



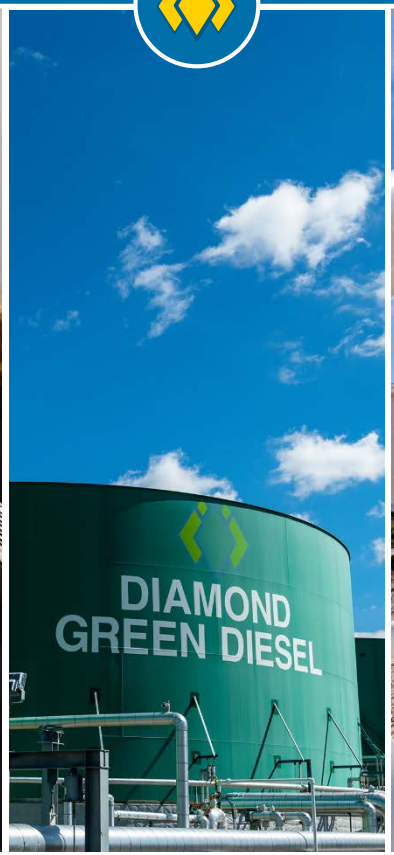



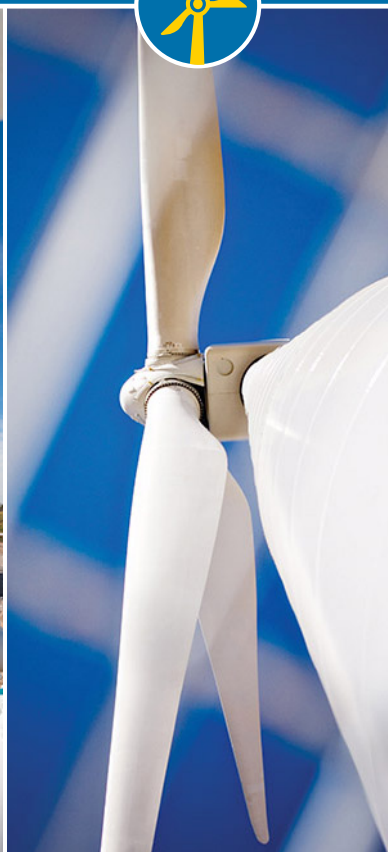

Company Overview

August 2019

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Valero®

Premier manufacturer, distributor, and marketer of transportation fuels and petrochemical feedstocks



Refining

Largest global independent refiner

15 petroleum refineries

3.1 million barrels per day throughput* capacity

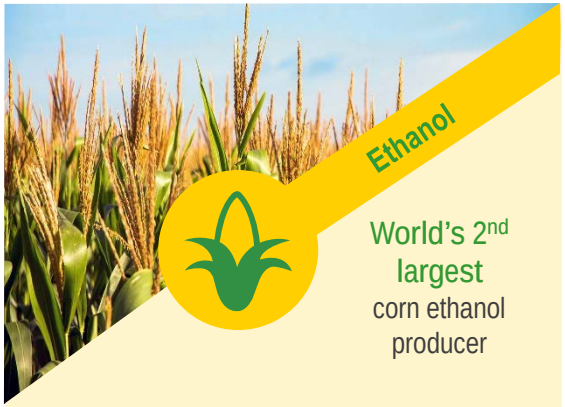
Lowest-cost operator in the industry

Manufacturer and marketer of transportation fuels, petrochemical feedstocks, and other specialty products

~6,000 employees

Safety is our foundation for success

Environmentally responsible operations



Ethanol

World's 2nd largest corn ethanol producer

14 ethanol plants in the U.S. with a combined production capacity of 1.7 billion gallons per year

~1,000 employees

22% share of U.S. ethanol exports in 2018

Continued investment and growth in ethanol business

Low-carbon fuel well-positioned for export growth



Renewable Diesel

World's 2nd largest renewable diesel producer

*in joint venture with Darling Ingredients Inc.

275 million gallons per year

Produces low-carbon intensity renewable diesel from recycled animal fats, used cooking oil, and inedible corn oil

100% compatible with existing engines and infrastructure

Planned expansion to 675 million gallons per year by late 2021

Low-carbon fuel sold in California, Canada, and Europe

*Processing of crude oil and other feedstocks

Valero

Valero's Vision



Valero will be the premier manufacturer, distributor and marketer of quality transportation fuels and petrochemical feedstocks, while serving the needs of our employees, communities and stakeholders.

