpose in a way that connected us to one another, and motivated our teams to innovate and build upon what we already had in place. The pandemic tested – and confirmed – the foundational strength of our values and wellness priorities in ways we could not imagine. With creative tools and teams, the year inspired new ways to stay safe and connected, allowing commitments to our stakeholders to continue. It also unlocked greater empathy for each other and our diverse perspectives – and a heightened awareness of the value of listening and understanding.

Our most challenging year in history brought out the best in our people – nearly 10,000 employees who responded in a crisis, creating products that fuel modern life and enable industries in virtually every part of society to keep going.

“What separated us from the rest were the people, programs and processes already in place to protect us. Safety-minded industries like ours do not wait for a pandemic to start guarding up. Minimizing risk is ingrained in our culture, a set of values that positioned us to respond quickly and move forward safely as one team, leading the future of energy.”

Julia Rendon Reinhart
SENIOR VICE PRESIDENT AND CHIEF HUMAN RESOURCES OFFICER
DRIVING SUCCESS THROUGH CULTURE

For more than 40 years, Valero has enlisted the world’s best and brightest engineers, operators and business professionals to drive exceptional company results.

As a competitive advantage, our people deserve an exceptional work environment that opens doors to new ideas, cultivates diverse and inclusive teams, and promotes a safe, healthy and rewarding career.

Valero’s long-standing culture values help achieve strong results. Coupled with well-defined expectations of ethics and behavior, these principles were our compass and source of inspiration in 2020, reinforcing Valero’s pledge to be a caring employer and responsible member of the U.S. critical infrastructure.

PEOPLE STRATEGY

Rooted in our long-standing company culture, our people strategy enables us to meet important business and strategic objectives. In building great teams, we are guided by the following:

1. SAFETY
Safety is the foundation of success at Valero, and ensures our company’s greatest asset – our people – are protected. From workplace safety to health and wellness, employees are encouraged to promote and demonstrate their commitment to safety at all times.

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

3. TEAMWORK
Strong teams are the drivers of a successful organization. Valero believes that great teamwork and strong relationships are built through respectful collaboration, the sharing of diverse ideas and perspectives, and strong communication.

4. EXCELLENCE
Valero employees treat every day like game day – working hard; staying focused, disciplined and positive; and continually striving to meet objectives that keep all of Team Valero energized and performing at their best.

5. DO THE RIGHT THING
Our commitment to integrity means doing the right thing for the right reason, regardless of the circumstances. Our people are trustworthy and continually set positive examples, which lead to open, honest and sincere communication.

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

- Hire and promote only top-tier talent with team-oriented work ethics and values that align with Valero’s mission
- Offer competitive pay, benefits and support programs that reward innovation, ingenuity and excellence
- Ensure a best-in-class, diverse and inclusive work environment built on a foundation of respect, accountability and trust
- Promote a learning culture to drive excellence at all levels of the organization
- Provide career-long growth and development opportunities for all employees
- Continually assess employee performance, organizational structures and succession plans to ensure operational excellence, maximum efficiency and effectiveness
COVID-19 LEFT NO INDUSTRY OR COMMUNITY UNTouched

Team Valero’s extraordinary ability to adapt in a crisis provided a strategic advantage, as the work environment quickly adjusted to changing safety protocols throughout the year. Valero’s COVID-19 Response Team understood its responsibility to educate and guide our people in order to stay safe and minimize disruption to our operations. Our agility allowed business to move forward safely alongside daily COVID-19 case management and extensive employee and family support, including:

- No furloughs, layoffs or pay reductions due to COVID-19
- Continued employee rewards, including annual merit increases, employee bonus program and long-term incentives
- Enhanced robust medical benefits, including treatment of COVID-19 symptoms without member cost share, access to virtual care and second-opinion consultation, mental health support and COVID-19 safety education
- Emotional health and stress management resources through enhanced employee assistance program and other resources, including free crisis hotline
- Continued annual wellness assessments for more than 3,007 employees; on-site clinic/physician support for pediatric, chronic care and seasonal care
- Expanded family illness leave to cover time spent caring for children
- Broader access to employee 401(k) accounts to assist with financial hardships (such as family member job loss)
- Virtual fitness programs and financial education to promote physical activity and mental well-being
- Continued on-site child care, virtual and in-person summer camp and school-age sibling support
- On-demand community vaccine scheduling and on-site vaccination events at multiple work sites
- Transparent case management; contact tracing and vaccination reporting; verification of no workplace transmission
- Continued safety updates and Personal Protective Equipment (PPE)
- Extensive virtual training on phased return-to-work measures and “Stay Healthy” workplace protocols
- Reconfigured workstations to support social distancing; touchless office technologies; enhanced HVAC systems; site-based sanitation, disinfection
- Digital library of health/wellness and family support resources; video discussions with medical and trusted advisers on science behind COVID-19
- Continued small-business and contractor partnerships to strengthen community stability (such as on-site janitorial, food service and child care providers)
- Full municipal health inspection clearance

As a result of these efforts and significant employee support in 2020, Valero achieved the best year ever in combined employee and contractor refinery safety.

A SHOT OF HOPE:
Valero Refineries Step Up for COVID-19 Vaccines

Seven members of the Valero Memphis Refinery’s Emergency Response Team (ERT) ended 2020 with a shot of hope, becoming the first operations team in the company to receive the COVID-19 vaccine. As a state-certified fire department, the Valero Memphis Fire Department provides mutual aid for the community at large as well as emergency response inside the refinery. Valero’s Memphis ERT and all first responders in Shelby County, Tennessee, were offered access to vaccinations in late December 2020. Just a week after Memphis ERT members took their shots, 79 employees in Three Rivers, Texas, stepped up to be vaccinated on-site. By June 2021, more than 4,000 Valero employees had shared their vaccination status.

With 24/7 support from Health by Design, an approved vaccine distributor and operator of several on-site employee and family wellness centers across the company, Valero was able to quickly and safely connect employees with vaccines at its Corpus Christi, Houston, McKee, Port Arthur, Texas City and Three Rivers refineries, as well as at company headquarters in San Antonio. Other refineries heavily encouraged employees to get vaccinated through community providers.

