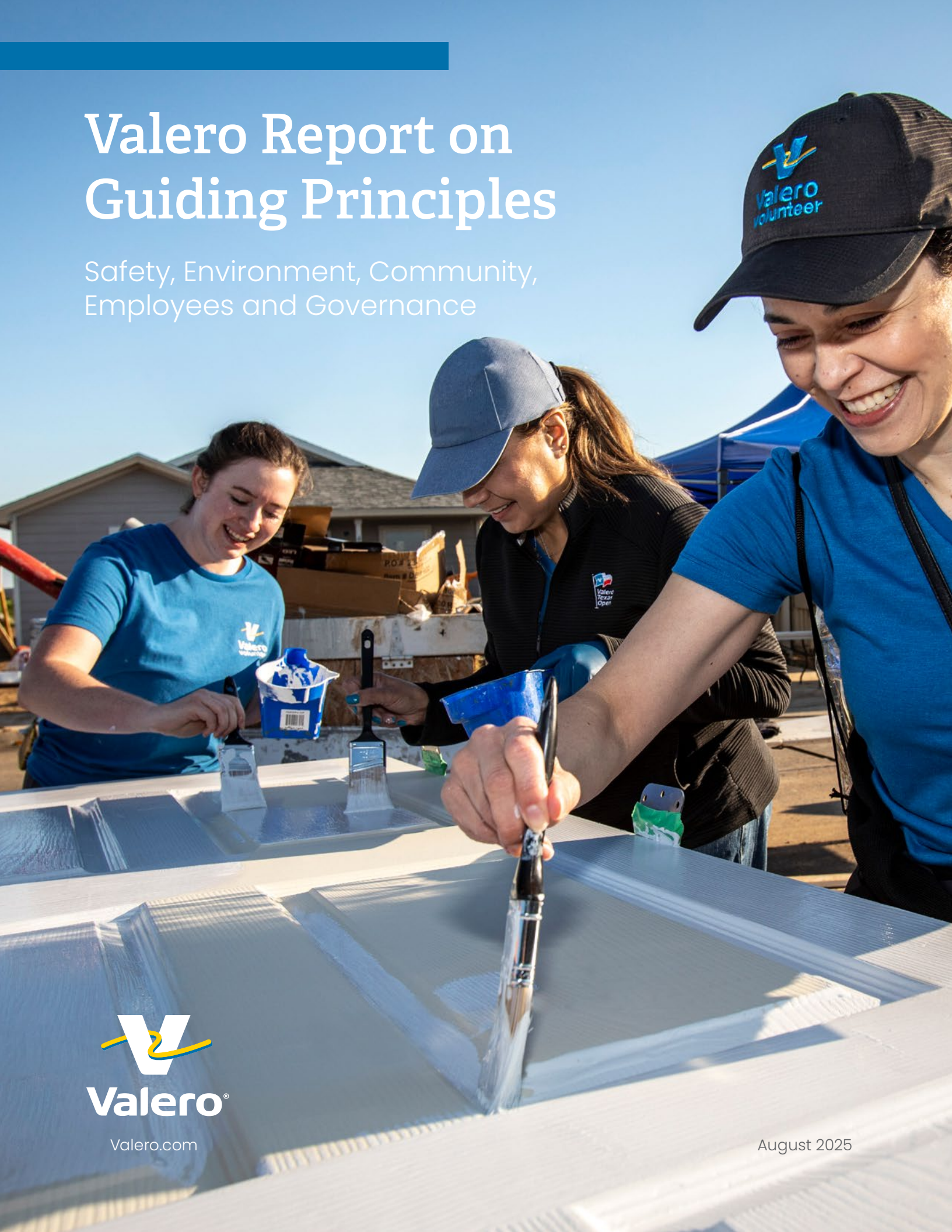
Valero Report on Guiding Principles

Safety, Environment, Community, Employees and Governance



Valero®

Valero.com

August 2025

ON THE COVER: Valero volunteers at a Habitat for Humanity build event in San Antonio.

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

Policies and Procedures

This report includes statements regarding various policies, values, standards, approaches, methodologies, procedures, processes, systems, strategies, programs, initiatives, assessments, technologies, practices, metrics and similar measures related to our sustainability and climate-related data, disclosures, targets, long-term ambition, updates, actions, performance, and compliance systems (collectively, "Policies and Procedures"). While we believe that our Policies and Procedures reflect our business strategy and are reasonable at the time made or used, as our business or applicable methodologies, standards, or regulations develop and evolve, we may revise or cease reporting or using certain Policies and Procedures if we determine that they are no longer advisable or appropriate, or we are otherwise required to do so. References to Policies and Procedures in this report do not represent guarantees or promises about their efficacy or continued implementation or use, or any assurance that any such Policies and Procedures will apply in every case. Such Policies and Procedures are subject to risks, uncertainties and other factors, some of which are beyond the control of Valero and are difficult to predict, and there may be circumstances, factors or considerations that may cause different implementation thereof, revised or discontinued use thereof or exceptions in specific instances. Please see Forward-Looking Statements below and the risk factors in our Annual Report on Form 10-K for the year ended December 31, 2024.

Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the Securities Act) and Section 21E of the Securities Exchange Act of 1934 (the Exchange Act), including, but not limited to, statements about our Policies and Procedures. Please see the Cautionary Statement Concerning Forward-Looking Statements set forth on page 73 of this report, which includes important information regarding the identification of forward-looking statements used in this report and important factors that could cause actual results to differ materially from those in the forward-looking statement.

Additional Information About This Report

This report and the disclosures herein are not "soliciting material," are not deemed filed with the Securities and Exchange Commission (SEC), and are not to be incorporated by reference into any of Valero's filings under the Securities Act or the Exchange Act, whether made before or after the date of this report and irrespective of any general incorporation language therein unless specifically identified in such filing as being incorporated by reference in such filing. This report discusses or references other Valero reports, policies and disclosures that are available on Valero's website, as well as certain third-party conclusions, reports and data (the foregoing, External Materials). Such External Materials are not themselves a part of this report. Furthermore, references in this report to website URLs are intended to be inactive textual references only and the content of such websites is not a part of this report.

This report represents a good faith effort by Valero to address its efforts, initiatives and performance on an array of diverse and broadly defined sustainability and climate-related topics and other matters of interest to certain stakeholders. The inclusion of or reference to any such information in this report is not an indication that this information or statements related thereto are necessarily material to investors or require disclosure in our filings with the SEC.