FORTUNE 500

Fortune 24 company

Headquartered in San Antonio, Texas

~10,000 employees

$32 billion market capitalization[1]

NYSE: VLO

Valero

www.valero.com

[1] As of August 21, 2019 at $78.14 per share

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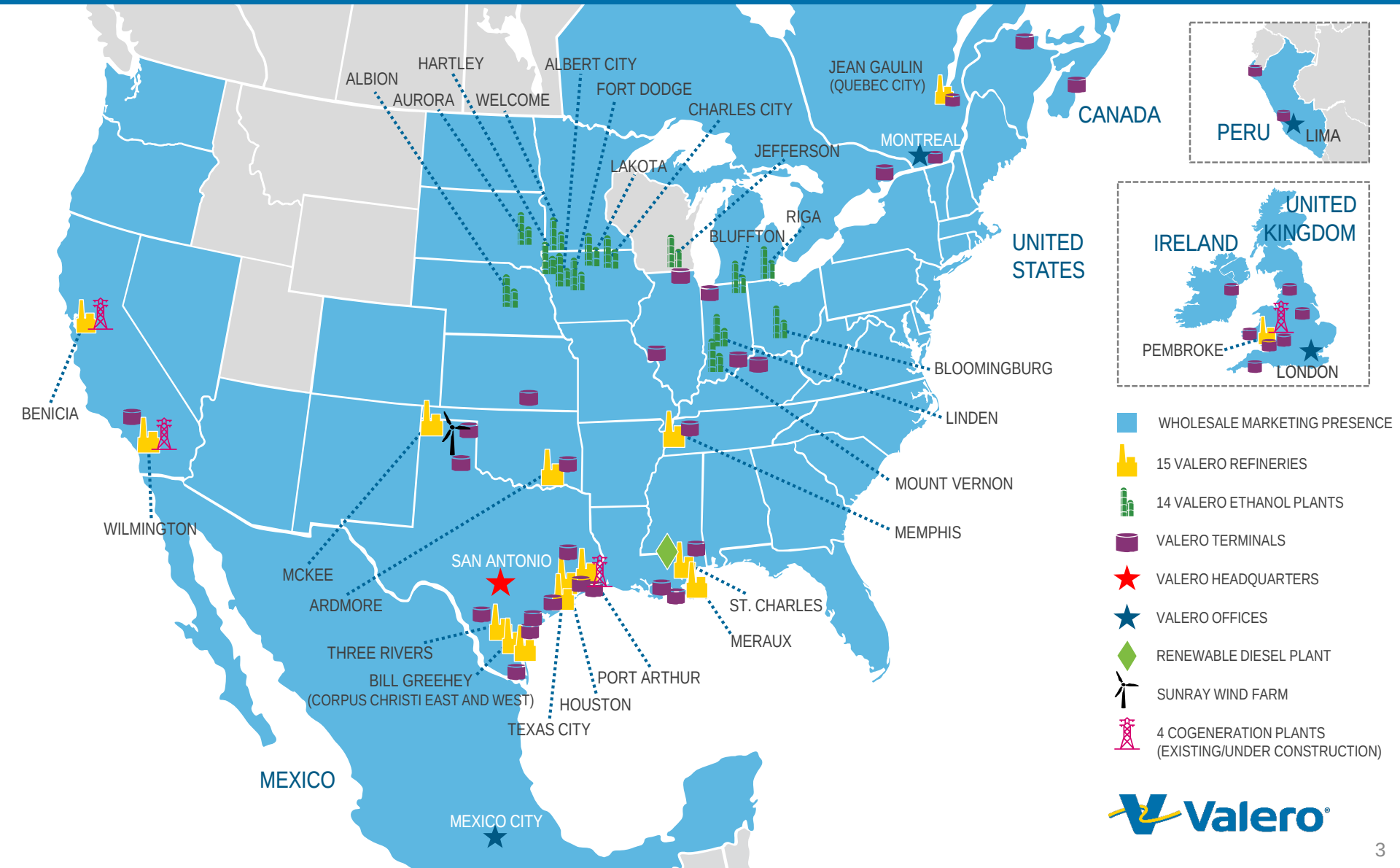
Our Operations



Valero®

Focused on being a good employer and neighbor through safe, environmentally responsible operations



14 ethanol plants



World's 2nd largest renewable diesel producer



Low GHG emissions



Employees are our greatest asset



$55.6 million generated for charities in 2018

Environmental

- Significant investment in renewables
- 21% reduction in GHG emissions since 2010
- Reduction in energy use
- Decline in environmental events
- Industry safety leader

Social

- Recognized as one of America's best large employers and one of the most community minded major companies
- High employee volunteerism and donations in 2018
- Focus on diversity, inclusion and talent development

Governance

- Independent and diverse Board of Directors
- Robust governance and ethical foundation
- Board Committee provides oversight of climate-related risks
- Committed to ESG engagement