“Taking the COVID-19 vaccine is the most important thing we will do in 2021, personally and professionally. Our strengthened immunity will do much more than protect us as individuals – it will protect the people we care about, be they family or valued co-workers. The vaccine will reopen doors and restore our ability to travel, work, entertain, attend school and live life. When that happens, everyone benefits.”

Joe Gorder
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

World’s Best Employers
(highest-ranked refiner)
America’s Best Employers By State
TOTAL WELLNESS IN A CHANGING WORLD

From its inception, our Total Wellness program has stayed focused on helping Team Valero perform at its best by providing exceptional benefits, programs and resources that support our employees’ physical, mental and financial well-being.

This established framework for wellness played a critical role in our ability to continue operations in 2020. As employees did their best to stay focused while keeping their families safe, Valero concentrated on providing the wellness tools and services necessary to maintain stability and help its people move forward safely.

Highlights of U.S.-based benefits
SUBJECT TO AVAILABILITY BY WORK LOCATION AND ELIGIBILITY:

- Comprehensive health and welfare benefits for all full-time and part-time employees
- Pre-tax dollars to customize family health care and welfare benefits, including comprehensive medical, dental, supplemental term life insurance and accidental death insurance
- Employer contributions to Health Savings Account and Dependent Flexible Spending Account
- On-site employee and family wellness clinics; fitness center (or subsidy); and online resource library
- Paid leave to cover childbirth, sickness, family illness and disability
- Company 401(k) matching program
- Company-sponsored pension plan
- Transgender-inclusive health care
- Parity between same- and different-sex partner benefits
- Enhanced fertility services benefits, including fertility for same-sex partners
- Protective equipment & clothing for women, including more flexible maternity wear
- Access to financial planning and other educational programs to support working parents
- Caregiver support networks and resources for family members with disabilities
- Confidential employee assistance program (EAP) provided at no cost, for behavioral health, stress management and other self-care programs, including crisis hotline
- Employee recognition and financial support, including education assistance for advanced degrees; adoption-related expenses; tenure awards and financial hardship funds

Maintaining Total Wellness Engagement & Education in 2020

3,007 employees participated in free annual wellness/medical assessments
367 attendees
918 hours Planning for Retirement
190 attendees
380 hours Financial Habits that Matter
87 attendees in Cardiovascular Education
796 employees enrolled in Real Appeal
3,071 pounds of weight lost

Using CDC-guided safety measures and additional investments, the Valero Family Center in San Antonio provided uninterrupted care for Valero employees to return to work with peace of mind while keeping caregivers employed during the COVID-19 shutdown. Services include curbside drop-off to transfer children safely to awaiting staff, and teacher-assisted virtual learning rooms. In addition, modified summer camps and discounts allowed more children and siblings to attend.

Our Total Wellness program continues to serve as the cornerstone of our employee and family support system, and as a reflection of our deep commitment to a happier, healthier Team Valero.
COMPENSATION AND FINANCIAL WELLNESS

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

We offer market-competitive pay, including annual bonus and merit increase programs that celebrate individual performance as well as companywide success. While our bonuses are governed by the company’s various operational, financial and strategic objectives, our merit increases reflect an individual’s excellence, professional growth and impact on their team. We strengthen individual financial wellness even further through retirement benefits, financial education programs and events, and on-demand resources.

Well-Rounded Compensation

Valero provides fulfilling jobs with excellent pay and benefits. As disclosed in our 2021 Proxy Statement, the median of the annual total compensation of all employees of Valero for 2020, except our CEO, was $215,048. Characteristics of our compensation practices and financial wellness programs include:

- Competitive Pay & Discretionary Annual Bonus
- Long-term Incentive (Stock) Awards that recognize exceptional work and strengthen talent retention
- “Living Wage” Commitment for our lowest-paid workers (less than 1% of our U.S. workforce paid less than $20/hour)
- 401(k) Retirement Savings Program with dollar-for-dollar company match up to 7% of base pay
- Cash-Balance Pension Benefit (available to most U.S. employees) with an annual company contribution equaling 6% to 12% of annual base pay plus bonus, depending on age and years of service
- Financial Security and Planning, Education and Training

In 2020:

- Approximately 30% of our global professional employees were female, and 19% of total employees were female.
- Approximately 35% of our U.S. employees self-identified as Hispanic or Latino, Native American, Pacific Islander, Asian, Black or African American, or of two or more races. This reflects relative improvement of 9.4% over 2015.
- Valero has been recognized as a company committed to supporting gender equality through transparency and the advancement of women in the workplace and in the communities where it operates.

DEI Strategy

From its board of directors and executive management to its broader workforce, Valero recognizes the value and benefits of diversity, and the impact that comes from truly inclusive teams.

Our efforts are reinforced through leadership, hiring practices and training. Supervisors are given feedback strategies that acknowledge individual contributions and inspire success. Job descriptions are reviewed to ensure gender neutrality and inclusion. Recruiting strategies focus on objective hiring and unconscious bias, and drive outreach to under-represented populations as we continue to build a more diverse workforce.

Valero’s diversity demographics meet or exceed industry benchmarks in most categories, but we are firmly committed to continue building more diverse and inclusive teams.

We aim to attract and retain a talented, diverse workforce and foster a culture of inclusion by selecting people and leaders who believe in its importance.

Valero is built on the power of ideas. An exceptional blend of diverse talents, backgrounds and problem-solvers, with a greater mission in mind: work together to create quality products that fuel our lives.

DIVERSITY, EQUALITY AND INCLUSION (DEI)
SAFETY
COMMUNITY
PEOPLE
GOVERNANCE
ENVIRONMENT

2020 DEI EFFORTS SUPPORTING OUR PEOPLE INITIATIVES

• Assessment of companywide opportunities to increase diversity, from workforce recruitment to charitable giving, procurement and governance. Julia Rendon Reinhart, Valero’s Senior Vice President and Chief Human Resources Officer, also serves as the company’s Chief Diversity Officer. With active involvement by Valero’s executive team, and oversight by the company’s board of directors, she leads a dedicated DEI staff to develop strategies and programs that encourage open conversation and drive successful outcomes for all of Valero’s DEI efforts. At least annually, Reinhart reports to the board on DEI initiatives and outcomes, including as part of Valero’s annual incentive bonus program.