The information provided in this report is intended for interested readers in the United States. Because science is evolving, and comprehensive review is not feasible, references and analyses provided are merely intended as an aid to readers to help understand Valero's approach and considerations in our business strategy.

A Message from Our CEO

In 2024, we had our best year ever for personnel and process safety, as well as one of our best years for environmental scorecard performance. I am very proud of the entire team and these accomplishments, as the results reinforce our view that safe and reliable operations drive overall performance and excellence.

We demonstrated our refining system's flexibility and the capability of our commercial and operations teams to secure and process the most economic crude oils. We continue investing in improving the margin capability of our refining portfolio through disciplined refining optimization and strategic growth projects. We also set a record for ethanol production with the expansion of capacity and process optimization at many of our ethanol sites. The large-scale Sustainable Aviation Fuel (SAF) project in Texas was successfully started up in the fourth quarter of 2024 and is now fully operational.

On a consolidated basis, we have invested more than $5.8 billion in our low-carbon segments, which have positioned us as one of the largest manufacturers of renewable diesel, SAF and ethanol in the world. We also continue to evaluate and develop economic projects to further reduce the carbon intensity of our ethanol business.

Mr. Riggs at Mission Road Development Center in San Antonio.

Looking ahead, we still expect product demand to exceed supply with the announced refining industry shutdowns this year and the limited capacity additions beyond 2025, supporting long-term refining fundamentals.

We remain focused on our strategy to maintain operating excellence, execute our projects well, preserve discipline around capital investments and our commitment to stockholder returns.

I feel honored every day to work with an outstanding team of more than 9,900 employees who have demonstrated commitment to advancing transportation fuels through innovation, ingenuity and unmatched execution.

I extend my deepest gratitude to our Board for its steadfast support, our stockholders for their investment and our business partners and other stakeholders for their trust.

R. Lane Riggs
Chairman, Chief Executive Officer & President

Our Business

We are a Fortune 500 company (NYSE: VLO) and a multinational manufacturer and marketer of petroleum-based and low-carbon liquid transportation fuels and petrochemical products, and we sell our products primarily in the United States (U.S.), Canada, the United Kingdom (U.K.), Ireland and Latin America. We manage our operations through our Refining, Renewable Diesel and Ethanol segments.

Refining Segment

WORLD'S PREMIER INDEPENDENT REFINER – GROWTH PROJECTS FOCUSED ON COST CONTROL, OPTIMIZATION AND MARGIN EXPANSION

15 petroleum refineries

3.2 million barrels per day (bpd) of high-complexity throughput capacity

lowest-cost producer of gasoline, diesel, jet fuel and other specialty products, including petrochemicals and asphalt

Renewable Diesel Segment

WORLD'S 2ND LARGEST RENEWABLE DIESEL PRODUCER – HIGH-RETURN PROJECTS TARGETING GROWING LOW-CARBON MARKETS

up to **1.2** billion gallons per year of renewable diesel

up to **235** million gallons per year of synthetic paraffinic kerosene (SPK) or neat SAF[1]

up to **80%** reduction in renewable diesel's life cycle GHG emissions, compared with traditional diesel[2]

100% renewable diesel and blended SAF are compatible with existing engines and infrastructure

Ethanol Segment

WORLD'S 2ND LARGEST CORN ETHANOL PRODUCER – DEVELOPING ECONOMIC PROJECTS TO FURTHER REDUCE CARBON INTENSITY

12 ethanol plants

1.7 billion gallons per year production capacity

4.4 million tons per year of dry distillers grains production capacity

at least **30%** reduction in life cycle GHG emissions, compared with petroleum gasoline[2]

existing logistics assets well positioned to support export growth

Guiding Principles

SAFETY
Safety is our foundation for success.

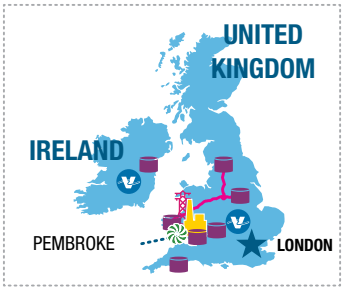
ENVIRONMENT
We are committed stewards of the environment.

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.

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'S VISION
The world requires reliable and affordable energy, and we see this as an opportunity. We are advancing the future of energy through innovation, ingenuity and unmatched execution.

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



WHOLESALE MARKETING PRESENCE

- BRANDED WHOLESALE PRESENCE
- VALERO REFINERIES
- VALERO ETHANOL PLANTS
- VALERO TERMINALS
- VALERO CORPORATE OFFICES
- DIAMOND GREEN DIESEL (RENEWABLE DIESEL PLANTS)
- SUSTAINABLE AVIATION FUEL (SAF) PRODUCTION
- U.S. RENEWABLE DIESEL WHOLESALE PRESENCE
- PIPELINES
- PAYMENT SERVICE CENTER
- SUNRAY WIND
- COGENERATION UNITS
- EXPANDERS (ELECTRICITY PRODUCED FROM EXHAUST GASES)

Highlights

Safety

- Achieved best-ever Tier 1 API Process Safety performance in our refining segment.[3]
- Achieved best-ever refinery total recordable incident rate (TRIR) for Valero's employees and its employees and contractors combined.[3]

Environment

- Achieved our second-best-ever environmental performance in 2024 as measured by environmental scorecard incidents metric (on a weighted basis).[4]

GHG Emissions

- Reduced and displaced emissions beyond 2025 short-term GHG emissions reduction/displacement target.
- Remain on track to achieve 2035 medium-term GHG emissions reduction/displacement target.
- In 2025, we received independent third-party limited assurance on/of:
  - o Company-wide 2024 Scopes 1 and 2 GHG emissions, including refining, renewable diesel and ethanol segments.
  - o Company-wide 2024 life cycle GHG emissions displacements from our renewable diesel, SAF and ethanol production, as well as the blending of and credits from low-carbon fuels.
  - o Company-wide 2024 GHG emissions from the use of our products on an intensity basis (Use of Product GHG Emissions Intensity).
  - o Global refinery 2024 Scope 1 intensity per barrel.
  - o The validation of our 2035 GHG emissions reduction/displacement target.