Valero

Contents

1 Refining

2 Ethanol

3 Renewable Diesel

4 Guiding Principles

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Refining

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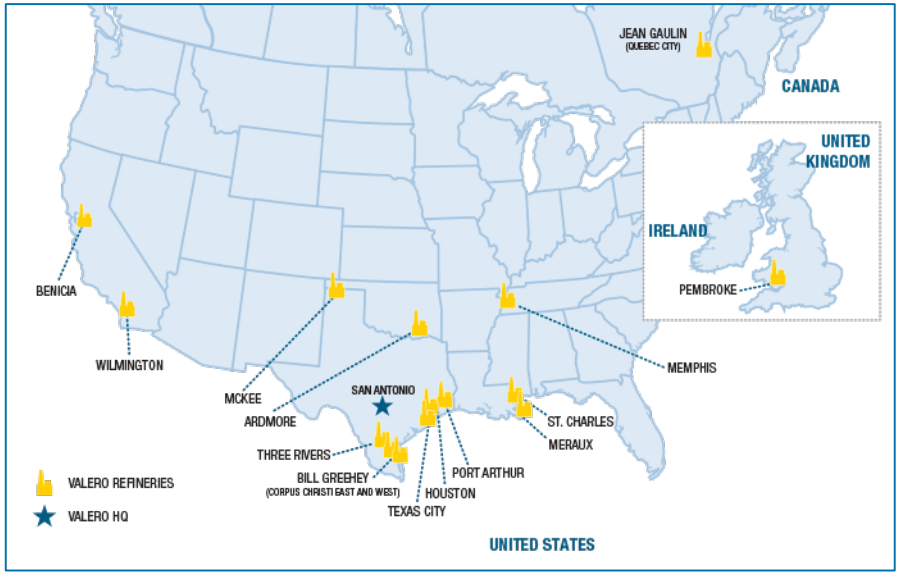
Valero®

Refining

15 petroleum refineries

3.1 million barrels per day throughput capacity

Valero's Refineries



Fuels marketed through bulk and wholesale network

~6,000 employees

Manufacturing high quality, low emission transportation fuels, petrochemical feedstocks, and other specialty products

2,800 miles of active pipelines

Over 121 million barrels of storage

Over 50 docks

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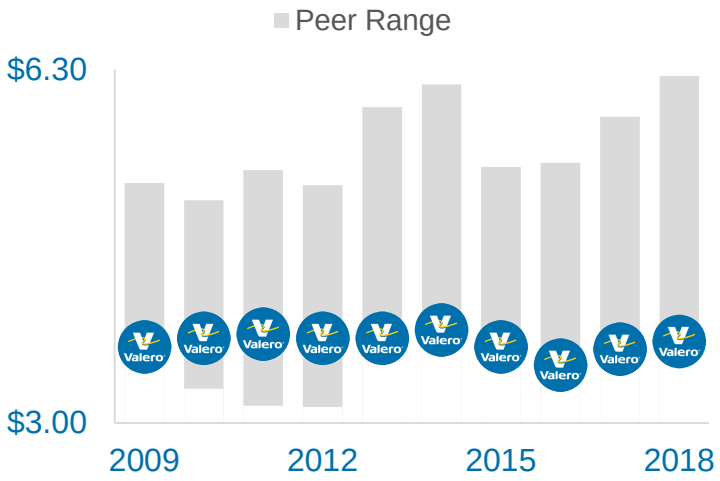
Refining

Lowest refining cash operating expenses while maintaining 1st quartile levels of mechanical availability

Refining Cash Operating Expenses Per Barrel of Throughput
(Excludes Turnaround and D&A Expenses)



Peer group includes PSX, MPC, HFC, and PBF.

Safety is our foundation for success with outstanding safety measures recorded in recent years

$2.5 billion growth and sustaining capital for each 2019 and 2020

IMO 2020 compliant with a **reduction in sulfur** in marine fuels

More **OSHA Voluntary Protection Program Star Sites** than any other refiner



Ethanol

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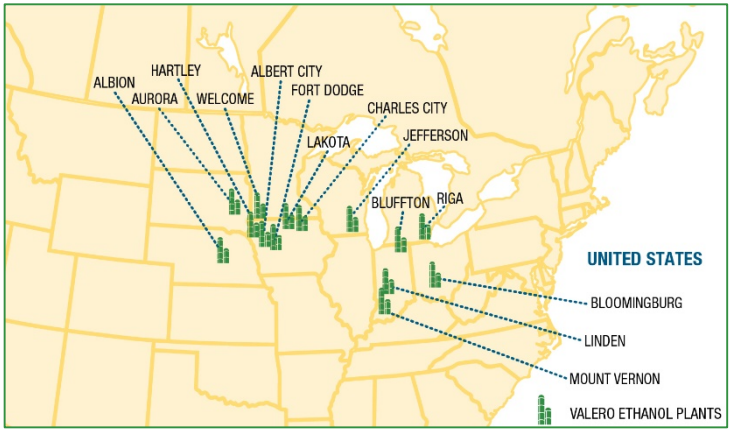
Ethanol

Ethanol plants **convert corn** into ethanol (transportation fuel) and distillers grains (a livestock feed)

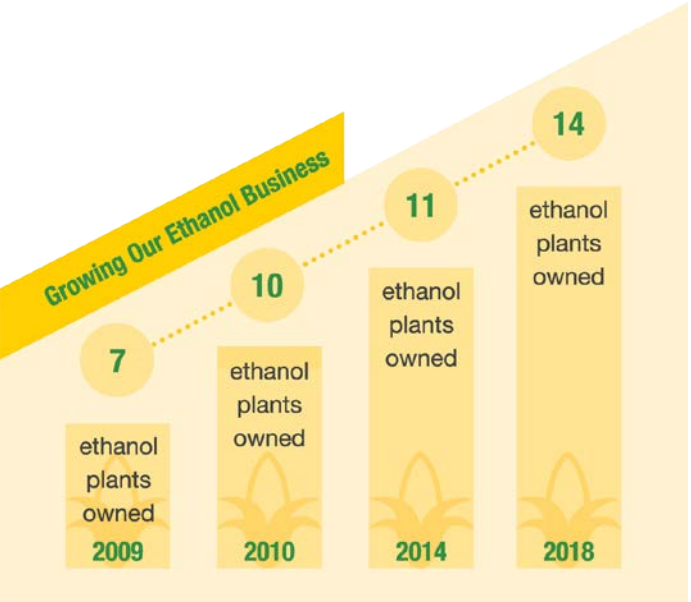
1st traditional refiner to enter large-scale ethanol production