• Established a team of 16 diversity ambassadors across U.S. sites to provide inclusive dialogue and ideas in three focus areas: workforce recruitment and retention, education and awareness, and effective communication.

• Dedicated DEI team focused on recruitment, training and development, compensation, benefits and retention programs to improve diversity and gender balance at all levels, and enhance our hiring, retention and career development of women and minorities.

• Launched the first Minority Engineering Summit to engage talented minority engineering freshman students and share insight on the industry and our company, as an exceptional employer and career-builder. Due to COVID-19 restrictions, an in-person summit was postponed to 2021.

Valero’s Minority Engineering Summit introduces promising college freshmen engineering students to future careers in energy. By fueling their success with a $1,500 academic scholarship, the program also builds awareness about Valero. Due to COVID-19 restrictions in 2020, an in-person event was not possible. Nevertheless, scholarships were awarded to deserving students. An in-person event ultimately was held in May 2021.

• Expanding Opportunity for Future Innovators

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• Dedicated DEI team focused on recruitment, training and development, compensation, benefits and retention programs to improve diversity and gender balance at all levels, and enhance our hiring, retention and career development of women and minorities.

• Maintained partnership in the “We Are Leaders” high school summer internship program, which builds awareness about Valero as a top employer and offers young students a chance to earn valuable work experience with a Fortune 500 company.

• Featured Diversity Month observances through an interactive newsletter, which offered leadership commentary on success strategies and recruitment, internship and culture information for university career centers, and Valero’s commitment to DEI.

• Encourage open discussion of DEI issues through special events and quarterly book forums available to all employees.

• A voluntary survey sent to all U.S. employees in 2020 finding 18% of our U.S. workforce identifies with at least one disability. This exceeds federal requirements for workforce opportunity for the disabled.

For more information on our DEI commitment and workplace efforts, visit us at www.valero.com/careers
From the start, these talented men and women understand the importance of safety protocols, team culture and mission. They embody the Valero spirit. As an equal opportunity employer and federal contractor, Valero welcomes this proud workforce and appreciates their contributions to our success. We look forward to continuing our relationships with many military hiring organizations and impactful volunteer programs:

- Alpha Omega Homes
- American GI Forum
- Centurian Military Alliance (CMA)
- City of Refuge Homeless Veterans Shelter
- Disabled American Veterans
- Folds of Honor
- Institute for Veterans and Military Families / Syracuse University
- Soldiers’ Angels
- Texas Military Honors Team
- U.S. Vets Long Beach
- USO Pathfinder Program

**Equal Pay Commitment**

Valero’s compensation program supports fair treatment and equal pay concepts. Built upon a foundational philosophy of market-competitive and performance-based pay, decisions are based on an employee’s qualifications and performance with respect to job requirements and performance standards, and with consideration of the pay, qualifications and performance of peer employees. Included in these strategies and processes are regular anti-bias training for managers and prevention of “inherited” pay disparities in hiring and offer processes.

Valero regularly analyzes pay equity of the U.S. professional workforce through an independent legal third party. When considering factors that appropriately differentiate pay such as time in role and pay grade, Valero has equal pay among genders as well as among minority/non-minority employees.

**A powerful art exhibition on the lives of Black men in San Antonio made its exclusive debut at Valero Headquarters in early 2021.**

Titled “Living in My Skin – Black Men in San Antonio Share Their Stories,” the oil-on-canvas portrait series by nationally renowned artist Lionel Sosa featured 33 subjects ranging in age from 10 to 90 – from vastly different socio-economic backgrounds but with shared experiences.

Their stories drew connections between men young and old from every walk of life – from judges and CEOs to military leaders and the homeless.

The collection also inspired open conversation among employees. Exhibition sponsorship proceeds supported scholarships for local college students.

The first image painted for the portrait series was of Seymour Battle, Valero Senior Vice President-Communications, PR and Engagement, following a chance meeting with the artist in 2020. Battle also served as executive producer of a two-part documentary on the project, which aired on public television in February 2021 in honor of Black History Month.

“"This project was blessed from day one. It happened so naturally – from a simple and honest discussion that I never expected. I’m so proud that Valero is on the front end of this project. The exhibition’s potential to make connections and build understanding is worth every effort taken to bring the presentation to life. Real change happens one person, one heart at a time.”

Seymour Battle
SENIOR VICE PRESIDENT-COMMUNICATIONS, PR AND ENGAGEMENT
TALENT ACQUISITION/RECRUITMENT

Valero’s Fueling Exceptional Futures brand is both a philosophy and a promise, to cultivate teams that find success through innovation and sharing of ideas. For their excellence, we pledge to deliver exceptional career rewards and experiences.

In 2020, Valero’s talent acquisition teams tapped into more creative options to safely connect with job applicants and intern candidates. As our interview and recruitment efforts shifted to online platforms, our teams adapted quickly. Virtual interviews allowed managers to adjust to changing environments and continue important hiring efforts across multiple organizations.

“During a time of uncertainty, we were easily able to conduct virtual interviews and fulfilled our hiring needs without any delay. Virtual interviews were more convenient for the candidate and hiring manager, and they allowed us to have large panel interviews while maintaining everyone’s safety.”

– Tammy Bauer, Accounting Manager

In 2020, Valero’s refining operations did not stop, and neither did the programs we depend upon to build a better Team Valero. Staying true to our values and guiding principles, we:

• Maintained entry-level and experienced hiring through extensive health and safety precautions
• Adapted interview techniques to virtual format and added necessary safety training and support for new-employee integration
• Enhanced technology and room configurations to safely deliver training content in multiple ways
• Held an in-person summer 2020 Valero Intern Program, a key driver of our full-time workforce recruiting efforts, with added safety measures and support for students traveling to Valero locations across the U.S. Learn more about our intern program, page 90.
• Launched an all-virtual fall 2020 recruiting season to engage college students for future internship consideration

2020 NEW HIREs BY CATEGORY

56% Operations/Maintenance (Field Hourly)
25% Professional
14% Intern Conversion
5% Other Non-Exempt

56% Operations/Maintenance (Field Hourly)
THE VALERO INTERN PROGRAM: VITAL PIPELINE FOR TOMORROW’S WORKFORCE

The Valero Intern Program harnesses the nation’s top talent through hands-on learning, mentorship and professional development.