Low-Carbon Investments

- Invested $5.8 billion, as of December 31, 2024, in low-carbon fuels businesses.
- Low-carbon projects held to the same after-tax internal rate of return (IRR) hurdle, as other refinery growth projects.
- Largest low-carbon liquid fuels producer with existing production capacity of renewable diesel, renewable arctic diesel, renewable naphtha, renewable propane, SAF, ethanol and cellulosic ethanol.
- Successfully completed and started up the large-scale SAF project at our renewable diesel plant in Texas on schedule and under budget, providing the plant the optionality to upgrade approximately 50% of its current renewable diesel annual production capacity to neat SAF.
- Exporting lower carbon transportation fuels produced with low-carbon hydrogen.
- Advancing carbon capture and storage projects at certain of our ethanol plants.
- Supported the development of a prototype to reduce CO_2 from internal combustion engines with an onboard tailpipe carbon capture system.

Community

- Generated more than $77 million for charities in 2024 to support education and workforce development, health care, housing, basic needs, and food security.
- Recorded 133,850 employee volunteer hours in 2024.

Employees

- Fostering a strong team culture that supports our employees and is built upon our value of employee talents, experience, education and perspectives.
- Attracting and retaining top talent through our competitive and comprehensive compensation and Total Wellness benefits and programs.
- Supporting personal and professional development through training and growth opportunities.

See GHG Emissions Methodologies on pages 18-19.

Governance

Board Composition

- Seven of our nine directors bring deep energy industry skills, knowledge and experience to the Board.
- Seven of our directors have experience with complex legal, compliance, regulatory and public policy matters.
- All nine members of the Board also bring experience in the areas of leadership; oversight of sustainability; human capital management; health, safety, environment; corporate governance and risk management.
- Eight independent directors.
- 100% of our committee chairs are either women or racially/ethnically diverse.
- Female independent lead director.
- 44.4% women directors and 44.4% racially/ethnically diverse directors.

Executive Compensation Linked to HSE and Sustainability

- Annual bonus program, including metrics for health, safety and environment (HSE) performance, as well as sustainability efforts and improvements.

Cybersecurity

- Enterprise approach to information security risk management and governance typically includes:
  - o Periodic cybersecurity and risk assessment testing and periodic third-party expert reviews, including annual payment card industry data security standard testing and firewall reviews, penetration testing as needed and periodic review of our information security framework.
  - o Periodic incident response exercise/security incident simulation with company-wide cross-functional team facilitated by a third-party expert.
- Typically, mandatory cybersecurity training at least annually for all employees and annual cybersecurity awareness month campaign.

Other Governance

- Mandatory training on compliance and ethics matters for all employees and contractors.
- Annual company-wide corporate compliance and ethics week awareness campaign.
- Reporting political participation.

Valero Charles City Ethanol Plant.

Other Disclosures

- SASB Report
- TCFD Report (IEA Net Zero by 2050), including a value chain analysis for GHG emissions
- EEO-1 Report
- Limited Assurance Statements: Scope 1, Scope 2 and Use of Product GHG Emissions Intensity, Low-Carbon Fuel Displacements, Scope 1 Intensity and Validation of 2035 GHG Emissions Target

Visit our website at www.valero.com > Investors > ESG

Valero's Strategy

Valero is the world's premier independent refiner with a demonstrated commitment to capital discipline, innovation and unmatched execution.

Our strategic actions have enabled us to be a low-cost, efficient, reliable and leading producer of liquid transportation fuels for the world. Liquid transportation fuels use existing infrastructure and are affordable and scalable. We believe such fuels will continue to be essential products well into the future as global energy supply increases to meet the demand created by a growing world population and economic output.

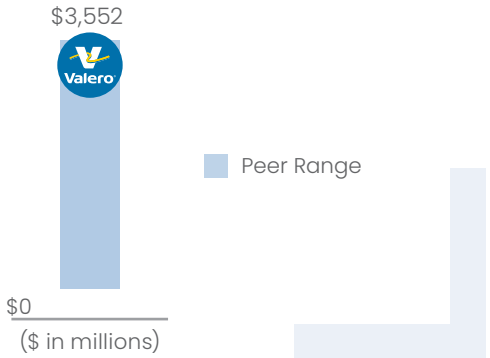
Throughout Valero's history, we have proactively managed our business portfolio through acquisitions, rationalizations and divestitures and have made strategic investments to build a portfolio of assets that we expect to thrive under most reasonable energy demand forecasts.

Refining

Many of our refineries are located in regions with advantaged operating expenses, raw material costs and access to skilled labor. Many of our investments have resulted in a high-complexity coastal refining system that offers extensive connectivity to inland and imported crudes, as well as operational flexibility to process a wide range of feedstocks. An extensive wholesale network sells more than 1.5 million barrels per day (more than 50% of our light products), and our global operations support optimization of product exports.

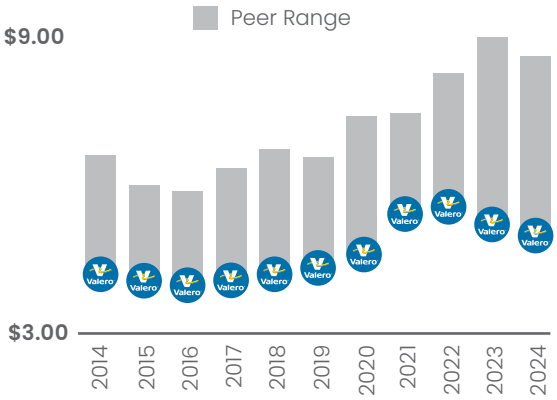
LONG-TERM, SUSTAINABLE COMPETITIVE ADVANTAGE[5]

Free Cash Flow
Average Free Cash Flow 2012-2024

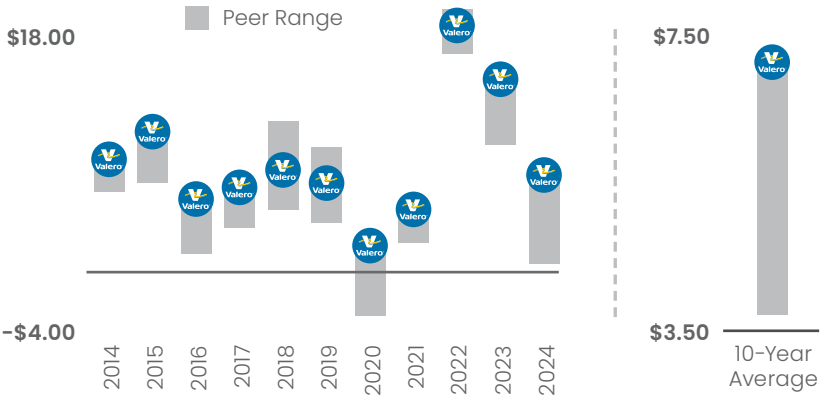


High operational and supply flexibility coupled with low-cost operations drive profitability through-cycle[5]

Refining Segment Cash Operating Expenses Per Barrel of Throughput
(excludes turnaround and D&A expenses)



Refining Segment Adjusted EBITDA Per Barrel of Throughput
(excludes turnaround expenses)



Source: Bloomberg and company reports. Peer group includes PSX, MPC, DINO and PBF. See non-GAAP disclosures beginning on page 74.