14 ethanol plants in the U.S. with a combined production capacity of **1.7 billion gallons per year**

Valero's Ethanol Plants



World's 2nd largest corn ethanol producer



Ethanol plant ownership has doubled since the initial 7 plant acquisition in 2009, demonstrating **continued investment in low-carbon fuels**

Existing logistics assets well positioned to support **export growth**

Premier operator and one of the **lowest cost ethanol producers** in the U.S.

22% share of U.S. ethanol exports in 2018 and growing

~1,000 employees

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Renewable Diesel

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Renewable Diesel

World's 2nd largest renewable diesel producer

Utilizes recycled or discarded animal fats, used cooking oils, and inedible corn oil to produce low-carbon intensity renewable diesel fuel, sold in California, Canada, and Europe

275 million gallons per year

DARLING INGREDIENTS INC.

Joint venture between Valero and Darling Ingredients

Innovative investments in low-carbon fuel

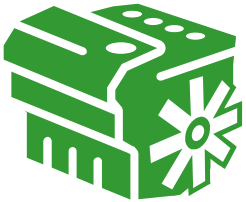


Planned expansion to increase production to 675 million gallons per year by late 2021



Expansion in 2018 brought our production capacity to 275 million gallons per year

Renewable diesel is 100% compatible with existing engines and infrastructure





Strategically located next to our St. Charles refinery to capture synergies and gain access to export markets

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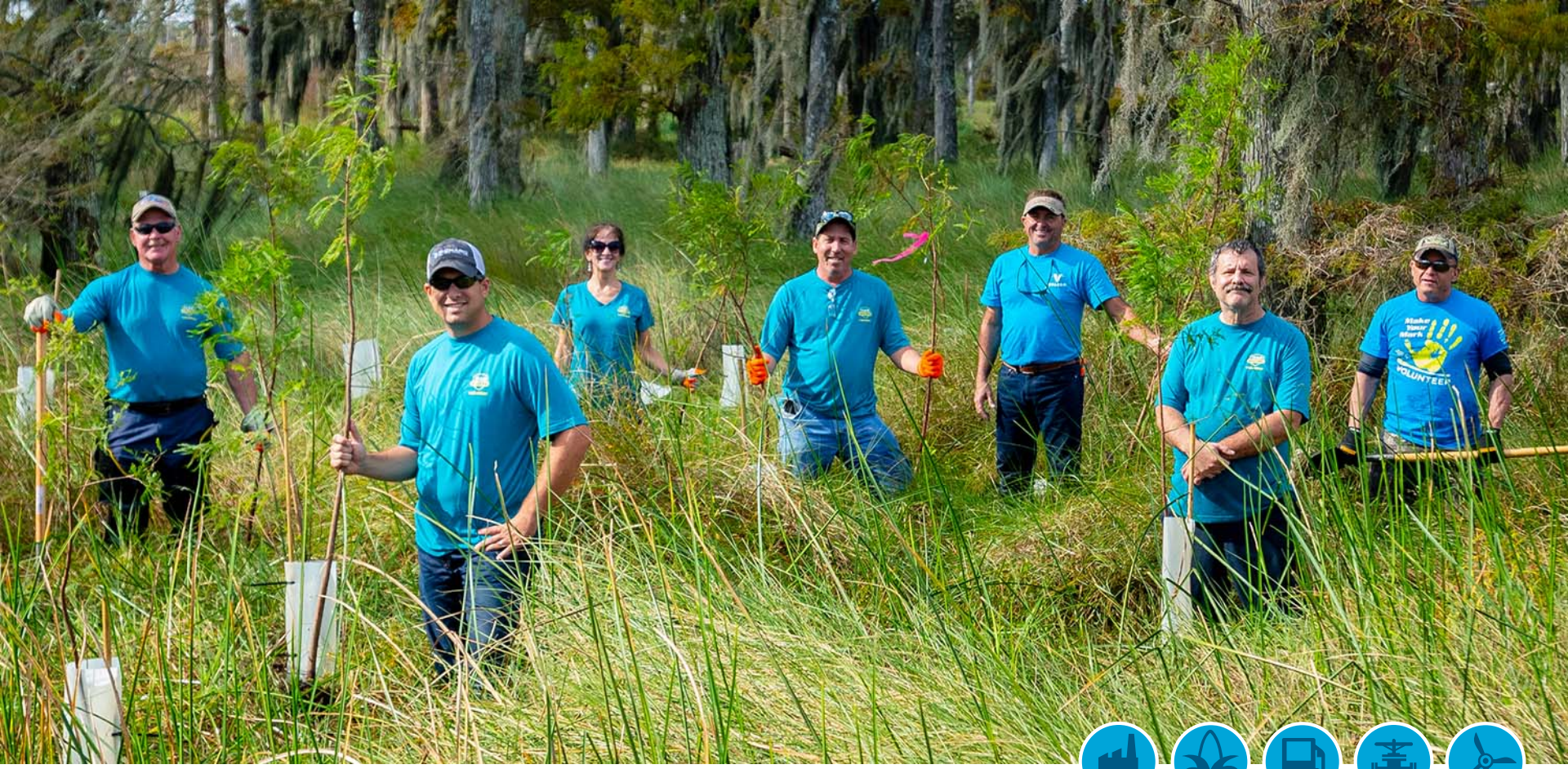