Our intern program creates a vital pipeline for tomorrow’s workforce, one that values innovation, teamwork and the sharing of diverse ideas.

Rather than block this pipeline of talent during COVID-19 response, we re-imagined its execution and honored our commitments to nearly 200 interns.

Today, many of them serve as full-time members of Team Valero. In fact, 60% of our 2020 engineering hires stem from this talented internship community.

The Valero Intern Program class of 2020 was the most diverse in the history of our program, with 33% of the class (65 of 198) representing diversity of race. Using advanced digital technology across two platforms and 18 Valero sites, we created a safe and meaningful internship experience for high-performing college students in engineering, accounting, commercial trading, legal, communications, and information systems and cybersecurity.

In total, 33% of the 2020 intern class represented a racial minority.

- Representation of minorities in our 2020 engineering intern class improved by 7% from 2017, with the largest increase seen among Black interns.
- Representation of minorities in our 2020 business intern class has increased 59% since 2017, with the largest increase seen among Hispanic interns.
- Valero has invested more than $7.25 million since 2016 in support of minority student groups and engineering schools, including a $1 million gift to BYU’s Women in Engineering Program.

Compared with 2015, representation of women in our 2020 intern class increased 63% and 29% for the engineering and business classes, respectively. The 2020 intern class included 38% women.
TALENT DEVELOPMENT FOCUSES ON CONNECTING TEAMS, ADVANCING EXPERTISE

In our journey to operational excellence, training is fundamental to building understanding in our people. Cultural values, company strategy and industry challenges are explored alongside technical, professional and leadership skills.

A strong learning culture allowed us to attract and retain a talented workforce in 2020, driving individual and team growth despite external challenges. As our demographics continue to change, our training and development programs have evolved, accelerating delivery to meet new workforce demands.

Nearly all existing training programs went virtual in a matter of days, from industry hot topics and technical skill-building to forums for frontline leadership and interns. Trainers traded classrooms for computer monitors and helped leaders connect over video conferencing platforms.

More than 649,000 hours of training were delivered to employees in subjects ranging from engineering and technical excellence, and safety and equipment maintenance to ethics, leadership, professional communication and performance in 2020.

Valero is committed to enhancing employee and company performance through key strategies:

1. **Drive Continuous Improvement**

2. ** Foster a Culture of Learning**

3. **Provide High-Quality Development Programs**

INNOVATION IN TRAINING: Benicia Refinery Supports Basic Operator Training from a Distance

As the pandemic began to trigger shutdowns across the country in spring 2020, Valero’s Benicia Refinery technical training team had a choice to make. A new class of operator trainees was scheduled to begin a 12-week training course on April 6, but doing so in person was not an option. Neither was canceling the course.

“We decided to make the call on April 1. Being in person just wasn’t feasible … but we also didn’t feel it was right to walk away. So, we told them training would continue. It would just look different for a while,” said Aaron Cruz, Senior Technical Trainer.

A “pre-Basic Operator Training” experience kept trainees employed and prepared. Through the use of iPads and virtual class support, trainers in Benicia were able to keep focus on Valero’s safety culture and expectations, alongside professional skill-building, before they set foot in the plant for hands-on training.

By the time students arrived at the plant in Week 6, under more stabilized CDC protocols, bonds had already formed. “It was like a family,” said Riz Lucas, Senior Technical Trainer. “They were part of us by then, part of Team Valero.”

Operator Trainee Tom Peale recalls Valero following through on promises and easing fears at an uncertain time. “We felt protected every step of the way,” Peale said. “For them to pay us to be here was a blessing. That alone cemented what kind of company we were working for.”

Thanks to team resilience and ingenuity, the Basic Operator Training class completed training. Today, this class supports the refinery’s critical infrastructure operations.
We view our stakeholders as partners to whom we seek to deliver operational excellence, disciplined management of capital and long-term value on a foundation of strong governance and ethical standards.

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

1. **The Audit Committee** assists the board in oversight of the integrity of Valero’s financial statements and public financial information, the qualifications and independence of Valero’s independent auditor, the performance of Valero’s internal audit function and independent auditors, Valero’s cybersecurity and information technology risks, and Valero’s global compliance functions.

2. **The Compensation Committee** reviews and reports to the board on matters related to compensation programs, policies and strategies, including executive compensation. The committee also conducts reviews of director compensation, reviews and reports on management succession planning, and exercises oversight over initiatives and strategies in the areas of diversity, inclusion and human capital.

3. **The Nominating/Governance and Public Policy Committee** assists the board in its oversight responsibilities with respect to corporate governance, board membership, and ESG matters, including climate-related risks and opportunities; health, safety and environmental performance and compliance; public policy; political contributions; lobbying activities; and corporate responsibility.

**Board of Directors**

- **Joe Gorder** - Chairman of the Board and CEO, Valero Energy Corporation
- **H. Paulett Eberhart** - Chair and CEO, HMS Ventures
- **Kimberly S. Greene** - Chair, CEO, and President, Southern Company Gas
- **Deborah P. Majoras** - Chief Legal Officer and Secretary, The Procter & Gamble Company
- **Eric D. Mullins** - Chairman and CEO, Lime Rock Resources
- **Sen. Don Nickles** - Retired U.S. Senator (R-Okl.) and Chairman and CEO, The Nickles Group
- **Philip J. Pfeiffer** - Of Counsel, Norton Rose Fullbright LLP, San Antonio
- **Robert A. Profusek** - Partner and Practice Leader, Global Mergers and Acquisitions, Jones Day
- **Stephen M. Waters** - Managing Partner, Compass Partners Capital and Compass Partners Advisers LLP; former CEO, Compass Partners European Equity Fund
- **Randall J. Weisenburger** - Managing Member, Mile 26 Capital LLC; former EVP and CFO, Omnicom Group Inc.
- **Rayford Wilkins, Jr.** - Former CEO, Diversified Businesses, AT&T Inc.