Independent assessments of our refining strategy, under multiple carbon-constrained scenarios, found Valero's overall refining portfolio to be resilient.

Responding to the requests of certain stakeholders regarding independent assessments of the resilience of our strategy under hypothetical oil and biofuel demand scenarios, we have issued three reports following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and using multiple demand scenarios. Our first TCFD report, the Review of Climate-related Risks and Opportunities, was published in September 2018. At that time, we engaged HSB Solomon Associates (Solomon), a leading refining benchmarking data provider and advisory firm, to conduct an independent analysis under multiple demand scenarios, including the potential transition to a lower-carbon economy consistent with one of the International Energy Agency's (IEA) 2°C scenarios. In the 2021 TCFD Report and Scenario Analysis, Solomon examined our refining business and reviewed the resilience of our strategy under the IEA's Sustainable Development Scenario (SDS), referred to as a well-below 2°C scenario. And in the 2022 TCFD Report, Solomon conducted an independent scenario analysis based on the assumptions of the IEA Net Zero by 2050 Scenario, as applied by Solomon. The assessments in such reports found Valero's overall refining portfolio to be resilient.[6]

In recent years, California's increasingly strict legislation and regulations have subjected our refining and marketing operations to potential increased operational restrictions and new reporting requirements. The considerable uncertainty and potential adverse effects on our operations and financial performance resulted in the evaluation of strategic alternatives for our operations in California.

In April 2025, we announced that we had submitted notice to the California Energy Commission of our current intent to idle, restructure or cease refining operations at the Valero Benicia Refinery by the end of April 2026. Valero also reiterated that it continues to evaluate strategic alternatives for its remaining operations in California.

In connection with the evaluation of strategic alternatives for Valero's operations in California, a combined pre-tax impairment charge of $1.1 billion was recorded for the Valero Benicia and Wilmington Refineries.

We still encounter certain stakeholders who recognize the value of our low-carbon fuels initiatives and CCS projects but give no credit to these efforts when accounting for GHG emissions reductions, and would like us to exclusively focus on significant reductions from our refineries (which can only be accomplished by curtailing production or closing assets).

We call on all our stakeholders to advocate with us on the importance of recognizing reliable and affordable low-carbon fuels that rely on existing infrastructure and engines.

Low-Carbon Innovation

The world is calling for low-carbon alternatives...Valero keeps answering the call!

For Valero, investments in low-carbon fuels that began in 2009 have provided an advantage for the company to capture market opportunities. As of December 31, 2024, we have invested $5.8 billion in our low-carbon businesses. Our low-carbon growth projects have been held to the same minimum after-tax IRR hurdle rate as our refining growth projects, and have created value for our stockholders and lowered GHG emissions in the transportation sector.

Sustainable Aviation Fuel (SAF)

Made with feedstocks used in the renewable diesel process, **synthetic paraffinic kerosene (SPK), or neat SAF, is a non-petroleum-based fuel**. Blending SPK and traditional jet fuel results in blended SAF, and current fuel specifications allow SPK to be blended up to 50%[7] with traditional jet fuel for use in an aircraft. **Blended SAF is a drop-in fuel for existing aircraft and infrastructure.**

Our large-scale SAF production project at the Port Arthur, Texas plant was successfully completed in the fourth quarter of 2024 and is now fully operational. The project provides the plant the optionality to upgrade approximately 50% of its current 470 million gallon renewable diesel annual production capacity to neat SAF. **Neat SAF can lower life cycle GHG emissions by up to 80%,[2] when compared with conventional jet fuel.**

Alcohol-to-Jet (ATJ)

An alternative pathway for producing SAF is ATJ. With an abundant supply of ethanol, carbon sequestration projects may provide a competitive advantage for ATJ production, as the carbon intensity of ethanol is expected to decrease by more than 40% with carbon sequestration.

DELTA

Recently, Delta further committed to scaling SAF use by securing supply from Valero into several U.S. locations in 2025.

World Fuel

DHL

World Fuel and DHL announced a new supply agreement with Valero for the delivery of approximately 60 million gallons of blended SAF to Miami International airport over a two-year period. The collaboration between DHL and World Fuel demonstrates the drop-in applicability of SAF using existing jet fuel infrastructure and supply chains.

Southwest

In 2024, Southwest Airlines announced a SAF supply agreement with Valero Marketing and Supply Company to bring SAF to Chicago Midway International Airport, giving Southwest the right to purchase up to approximately 25 million gallons of neat SAF over the term of the agreement.

AVFUEL

In February 2025, Avfuel Corporation, a leading independent supplier of aviation fuel and services, announced that the supply of Valero's SAF will be expanded with terminals in New Jersey, Texas and Florida.

American Airlines

American Airlines executed a supply agreement with Valero to take delivery of a minimum of 5 million gallons of SAF at O'Hare International Airport in Chicago starting in June 2025.

cargolux
you name it, we fly it!

AIT WORLDWIDE LOGISTICS

Cargolux and AIT Worldwide Logistics, in collaboration with Microsoft, signed an agreement for the transportation of Microsoft server racks. The partnership will result in a saving of 66,000 tonnes of CO_2e over three years, between 2025 and 2027. The SAF is produced and delivered by Valero to Cargolux's fuel inventory at George Bush Intercontinental Airport in Houston.