Guiding Principles

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Guiding Principles



Safety

Safety is our foundation for success.



Environment

We are committed stewards of the environment.



Community

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



Employees

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



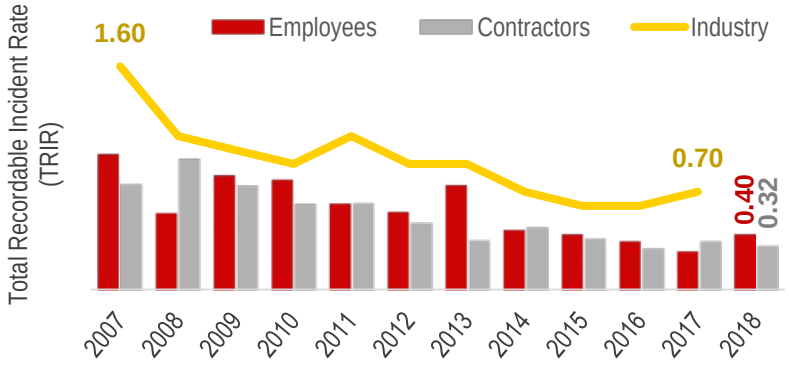
Governance

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.

Valero

Safety

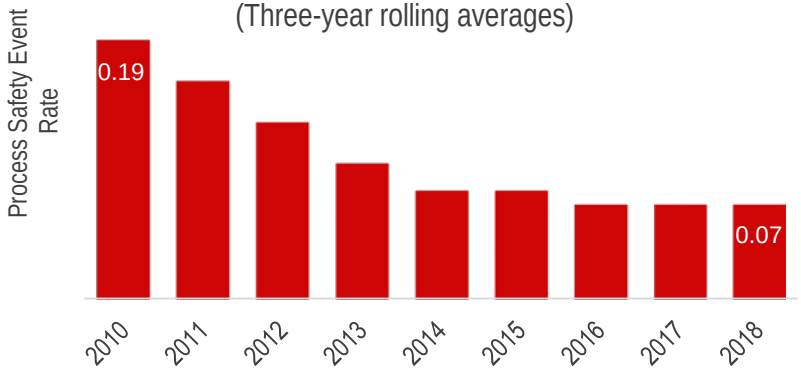
Personnel Safety



- Employees are our greatest asset
- Safety and reliability are imperative
- Our employee TRIR has been well below the industry average for many years, setting record level safety performance in recent years
- 49% reduction in combined refinery employee and contractor TRIR since 2010

Tier 1 Process Safety

(Three-year rolling averages)



- We maintain our focus on safe, stable, and reliable operations
- We consistently deliver predictable operating results due to continuous improvement processes in our equipment and operations
- 63% reduction in Tier 1 Process Safety Events since 2010

Notes: Tier 1 three-year rolling averages of process safety events per 200,000 work hours. Tier 1 defined within API Recommended Practice 754.

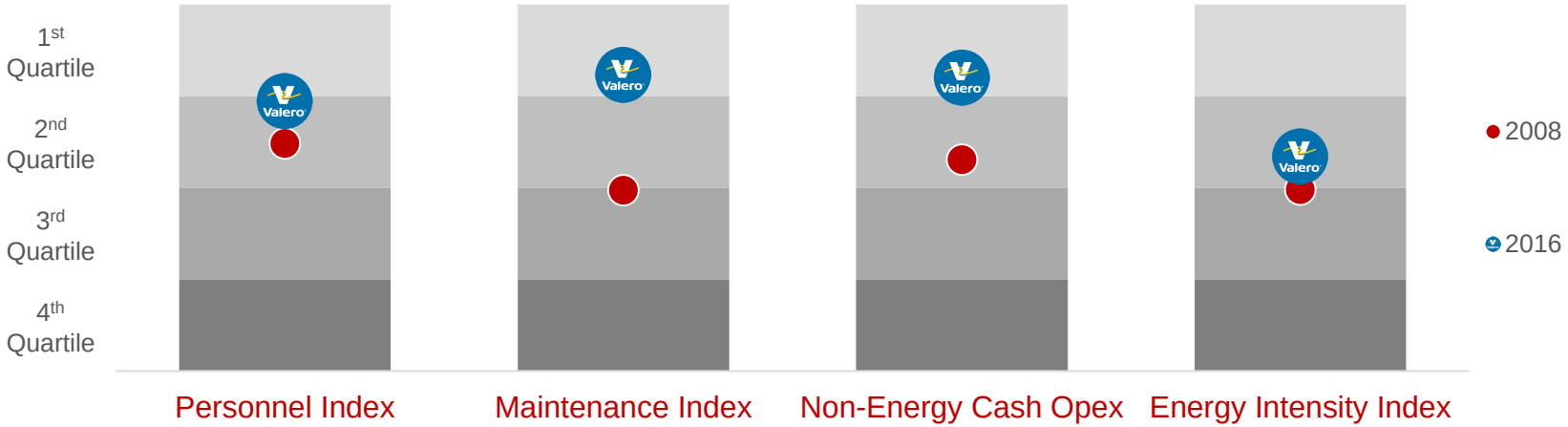
More OSHA Voluntary Protection Program Star Sites than any other refiner