- **3 of 11 Directors Are Women**
- **2 of 11 Directors Are Racially Diverse**
- **10 Members Are Independent**
- **3 Fully Independent Committees**
- **65 years Average Age**
- **9 years Average Tenure**
Our Code of Business Conduct and Ethics mirrors what our company stands for, reinforcing our commitment to integrity toward Each Other, our Shareholders, the Marketplace and our Business Partners. Our Code, our company policies and procedures guide us as we conduct business in a fair, compliant, ethical and honest way. Valero’s Audit Committee oversees our global compliance function. In 2020, our employees received more than 605,000 hours of training in compliance-related matters, including conduct and ethics, reporting hotline, anti-bribery, data privacy, emergency preparedness, human rights, information security and others. We provide employees, directors, business partners and others a confidential external Ethics Helpline to address questions or report concerns about suspected or known unethical behavior. All reports to the helpline or otherwise are fully investigated, can remain anonymous, and can be made without fear of dismissal or retaliation.

Governance policies including the Code of Business Conduct and Ethics, Corporate Governance Guidelines; Policy on Political Contributions, Lobbying and Trade Associations; Human Rights Policy; Anti-Bribery and Anti-Corruption Policy; and other policies and guidelines can be found at our website in the Investors section under ESG/Corporate Governance.

“Our culture, shared values and commitment to integrity contribute to our success. I take pride in the reputation for honesty and integrity that Team Valero has earned with our regulators, stakeholders and business partners.”

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**STRONG CORPORATE GOVERNANCE**

1. **Governance & Reporting**: The Chief Compliance Officer oversees our overall compliance efforts, including the corporate anti-bribery and anti-corruption program, and has the authority to report and communicate directly with the Audit Committee of the board.

2. **Policies & Procedures**: We maintain several company policies and procedures that speak to our commitments to anti-bribery and anti-corruption, including our Code of Business Conduct and Ethics, Anti-Bribery and Anti-Corruption Policy, Gifts and Entertainment Policy, and Anti-Money Laundering Policy, in addition to several other key documents.

3. **Communications & Training**: We provide periodic extensive training on anti-bribery and anti-corruption to all employees, officers, directors, agents and representatives of the company. Training is delivered by computer-based courses, with instructors or one-on-one settings.

4. **Risk Assessments**: Under the direction of the Compliance Department, we conduct risk assessments of bribery and corruption risks facing our business, incorporating any identified risks into our policies and overall program oversight. We also regularly monitor bribery and corruption risks and trends faced by others, as well as regulatory matters, in an effort to update our policies and training accordingly.

5. **Testing and Investigation**: Our Internal Audit Department conducts periodic reviews of compliance with Valero’s Anti-Bribery and Anti-Corruption Policy, and related laws and regulations. In addition, our Compliance Department’s Global Investigation Team performs investigations of potential anti-bribery or anti-corruption at the direction of our compliance counsel.

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**COMPREHENSIVE LIQUID FUELS STRATEGY**

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

---

**OPERATIONS**

Unmatched Execution with a Proven History of Operational Excellence

- Safe, reliable, environmentally responsible operations have driven higher profitability and lower volatility
- The lowest-cost operator among peer group while maintaining first-quartile operating performance
- Applying liquid fuels manufacturing expertise to optimize our renewable fuels businesses

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**EARNINGS GROWTH**

Growth Through Innovation

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

---

**CAPITAL DISCIPLINE**

Demonstrated Commitment to Stockholders

- Disciplined capital allocation with solid free cash flow and returns to stockholders across margin cycles
- Delivered on our target payout ratio of 40% to 50%
SAFETY
COMMUNITY
PEOPLE
GOVERNANCE
ENVIRONMENT

ALIGNMENT OF EXECUTIVE PAY WITH COMPANY PERFORMANCE AND LONG-TERM STOCKHOLDER VALUE CREATION


Because Valero entered this economic downturn in a position of strength, our team was thorough, decisive and swift in our operational, financial and community support response.

COVID-19 IMPACT ON EXECUTIVE COMPENSATION

The onset of the global COVID-19 pandemic and the resulting economic downturn severely disrupted our fuels manufacturing and marketing business. We faced operational and financial challenges due to the significant drop in demand for our products. Due to our financial stability, no permanent changes or temporary adjustments were made in 2020 to Valero’s executive pay programs and benefits, incentive pay outcomes or executive salaries as a result of COVID-19.

The executive compensation program is composed of base salary, our annual bonus plan and our long-term incentive program. This design emphasizes variable incentive pay such that an executive’s pay is significantly dependent upon the achievement of both absolute and relative performance measures.

NO ADJUSTMENTS WERE MADE TO PERFORMANCE GOALS OR METRICS UNDER OUR EXECUTIVE INCENTIVE PROGRAMS, DESPITE THE SUBSTANTIAL IMPACT OF THE PANDEMIC ON THE FINANCIAL RESULTS THAT DRIVE THESE INCENTIVE OPPORTUNITIES.

No adjustments were made to performance goals or metrics under our executive incentive programs, despite the substantial impact of the pandemic on the financial results that drive these incentive opportunities.

ESG AND CLIMATE CHANGE IN EXECUTIVE COMPENSATION

After recent updates, both the short-term and long-term components of the executive compensation program have been linked to projects that expand the production of lower carbon products such as renewable diesel and sustainable aviation fuel; projects that reduce the carbon intensity of existing products, such as carbon capture and storage in ethanol; and projects that alter the product yield of Valero’s facilities to better match evolving customer demand.

ANNUAL BONUS PLAN

Reaching our GHG emissions reduction/offset target is linked to refining efficiencies and offsets generated by low-carbon fuels. The all-employee annual bonus plan includes metrics associated with this effort in the short-term as follows:

In 2021, the health, safety and environmental metric consists of 14 separately weighted metrics, including environmental scorecard incidents, process safety incidents and reliability events.

LONG-TERM INCENTIVE PROGRAM

In 2021, the Compensation Committee established that in addition to relative Total Shareholder Return performance, the performance shares component of the long-term incentives for executives was modified to include an Energy Transition performance measure.