Renewable Diesel, Renewable Naphtha and Renewable Propane

A drop-in fuel interchangeable with petroleum diesel, our **renewable diesel is manufactured primarily from waste feedstocks**, including used cooking oil, recycled animal fats and inedible corn oil, as well as other feedstocks such as soybean oil. These feedstocks are pretreated and purified prior to conversion into renewable diesel and specialty grades, such as renewable arctic diesel.

Renewable diesel reduces life cycle GHG emissions by up to 80%, compared with traditional diesel.[2]

Valero is the world's second-largest renewable diesel producer and currently operates two renewable diesel plants located in St. Charles Parish, Louisiana, and Port Arthur, Texas, with a total annual production capacity of 1.2 billion gallons of renewable diesel and 50 million gallons of renewable naphtha.

Renewable naphtha and renewable propane are produced in the process and recovered as co-products. With an annual production capacity of 50 million gallons, **renewable naphtha** can be used as a gasoline blendstock or a feedstock for producing low-carbon petrochemicals.

Renewable propane has multiple end uses, including as a low-carbon fuel, a renewable petrochemical feedstock or a feedstock in the production of **low-carbon hydrogen**. Currently, renewable propane from our renewable diesel plants is co-processed in the hydrogen plants at two of our refineries to generate low-carbon hydrogen.

In 2024, New York City announced that the city's entire fleet of more than 12,500 heavy-duty and off-road vehicles had completed a transition to renewable diesel, making New York City the first major East Coast city to implement this technology at such a large scale. An estimated 162 million pounds of global carbon dioxide emissions would be prevented from entering the air every year. DGD is supplying the renewable diesel to support this effort through a multi-year contract with Approved Oil, who was awarded the contract with New York City DCAS in 2023.

We are also co-processing **renewable natural gas** from municipal solid waste in the hydrogen plant at one of our refineries. The low-carbon hydrogen is used in the production of lower carbon transportation fuels for export to Europe. This fuel has a higher market value compared with petroleum fuels, and certain governments in Europe use it to help meet GHG emissions reduction targets or goals. In 2024, we processed approximately 2.6 trillion BTUs of renewable natural gas, which is nearly three times the amount processed in 2022.

Ethanol

Ethanol is a low-carbon, high-octane fuel. When used as a gasoline blendstock, ethanol boosts the octane rating of the finished fuel.

Valero operates 12 ethanol plants located in the U.S. Midwest, with a combined production capacity of 1.7 billion gallons per year. The plants are dry mill facilities that process corn to produce ethanol and co-products, such as dry distillers grains (DDGs), syrup for livestock feed and inedible corn oil. DDGs and syrup are sources of supplemental energy and protein for livestock and poultry.

Ethanol offers at least 30% lower life cycle GHG emissions, compared with petroleum gasoline.[2]

Fiber Cellulosic Ethanol

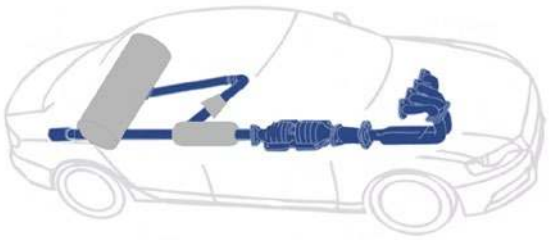
In addition to starch ethanol, we use an enzymatic process to convert waste fibers into cellulosic ethanol, a second-generation fuel.

Compared to gasoline's CI of approximately 100 gCO_2e/MJ and EV's average CI of about 50 gCO_2e/MJ (depending upon battery components, manufacturing place and the electric grid),[8] cellulosic ethanol has a CI in the high 20s.[9] When combined with carbon sequestration, the cellulosic ethanol product can have a CI in the single digits, further increasing the value of ethanol in low-carbon markets.

> *"When [cellulosic ethanol is] used as a vehicle fuel, it can support deep reductions in [life cycle] greenhouse gas emissions, with a carbon footprint 73% smaller than conventional gasoline."*[9]

Tailpipe CO_2 Onboard Capture System

Valero supported Southwest Research Institute (SwRI) in the development of a solid CO_2 separation membrane to remove CO_2 from the exhaust gas of internal combustion engine vehicles, with the objective of providing an affordable solution to lowering GHG emissions. To date, SwRI has improved upon the initial concept and demonstrated performance enhancements through design and optimization efforts.



Plans are in place for prototype scaling and testing, and we have filed patent applications for several novel technologies. If successful on a commercial scale, cars or heavy duty vehicles built with this technology could provide an alternative to EVs as a low-cost solution for reducing tailpipe emissions. In addition, even greater benefits to life cycle GHG emissions reductions are possible if low-carbon fuels are used in combination with the onboard capture system.

Carbon Capture and Storage (CCS)

CCS is a proven technology that has been in commercial use for decades in the oil and gas and fertilizer industries. It involves three steps:

Capture: Separation of CO_2 from other gases produced at industrial process facilities or in the atmosphere.

Transport: Separated CO_2 dehydrated and compressed prior to being transported by pipeline, rail, trucks or ships for storage.

Storage: CO_2 destined for permanent storage and injected into deep rock formations.

Industrial Carbon Capture

Valero first used carbon capture technology in 2013 at its refinery in Port Arthur, Texas. Approximately **1 million metric tons of CO_2 per year** is captured from two third-party hydrogen plants that produce hydrogen from natural gas.

Currently, we are developing stand-alone carbon sequestration projects at several of our Eastern ethanol plants, potentially capturing more than **1 million metric tons of CO_2 a year**. Certain of our ethanol plants are located near geology believed to be suitable for successful CCS projects, making them potentially attractive for development.

Low-Carbon Fuels — Frequently Asked Questions

What is carbon intensity or CI?

CI means the quantity of life cycle GHG emissions for a particular fuel per unit of transportation energy delivered, which is expressed in grams of carbon dioxide equivalent per megajoule (gCO_2e/MJ).

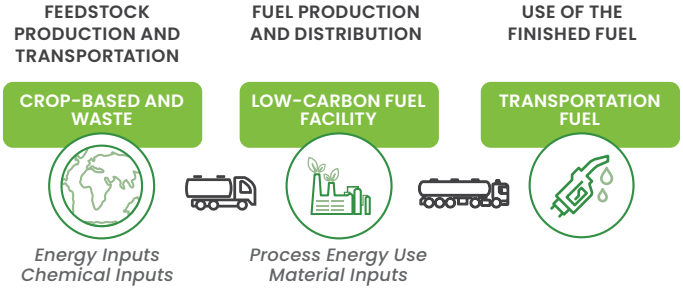
Are there enough feedstocks to produce low-carbon fuels?