Valero

Safety

Outstanding safety performance has driven continued improvement in all categories

Improvement Versus Industry Benchmarks Leads to Greater Margin Capture, Lower Operating Expenses, and Better Efficiency



Note: Valero's U.S. refining system performance as a group compared to individual refinery quartile performance standings; industry benchmarking and Valero's performance statistics from Solomon Associates and Valero; 2016 is the latest data

Overall 97.2% mechanical availability, top quartile of the industry

More than 99% mechanical availability outside of planned downtime (turnarounds), eight years running

We focus on safety, reliability, and increased refinery availability

Environment

Valero targets best-in-class environmental performance through investments in renewable energy and emphasis on reliability and operational excellence.



14 ethanol plants



World's 2nd largest renewable diesel producer



50 megawatt wind farm



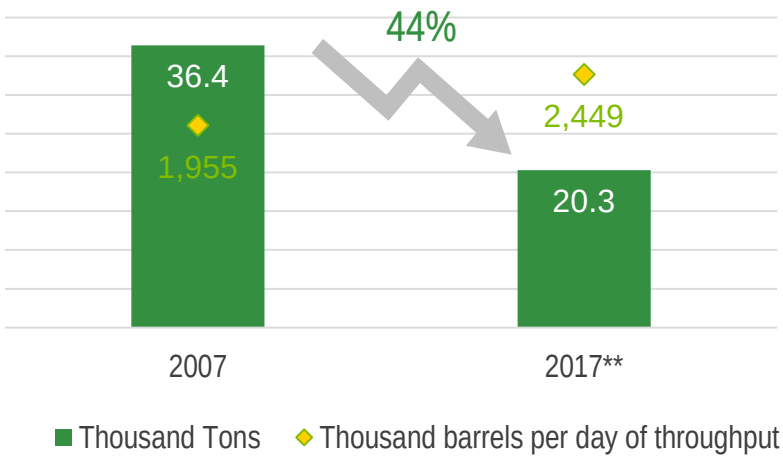
Record low total energy use



Low GHG emissions

Reductions in criteria emissions and GHG emissions

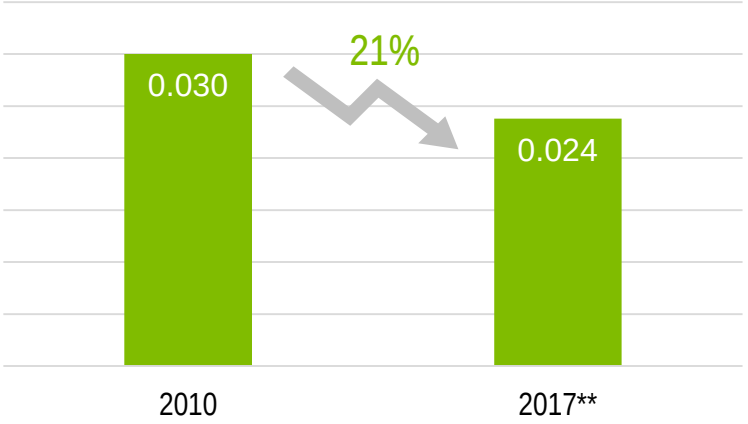
Criteria Air Emissions*



- Total criteria emissions dropped 44% from 2007 to 2017 while total throughput increased by 25%
- Since 2007, 82% reduction in sulfur dioxide emissions and 49% reduction in nitrogen oxide emissions

Refining Greenhouse Gas (GHG) Emissions

(tons of CO2e per barrel of throughput)