When evaluating the Energy Transition performance measure, the Compensation Committee will consider and assess Valero’s performance in:

(i) annual progress versus the publicly disclosed 2025 GHG emissions reduction/offset target; and

(ii) the percentage of growth capital expenditures deployed for low-carbon initiatives versus an annual target.

- ESG efforts and improvements (sustainability and environmental stewardship)
- Operational excellence (execution of capital projects, margin improvement and market expansion)
- Disciplined use of capital (balanced utilization of sustaining and growth capital vs. target)
- Organizational excellence (innovation and public policy)
STAKEHOLDER ENGAGEMENT

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

**PROACTIVE:**
Ongoing engagement with stakeholders is important to us. Besides responding to inquiries, we established a proactive program that seeks robust communication.

**CONSISTENT DIALOGUE:**
As part of our engagement efforts, we value our stakeholders’ views and their input is important to us. We provide management and the board of directors with insights on issues and initiatives that are priorities for our stakeholders.

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

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

POLITICAL ENGAGEMENT

We believe that constructive participation in the political process is in the best interests of our stockholders, employees, neighbors and other stakeholders. We are committed to complying with all applicable local, state and federal regulations. Our Policy on Political Contributions, Lobbying and Trade Associations describes our activities and reporting on this subject.

In 2021, Valero will be conducting a review of climate lobbying activities and will publish a report on alignment and spending.

For more information on political engagement, visit our website at [www.valero.com > Investors > ESG](http://www.valero.com > Investors > ESG).
SUPPLY CHAIN AND BUSINESS PARTNERS

In 2020, we spent approximately $2 billion on sustaining and growth projects.

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

INSTITUTIONAL INVESTOR AGAIN NAMES VALERO ‘MOST HONORED,’ GORDER TOP CEO

For a fifth consecutive year, Institutional Investor magazine named Valero among its “Most Honored Companies,” based on results across several categories of its “2021 All-America Executive Team” rankings. Joe Gorder, Valero Chairman and Chief Executive Officer, ranked Best CEO by the sell-side in the integrated oil sector.

Overall top-2 rankings in the integrated oil sector also went to Homer Bhullar, Vice President Investor Relations and Finance, Best IR Professional category; and in a new category this year, Communication of Strategy and Risk Management Amid COVID-19. For best IR category, Valero’s credibility, responsiveness and conference-call effectiveness were noted.

Valero was ranked No. 1 overall in the Best IR Team and Financial Material ESG Disclosures categories in the integrated oil sector.

The publication determined the rankings from votes of nearly 3,500 money managers, sell-side researchers and buy-side analysts.

Valero was ranked No. 1 overall in the Best IR Team and Financial Material ESG Disclosures categories in the integrated oil sector. The Financial Material ESG Disclosures category was new in 2020, highlighting our timing to market, consistency and granularity of information.

Institutional Investor asked portfolio managers and analysts at securities and research firms to rate companies that they believe demonstrate excellence in certain IR characteristics or performance attributes.

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

Joe Gorder
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

Homer Bhullar
VICE PRESIDENT INVESTOR RELATIONS
AND FINANCE
This report aligns our performance data with the recommendations of the Sustainability Accounting Standards Board (SASB) framework in the Oil & Gas Refining & Marketing industry standard.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Accounting Metric</th>
<th>Code</th>
<th>2020 Valero</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenhouse Gas Emissions</td>
<td>Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations</td>
<td>EM-RM-110a.1</td>
<td>23.8 million metric tons CO2e</td>
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</table>
| | Discussion of long-term and short-term strategy or plan to manage Scope 1, emissions reduction targets, and an analysis of performance against those targets | EM-RM-110a.2 | Valero plans to reduce/offset 86% of its global refining Scope 1 and 2 GHG emissions by 2025 through lower absolute emissions and offsets generated by the lower carbon intensity of its low carbon fuels, and renewable fuels blending and credits. Valero's performance in 2020 buts the company on track to reach the 2025 reduction/offset target of 42%.
| | Valero plans to further reduce/offset 100% of its global refining Scope 1 and 2 GHG emissions by 2035 through board-approved projects and carbon capture and storage projects under development. |
| Air Quality | Air emissions of the following pollutants (1) NOx | EM-RM-120a.1 | NOx: 7,900 metric tons |
| | (2) SOx | 5,400 metric tons |
| | (3) particulate matter (PM10, 2.5) | 2,200 metric tons |
| | (4) H2S: De minimis |
| | VOCS: 3,500 metric tons |
| Number of refineries in or near areas of dense population | EM-RM-120a.2 | 11 |
| Water Management | (1) Total fresh water withdrawal, (2) percentage recycled, (3) percentage in regions with High or Extremely High Baseline Water Stress | EM-RM-140a.2 | 12.7% |
| | Amount of incidents of non-compliance associated with water quality permits, standards, and regulations | EM-RM-140a.2 | Annual report on Form 10-K, Item 3 (page 26) |
| Hazardous Materials Management | Amount of hazardous waste generated, percentage recycled | EM-RM-150a.1 | 60,000 metric tons |
| | Recycling: recycled hazardous waste without incineration: 25%, recycled hazardous waste with incineration of waste fuels and remaining | 100% |
| | (1) Number of underground storage tanks (USTs), (2) number of UST releases requiring cleanup, (3) percentage in states with LTAC financial assurance funds | EM-RM-150a.2 | 60,000 metric tons |
| Workforce Health & Safety | (1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) OSHA recordable incident rate (OSRIR) for all employees and (c) contract employees | EM-RM-320a.2 | (a) Global refining TRIR Employees: 0.34 |
| | (b) Global refining TRIR Contractor: 0.15 |
| | (c) Global refining Fatality Rate Contractor: 0.00 |
| | (d) Global refining Fatality Rate Contractor: 0.00 |
| | Discussion of management systems used to integrate a culture of safety | EM-RM-320a.2 | Leadership and Responsibility Report (pages 39-51) |
| | Report on Climate-Related Risks and Opportunities | EM-RM-330a.1 | Annual report on Form 10-K, Item 1A (pages 13-25) |

Valero's Sustainability Claims:
- Actual global refining GHG emissions (Scope 1) are reported and compiled with applicable regulations in the United States, United Kingdom and Canada, and converted into a CO2e equivalent following the methodology of the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (2014).
- Valero's performance in 2020 buts the company on track to reach the 2025 reduction/offset target of 42%.
- Valero plans to further reduce/offset 100% of its global refining Scope 1 and 2 GHG emissions by 2035 through board-approved projects and carbon capture and storage projects under development.