Our ethanol and renewable diesel plants are in advantaged locations. In the case of ethanol, the U.S. Midwest offers abundant corn supply. Our renewable diesel and neat SAF production are competitively located in the U.S. Gulf Coast with access to domestic and global feedstocks, which allows for flexibility of supply of used cooking oil, animal fats, soybean oil and inedible corn oil. In addition, the other member of our renewable diesel joint venture is the largest renderer in North America and globally, which provides a source of animal fats.

Appetites that fuel our low-carbon fuels – Our joint venture member is a leading provider of recycled animal fats and used cooking oil for conversion into renewable diesel or neat SAF at our renewable diesel facilities.[10]

What is life cycle analysis or LCA?

It is a cradle-to-grave analysis to determine a fuel's CI. In the case of liquid transportation fuels, LCA means calculation of the aggregate quantity of GHG emissions related to the full fuel life cycle, including all stages of fuel and feedstock production and distribution, from feedstock generation or extraction through the distribution, delivery and use of the finished fuel by the ultimate consumer, as depicted in the graphic below.



Do low-carbon fuels reduce GHG emissions?

Yes, low-carbon fuels reduce life cycle GHG emissions. In the case of corn ethanol, our product offers at least 30% lower life cycle GHG emissions,[2] compared with petroleum gasoline. The reduction percentage could be higher if certain feedstocks such as corn kernel fiber are used or if the energy intensity in ethanol's production or supply chain decreases.

Renewable diesel and neat SAF offer up to 80% lower life cycle GHG emissions,[2] compared with traditional diesel and jet fuel, respectively. The reduction percentage changes depending on the LCA methodology or pathway, feedstocks and energy intensity in the supply chain, such as feedstock gathering mileage or distribution mileage of finished product. In addition, global low-carbon fuel programs calculate life cycle GHG emissions with different assumptions.

Do low-carbon fuels have tailpipe emissions?

Yes, low-carbon fuels combust just like the fossil fuel counterparts. However, low-carbon fuels have lower life cycle emissions than fossil fuels due to the biological origins of the feedstock. For instance, in life cycle GHG emissions calculations, the tailpipe emissions released from combusting ethanol are offset by the carbon uptake during new corn crop growth. As a result, vehicles running on low-carbon fuels produce less net CO_2 per mile traveled than vehicles running on conventional fuels.

Do low-carbon fuels displace fossil fuels?

Yes. California, one of the world's largest consumers of low-carbon fuels, has reported that even with increased population and economic growth, **more than 44% of transportation diesel and more than 6% of gasoline have been displaced by low-carbon fuels since 2011**.[11]

Where are Valero's low-carbon fuels sold?

Our low-carbon fuels are sold around the world, including continental Europe, Scandinavia, the U.K., South America, Mexico, Canada and the United States, especially in California, Oregon and Washington. We believe that our ability to supply these low-carbon fuels can play an important role for governments and others to achieve their GHG emissions reduction targets.

Why don't you use the GHG Protocol to measure the carbon content of your low-carbon businesses?

We are informed by the GHG Protocol but we don't use it because of the complexity of our business, especially for low-carbon fuels that have to comply with global low-carbon fuel standards and policies that base CI calculations on LCA and account for the full fuel life cycle. For instance, combustion of biofuels is not part of the accounting of Scope 3, Category 11 in the GHG Protocol but it is counted by global LCA methodologies.

Are Valero's GHG emissions of low-carbon fuels audited and certified?

Yes, our low-carbon fuels are audited and certified not only as part of the limited assurance of our GHG emissions disclosures with external auditors but also by independent auditors representing the countries, states or provinces (including certain international organizations or certification programs) where we sell low-carbon fuels.

In the case of California's Low Carbon Fuel Standard (LCFS), each certified pathway follows very stringent rules and certification processes. As of 2024, California's LCFS had certified more than 2,400 fuel pathways of low-carbon fuel CI calculations. Pathways are "[v]ariations in feedstock types, origin, raw material production processing efficiencies and transportation," all of which contribute to an individual producer's fuel pathway CI[12] and are independently verified. California's certifications are based upon ISO 14064-3 and 14065. The EU requires certification bodies be accredited to ISO 17065 and 14065 and for audits to be conducted in accordance with ISO 19011 or the equivalent. **In 2024, more than 64 independent verifications were conducted on our low-carbon fuels production, some of which included a partial or full traceability review of the supply chain.**

Global Low-Carbon Fuel Regulations Driving Demand Growth for Renewable Diesel[13]

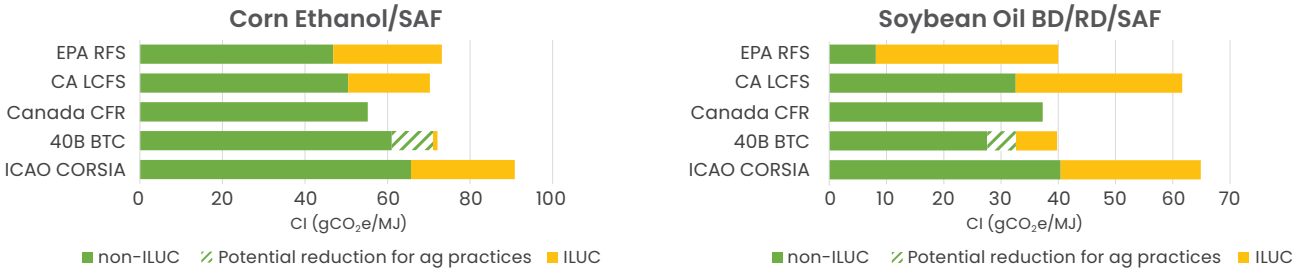
	2030 GHG Emissions Reduction Target	Net-Zero GHG Emissions Target	Primary Transportation Fuel Policy Mechanism	2030 Transportation Fuels Goal
California[14]	40%	Net-zero by 2045	Low Carbon Fuel Standard (LCFS)	Reduce the carbon intensity of transportation fuels by at least 30%
Canada	40 to 45%	Net-zero by 2050	Clean Fuel Regulations (CFR)	Reduce the carbon intensity of transportation fuels by 15%
EU	55%	Net-zero by 2050	Renewable Energy Directive III (REDIII)	Replace 29% of transport fuels with renewable energy, or reduce sector GHG intensity by 14.5%
UK	68%	Net-zero by 2050	Renewable Transport Fuel Obligation (RTFO)	Replace 19% of transport fuels with renewable fuels
Oregon	Clean Fuels Program requires a 20% carbon intensity reduction by 2030 and a 37% reduction by 2035			
New Mexico	Clean Transportation Fuel Standard will require a 20% carbon intensity reduction by 2030			
Washington State	Clean Fuel Standard requires a 45% carbon intensity reduction by 2038			
British Columbia	Low Carbon Fuel Standard requires a 30% carbon intensity reduction by 2030			
Norway	Biodiesel blending mandate of 33% by 2030			
Potential Policies	Hawaii, Illinois, Massachusetts, Michigan, Minnesota, New Jersey, New York, Nevada and Vermont are considering low-carbon fuel programs.			