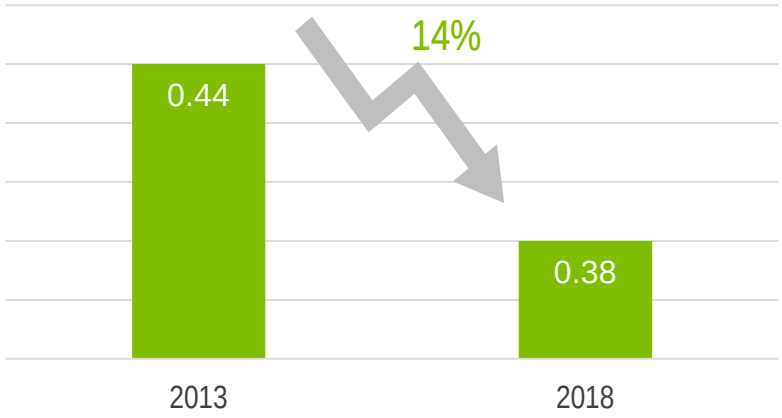
- Through the use of new technologies and improved operations we have continuously decreased refinery GHG emissions since 2010, despite an increase in throughput capacity
- Renewable diesel fuel cuts GHG emissions by up to 80%, compared with traditional diesel

*As defined by EPA, criteria emissions include carbon monoxide, lead, nitrogen oxides, particulate matter, ground-level ozone, and sulfur dioxide
**Data is for U.S. refineries only; final data available through 2017

Reductions in total energy use and flaring events

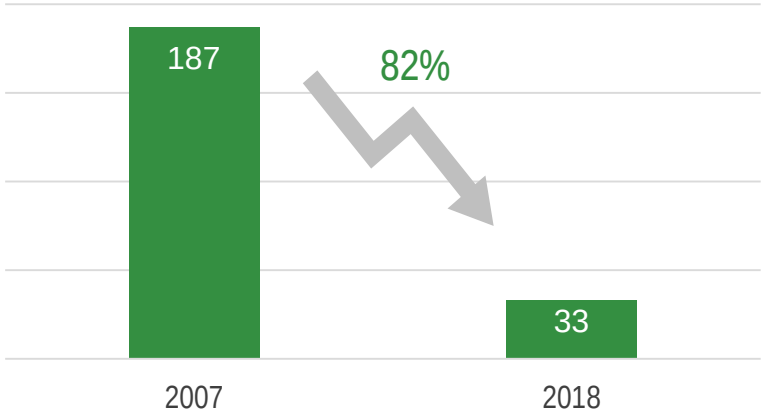
Refining Total Energy Use

(Million BTU per barrel of throughput)



- Continuous improvement in energy conservation drives emissions performance and contributes to profitability
- In 2018, Valero maintained its record-low energy use

Annual Flaring Events



- Since 2007, 82% reduction in total flaring events, to a new all-time low in 2018
- 99% flaring-free refinery operations

Valero

Wind farm

Reducing emissions and energy use

33

turbine wind farm in the Texas Panhandle at our McKee Refinery, built in 2009

250

feet tall

$80 million

capital investment

50

megawatts of electricity capable of running the entire McKee refinery under optimal wind conditions

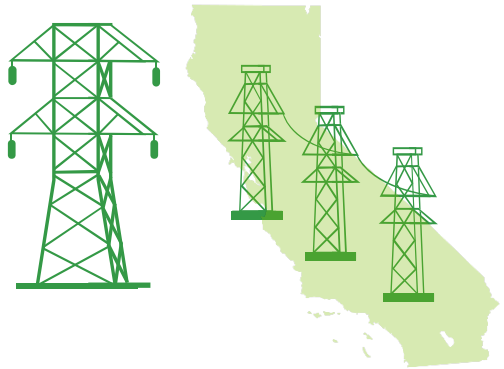


Cogeneration

Cogeneration systems boost power and environmental performance, and reduce operating expenses

- Cogeneration is an efficient method of producing electricity and steam needed for refinery operations
- Valero has invested in cogeneration systems at the Benicia (CA), Wilmington (CA), Port Arthur (TX), and Pembroke (UK) refineries
- Our cogeneration systems are fueled by natural gas, and reduce our reliance on the local power provider's less-efficient and costly generation
- Completion of a fourth cogeneration plant at our Pembroke refinery is expected in early 2020

~80 megawatts of electricity that no longer needs to be supplied by the power grid, due to Valero's cogeneration plants in California



Saving power for
~100,000 homes

Valero

Carbon capture

Exploring innovative solutions to address emissions through new research and technologies

National Petroleum Council (NPC) study on carbon capture opportunities

- The NPC has been tasked by the Secretary of Energy to assess carbon capture utilization and sequestration (CCUS) in the United States
- Valero is taking a leadership role as a member of the Steering Committee and Coordinating Subcommittee

Feasibility study of carbon storage at our Ethanol plants

- Ethanol plants have highly concentrated CO_2 streams that may provide an economic path for carbon capture
- Valero is pursuing a study to understand which ethanol plants are located in areas that have the geology for permanently sequestering CO_2 in the subsurface

Soil Value Exchange (SVX)

- Initial investor in SVX, a nature-based CO_2 capture and storage solution where ranchland grazing techniques have the potential to store carbon in near-surface soil at a very low cost
- SVX aims to implement a soil-carbon trading system based on soil carbon measurements
- The concept evolved from Rice University's interest in restoring low-lying coastal lands subject to hurricane surge flooding to their natural state

Valero

Low-carbon investment

Strategically investing in low-carbon fuels production and energy reducing technologies