Valero's Emissions Data:
- Valero's performance in 2020 buts the company on track to reach the 2025 reduction/offset target of 42%.
- Valero plans to further reduce/offset 100% of its global refining Scope 1 and 2 GHG emissions by 2035 through board-approved projects and carbon capture and storage projects under development.

Valero's Water Management:
- Total fresh water withdrawal was 2,200 million m³ in 2020, an 8% decrease from 2019.
- Percentage recycled was 12.7% in 2020, compared to 17.9% in 2019.
- Percentage in regions with High or Extremely High Baseline Water Stress was 12.7% in 2020, compared to 17.9% in 2019.

Valero's Hazardous Materials Management:
- Total hazardous waste generated was 60,000 metric tons in 2020, a decrease of 38% from 2019.
- Recycling: recycled hazardous waste without incineration was 25%, recycled hazardous waste with incineration of waste fuels and remaining was 100%.

Valero's Workforce Health & Safety:
- Total recordable incident rate (TRIR) was 0.34 in 2020, compared to 0.41 in 2019.
- Fatality rate was 0.00 in 2020, compared to 0.00 in 2019.

Valero's Environmental Performance:
- Valero's emissions data is aligned with the SASB framework and the International Organization for Standardization (ISO) 14001 environmental management system standard.
- Valero's performance in 2020 buts the company on track to reach the 2025 reduction/offset target of 42%.
- Valero plans to further reduce/offset 100% of its global refining Scope 1 and 2 GHG emissions by 2035 through board-approved projects and carbon capture and storage projects under development.

Valero's Sustainability Standards:
- Valero's performance data is based on the company's interpretation and judgment as to the application of any of definitions, metrics, measurements, standards or approaches set forth in the SASB framework.
- SASB standards are not intended to, and cannot, replace any legal or regulatory requirements that the company is subject to.
- Environmental performance metrics data only include fuel of active refinery assets, which represent the overwhelming majority of the company's operations and emissions.

SASB Report | 107
## EEO-1 Report

The data below corresponds to the 2020 U.S. Equal Employment Opportunity Employee Information (EEO-1) Report (which we intend to file in 2021). The EEO-1 Report is a compliance report mandated by federal statute and regulations. The survey requires company employment data to be categorized by race/ethnicity, gender and job category. Please note that the job category differs in the way we categorize jobs and track Diversity, Equality and Inclusion progress at Valero.

### Not Hispanic or Latino

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<tr>
<th>Job Categories</th>
<th>Male</th>
<th>Female</th>
<th>White</th>
<th>Black or African American</th>
<th>Hispanic or Latino</th>
<th>Asian</th>
<th>American Indian or Alaska Native</th>
<th>Two or More Races</th>
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<th>Black or African American</th>
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### Hispanic or Latino

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<th>Job Categories</th>
<th>Male</th>
<th>Female</th>
<th>White</th>
<th>Black or African American</th>
<th>Hispanic or Latino</th>
<th>Asian</th>
<th>American Indian or Alaska Native</th>
<th>Two or More Races</th>
<th>White</th>
<th>Black or African American</th>
<th>American Indian or Alaska Native</th>
<th>American Indian or Alaska Native</th>
<th>Overall</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Executive, Officers &amp; Mgmt</td>
<td>72</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>72</td>
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<tr>
<td>Professionals</td>
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<td>10</td>
<td>10</td>
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<td>10</td>
<td>197</td>
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<tr>
<td>Technicians</td>
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<td>0</td>
<td>19</td>
<td>1</td>
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<tr>
<td>Sales Workers</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
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<td>0</td>
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</tr>
<tr>
<td>Administrative Support</td>
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<td>10</td>
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<td>10</td>
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<td>10</td>
<td>10</td>
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<td>15</td>
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<tr>
<td>Craft Workers</td>
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<td>7</td>
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<td>107</td>
<td>11</td>
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<tr>
<td>Operations</td>
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<td>10</td>
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<td>Laborers &amp; Helpers</td>
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<tr>
<td>Service Workers</td>
<td>13</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
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<td>2</td>
<td>2</td>
<td>2</td>
<td>15</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,337</td>
<td>497</td>
<td>497</td>
<td>478</td>
<td>478</td>
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<td>478</td>
<td>478</td>
<td>2,316</td>
<td>25</td>
</tr>
</tbody>
</table>

Notes from Page 13:

- **U.S. Light-Duty Vehicle Life Cycle Emissions study conducted by Argonne National Laboratory (DOE) – “Grad-to-Grade Lifecycle Analysis of U.S. Light-Duty Vehicle Fuel Pathways: A Greenhouse Gas Emissions and Economic Assessment of Current (2018) and Future (2025-2030) Technologies.”** Study focused on the midsize sedan, assumed 15 year vehicle life, renewable diesel emissions are based on 100% renewable diesel blend, electricity based on 2014 EIA average mix, no battery replacement for 210-mile range electric vehicle, DGD’s capital investments attributable to Valero:

  - GHG emissions reductions/offset targets, expected timing of completion of projects, future safety performance, future operating performance and management of future risks. These forward-looking statements are not guarantees of future performance or actions and are subject to risks, uncertainties and other factors, some of which are beyond the control of Valero and are difficult to predict, and there may be unexpected circumstances, factors, or considerations that may cause achievement of one or more of the measures or expectations in specific instances. Please see Forward-Looking Statements below.