SAF Mandates are Expanding Globally

	SAF Mandates
CORSIA[15]	Program aims to offset growth in CO_2 emission from international aviation above 85% of 2019 emissions; participation is voluntary over 2021-2026 and becomes mandatory for participating nations starting in 2027
EU[16]	2% in 2025, 6% in 2030, 20% in 2035, 34% in 2040, 42% in 2045 and 70% in 2050
Brazil	GHG emission reduction of 1% in 2027, progressively increasing to 10% by 2037, through the use of SAF
France[17]	1.5% in 2024, 2% in 2025 and 5% in 2030
Indonesia	1% in 2027 on international flights, increasing to 2.5% in 2030
Malaysia	1% in 2026, aiming to increase to 47% in 2050
Norway	0.5% in 2020, increasing to 30% in 2030
Singapore	1% in 2026, aiming to increase to 3%-5% in 2030
Sweden[17]	1% in 2021 and increasing to 30% in 2030
UK	2% in 2025, increasing linearly to 10% in 2030 and then to 22% in 2040
British Columbia	1% in 2028, 2% in 2029 and 3% in 2030
Potential Policies	Denmark,[17] Finland,[17] India, Japan, Netherlands[17] and South Korea

Indirect Land Use Change (ILUC) negatively impacts certain domestic crop-based biofuels, benefits certain imported biofuels, and is not fairly applied to land used for other renewable energy sectors, like solar and batteries.

Most of the biofuels policies commonly assess ILUC penalties to account for indirect land conversion that potentially result from increased biofuels demand. These ILUC penalties – which tend to be fixed values rather than reflecting the actual practices of the feedstock producer – can account for more than half of a biofuel's carbon intensity and be the ultimate determiner of the fuel's qualification under such low-carbon programs. As shown in the charts below, the EPA Renewable Fuel Standard (RFS) penalizes soybean with an ILUC of 80% of the entire CI calculation, and corn ethanol with an ILUC of 36% of the CI. California's LCFS penalizes soybean with 47% of the CI and corn ethanol with an ILUC of 28% of the CI of the fuel. These are among the highest of such penalties imposed on U.S. biofuels programs. By contrast, the same models assign a much lower ILUC penalty to Brazilian sugarcane ethanol. For instance, the RFS penalizes sugarcane ethanol by only 13% of the CI[18] and the LCFS assigns the lower penalty of all biofuels to sugarcane ethanol.[19]



See Notes 20, 21, 22, 23, 24, 25 and 26 beginning on page 72 for chart details.

Canada's CFR excludes ILUC from the model for certain crops due to limitations such as lack of data and high uncertainty.[22 23]

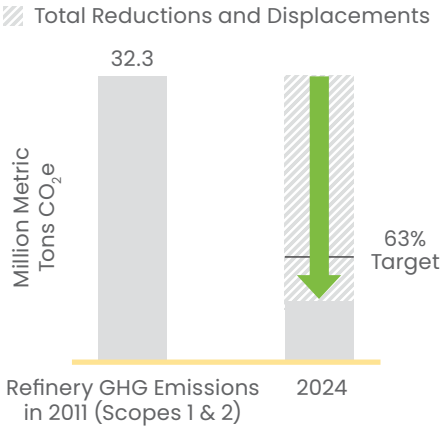
Inconsistently, ILUC penalties are not extended to the installation of solar arrays and wind turbines, or the extraction of minerals to support EV batteries, despite their potential for significant direct and induced land use changes. For instance, the Department of Energy projects that 10.4 million acres of solar arrays will be needed to help decarbonize the nation's power grid – as much as 83% of that acreage will likely be farmland,[27] which will need to be replaced.

Valero supports policies that eliminate inconsistencies in emissions calculations that disadvantage U.S. domestic crop-based biofuels. If ILUC is not entirely excluded (as in the case of solar arrays and stripped mining), at least, long-standing farmland in the U.S. Midwest should not be treated unfavorably compared with foreign crop-based fuels coming from potentially new deforested land.

GHG Emissions[28]