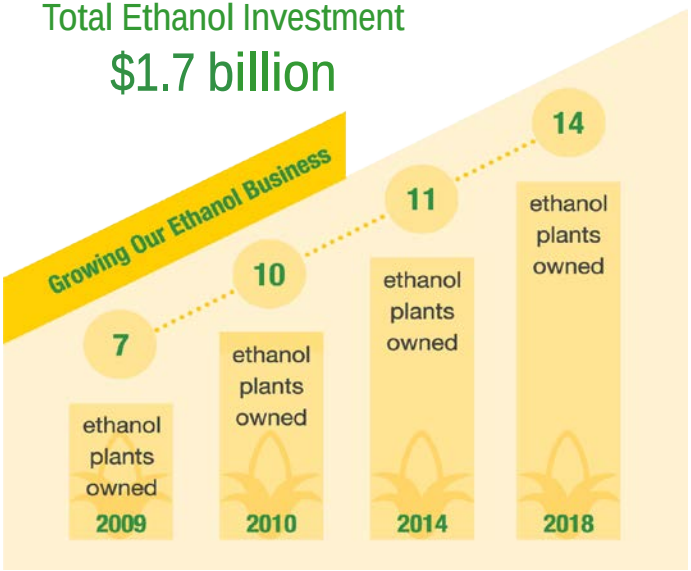
World's 2nd largest corn ethanol producer

World's 2nd largest renewable diesel producer*

Record low total energy use in 2018 driven by investment in technologies that optimize energy use

Total Ethanol Investment

$1.7 billion



Valero's Renewable Diesel Investment*

$900 million

Investment to Date

$350 million

Additional Commitment for DGD II

$550+ million

*Note: Joint venture with Darling Ingredients, investment represents Valero's 50% share

Community involvement

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

More than $55 MILLION generated for charities through donations and fundraising in 2018

More than $12.5 MILLION raised in 2018 from the Valero Texas Open, plus Benefit for Children events companywide

Valero Texas Open

Valero Benefit for Children

In 2018, Valero and the Valero Energy Foundation donated $23 MILLION to charity

- Education 39%
- Health Care 28%
- Civic 12%
- Basic Needs 21%

United Way

$14.7 MILLION in U.S. pledges to United Way

VOLUNTEER HOURS

150,000 volunteer hours companywide in 2018

150 employees serve on 180 nonprofit boards in San Antonio

$1+ MILLION distributed by the Valero Energy Foundation of Canada and company operations

$870K Canada company and employee gifts to Centraide/United Way

SAN ANTONIO FOOD BANK

2.9 MILLION pounds of food donated since 2008

$340K Canada Golf Charity

United Kingdom Golf Charity $237K

Valero

Employees



Talent that drives organizational results

Diversity and inclusion to promote a winning workforce

Robust **training and development** programs

Tuition reimbursement offered to advance employee careers

Competitive pay and rewards for performance

Pension and retirement savings plans with aggressive matching

High quality benefits programs at minimal cost to employees

On-site fitness centers and **childcare** in some locations

Employee wellness centers offer preventive services at little to no cost to employees

Free comprehensive annual **wellness assessments**

Total wellness programs that promote complete health and financial wellness

We provide our ~10,000 employees with a safe, diverse, and rewarding work environment with opportunities for growth and personal development

Valero

Governance





Board of Directors

Independent and diverse Board of Directors

- 9 of 10 are independent
- 3 of 10 are women
- 3 fully independent committees
- 64 years avg age
- 8 years avg tenure

Committees include:

- Audit Committee
- Compensation Committee
- Nominating/Governance and Public Policy Committee

Code of Business Conduct and Ethics

We focus on regulatory compliance and the highest ethical standards

Our Code guides employees and directors of Valero to fair, ethical, honest, and lawful conduct

From safety to confidentiality to proper use of company assets, accurate reporting of financial information, and anti-bribery, our Code strives to ensure that we maintain high standards of ethical behavior

Policies are available on our website

Our strong corporate governance policies and practices provide accountability and responsiveness to stockholders, employees, and our neighbors

Valero

Stakeholders



Demonstrated Strategy for Value Creation

- Disciplined capital allocation with solid free cash flow and returns to stockholders without compromise on asset maintenance
- Growth strategy focused on a steady pipeline of high return projects
- Proven history of operations excellence and higher profitability by focusing on safe, reliable, environmentally responsible operations
- Alignment of executive pay to company performance



Stakeholder Engagement

- Ongoing engagement with stakeholders
- Consistent dialogue has provided management and the Board of Directors with insights on issues and initiatives that are priorities for our stakeholders
- Our engagement process follows a “review, plan, engage, and analyze and respond” cycle to build relationships and create meaningful engagement
- We adjust our engagement process based on stakeholder needs and business strategy

Valero

Environmental, Social and Governance

Environmental

- Greenhouse gas (GHG) emissions
- Energy efficiency
- Climate
- Water management
- Recycling processes
- Emergency preparedness

Social

- Health and safety
- Working conditions
- Employee relations and diversity
- Human rights
- Impact on local communities

Governance

- Ethical standards
- Board diversity and governance
- Stakeholder engagement
- Stockholder rights
- Pay for performance

Valero

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