### Reconciliation of Total Capital Investments Attributable to Valero (in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Capital investments (excluding VIEs)</th>
<th>Capital investments of (excluding VIEs)</th>
<th>DGD</th>
<th>Other VIEs</th>
<th>Deferred turnaround and catalyst cost expenditures (excluding VIEs)</th>
<th>Investments in unconsolidated joint ventures</th>
<th>Total Capital investments attributable to Valero</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$1,014</td>
<td>$1,014</td>
<td>$533</td>
<td>$251</td>
<td>$762</td>
<td>$54</td>
<td>$2,940</td>
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<tr>
<td>2019</td>
<td>$1,427</td>
<td>$1,427</td>
<td>$325</td>
<td>$225</td>
<td>$762</td>
<td>$54</td>
<td>$3,252</td>
</tr>
</tbody>
</table>

### Safety

- **SDG’s capital investments attributable to Valero:**

  - GHG emissions reductions/offset targets, expected timing of completion of projects, future safety performance, future operating performance and management of future risks. These forward-looking statements are not guarantees of future performance or actions and are subject to risks, uncertainties and other factors, some of which are beyond the control of Valero and are difficult to predict, and there may be unexpected circumstances, factors, or considerations that may cause achievement of one or more of the measures or expectations in specific instances. Please see Forward-Looking Statements below.

### Forward-Looking Statements

- **Forward-Looking Statements**

  - These forward-looking statements are made within the meaning of Section 21A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, but not limited, statements about our Policies and Procedures. You can identify forward-looking statements by words such as “should,” “target,” “expected,” “intend,” “anticipate,” “forecast,” “trend,” “would,” “continue,” “project,” “focused,” “opportunity,” “scheduled,” “balance,” “estimate,” “expect,” “need,” “could,” “may,” “will,” “targeting,” “goal,” “plan,” or other similar expressions that convey the uncertainty of future events or outcomes. Forward-looking statements in this document include relating to our 2025 and 2035 GHG emissions reduction/offset targets, expected timing of completion of projects, future safety performance, future operating performance and management of future risks. These forward-looking statements are not guarantees of future performance or actions and are subject to risks, uncertainties and other factors, some of which are beyond the control of Valero and are difficult to predict, including, but not limited, the effect, impact, potential duration or other implications of the COVID-19 pandemic and various events arising therefrom. These statements are often based upon various assumptions, many of which are based, in turn, upon further assumptions, including examination of historical operating trends and market conditions made by the management of Valero. Although Valero believes that the assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies, which are difficult or impossible to predict and are beyond its control, Valero cannot guarantee that it will achieve or accomplish its expectations, beliefs or intentions, or that any forward-looking statements will ultimately prove to be accurate. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements contained in Valero’s filings with the Securities and Exchange Commission, including Valero’s annual report on Form 10-K, quarterly reports on Form 10-Q, and other reports available on Valero’s website at www.valero.com. These risks could cause the actual results, actions and Policies and Procedures of Valero to differ materially from those contained in any forward-looking statement. We do not intend to update these statements unless we are required by the securities laws to do so.

- Results or metrics in this document or on any page, year to date, ending on or prior to the date of this document are not necessarily indicative of the results that may be expected of any date, or for any period, ending after the date of this document.
Valero Energy Corporation  P.O. Box 696000, San Antonio, TX 78269
LR Independent Assurance Statement
Relating to Valero Energy Corporation’s Report for the Calendar Years 2011 and 2019

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

Terms of Engagement
Lloyd’s Register Quality Assurance, Inc. (LR) was commissioned by Valero Services Inc. to provide independent assurance of Valero Energy Corporation’s (Valero’s) greenhouse gas (GHG) emissions inventory (“the Report”) for the calendar year (CY) 2011 (base year) and CY 2019 against the assurance criteria below to a limited level of assurance and materiality of the professional judgement of the verifier using LR’s verification procedure and ISO 14064 - Part 3 for greenhouse gas emissions. LR’s verification procedure is based on current best practise and is in accordance with ISAE 3000 and ISAE 3410.

Our assurance engagement covered Valero’s operations at their refineries and specifically the following requirements:
• Verifying conformance with:
  • World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A corporate accounting and reporting standard, revised edition (otherwise referred to as the WRI/WBCSD GHG Protocol) for the GHG data
• Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:
  • Direct (Scope 1), and Energy Indirect (Scope 2) GHG Emissions, using the operational control consolidation methodology

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

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

LR’s Opinion
Based on LR’s approach, except for the effect of the matters described in the Basis for Qualified Opinion, nothing has come to our attention that would cause us to believe that Valero has not, in all material respects:
• Met the requirements of the criteria listed above; and
• Disclosed accurate and reliable performance data and information as summarized in Table 1 below.

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

1. http://www.ghgprotocol.org/
2. The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
Basis for Qualified Opinion
There were variances between LR and Valero GHG emissions calculations related the CY 2011 reporting year. These variances are not material.

Table 1. Summary of Valero’s GHG Emissions Inventories for CY 2011 & CY 2019:

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Quantity CY 2011</th>
<th>Quantity CY 2019</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 GHG emissions</td>
<td>27.13</td>
<td>24.77</td>
<td>Million tonnes CO₂e</td>
</tr>
<tr>
<td>Scope 2 GHG emissions (Location-based)¹</td>
<td>5.28</td>
<td>4.96</td>
<td>Million tonnes CO₂e</td>
</tr>
<tr>
<td>Scope 2 GHG emissions (Market-based)¹</td>
<td>5.12</td>
<td>4.68</td>
<td>Million tonnes CO₂e</td>
</tr>
</tbody>
</table>

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

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

- interviewing relevant employees of the organization responsible for managing GHG emissions and environmental data and records;
- assessing Valero’s data management systems to confirm they are designed to prevent significant errors, omissions or mis-statements in the Report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal quality control; and
- verifying historical GHG emissions data and records at an aggregated level for the calendar years 2011 and 2019.

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

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

LR is Valero’s verification body for emissions reports under the California Air Resources Board mandatory reporting rule. We have also provided Valero training services related to quality management systems. The verification and trainings, are the only work undertaken by LR for Valero and as such do not compromise our independence or impartiality.
Signed

Derek Markolf
LR Lead Verifier
On behalf of Lloyd’s Register Quality Assurance, Inc.,
1330 Enclave Parkway, Suite 200,
Houston, TX 77077

LR Reference: UQA00001846

Dated: June 18, 2021

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