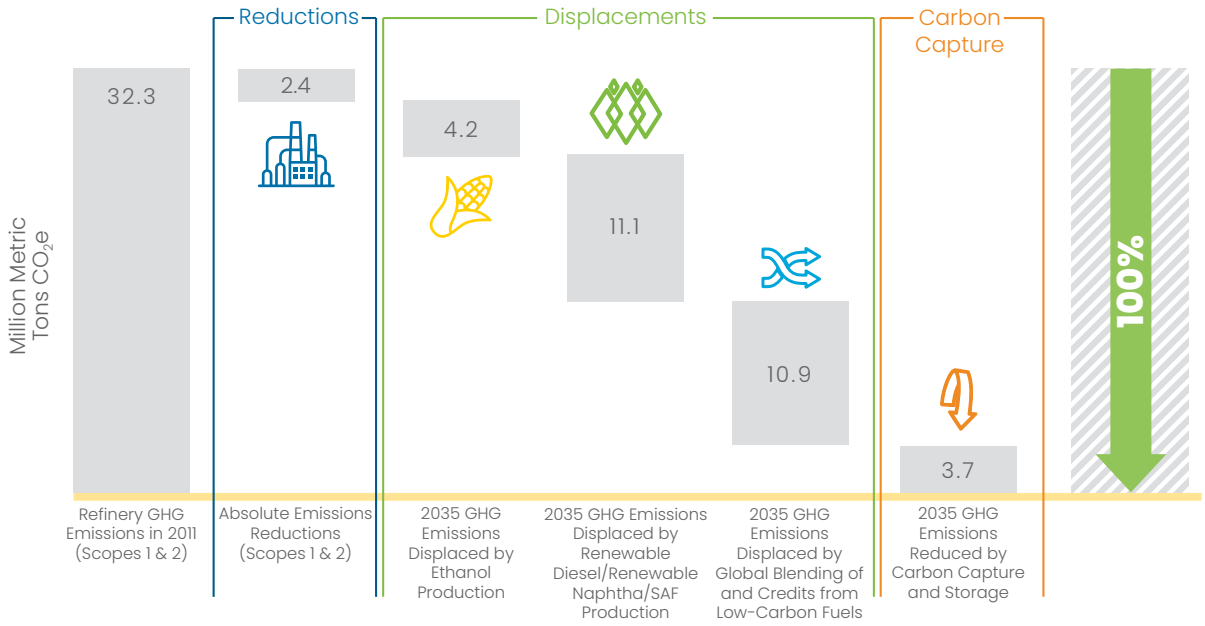
2025 Short-Term Target

In 2022, three years ahead of schedule, we achieved our 2025 GHG emissions target to reduce and displace the equivalent to 63% of the tonnage from our global refinery GHG emissions (Scopes 1 and 2). In 2023 and again in 2024, we continued to exceed this target.



2035 Medium-Term Target

Our GHG emissions target reflects our industry leading strategy in low-carbon fuels development. Refinery absolute reductions and our low-carbon projects are expected to generate reductions and displacements equivalent to 100% of the tonnage from our global refinery GHG emissions (Scopes 1 and 2) by 2035. Each component below showcases our strategy:



2050 Long-Term Ambition

By 2050, Valero has an ambition to reduce and displace more than 45 million metric tons CO_2e with absolute reductions from refinery operations and energy use, displacements from low-carbon fuels production and blending, and carbon storage and sequestration projects.

Independent Limited Assurance

Since 2021, we have engaged one or more independent third parties to evaluate, validate and/or verify our GHG emissions disclosures, which we intend to continue completing annually going forward. In 2025, this included limited assurance on/of:

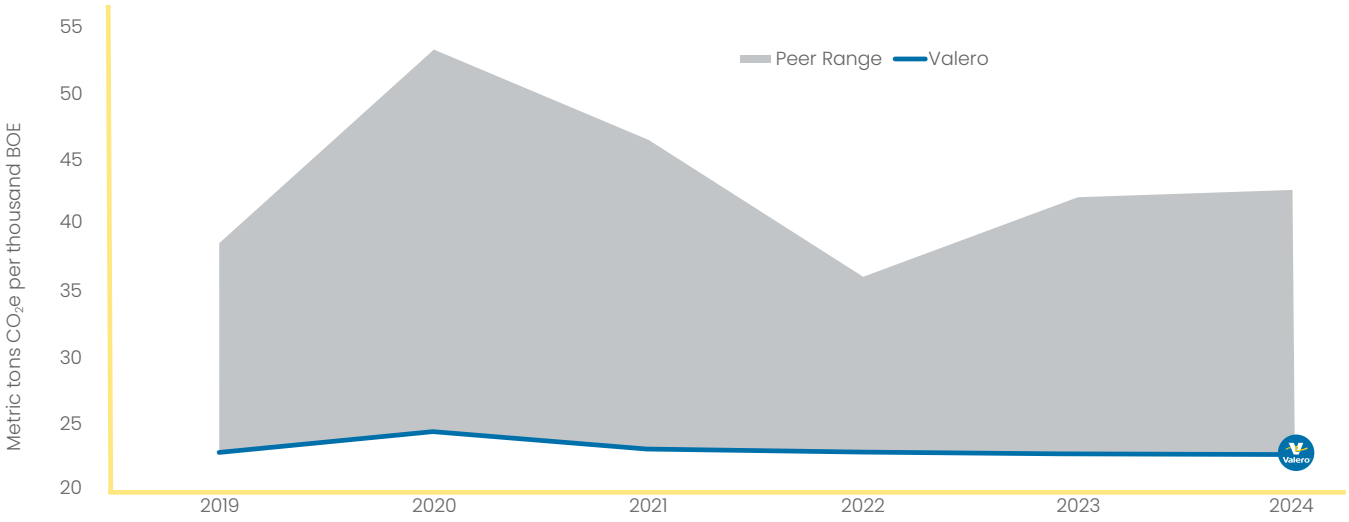
- Company-wide 2024 Scopes 1 and 2 GHG emissions, including refining, renewable diesel and ethanol segments.
- Company-wide 2024 life cycle GHG emissions displacements from our renewable diesel, SAF and ethanol production, as well as the blending of and credits from low-carbon fuels.
- Company-wide 2024 GHG emissions from the use of our products on an intensity basis (Use of Product GHG Emissions Intensity).
- Global refinery 2024 Scope 1 intensity per barrel.
- The validation of our 2035 GHG emissions reduction/displacement target.

Copies of independent limited assurance verifications can be found on our website at www.valero.com > Investors > ESG > Other Reports. **All calculations were found to be science-based and in conformity with acceptable engineering practices.**

Our Progress up to 2024

Scope 1 Intensity — GHG emissions from the refining process relative to refining peers

The following chart compares Valero's global refinery Scope 1 intensity in million metric tons CO_2e per thousand barrels of oil equivalent (BOE), relative to peers' performance using peers' publicly available disclosures, including annual reports on Forms 10-K and sustainability reports.



Refining peer group includes PSX, MPC, DINO and PBF.

GLOBAL REFINING	2021	2022	2023	2024
Refining throughput of crude oil and other feedstocks (million BOE)	1,017.3	1,077.8	1,087.3	1,065.8
GHG emissions, Scope 1 (million metric tons CO_2e)	23.7	24.8	24.9	24.3
GHG emissions, Scope 2 Market-based (million metric tons CO_2e)	4.9	4.9	5.1	5.0
GHG emissions, Scope 2 Location-based (million metric tons CO_2e)	5.0	5.0	5.2	5.0
LOW-CARBON FUELS	**2021**	**2022**	**2023**	**2024**
GHG emissions, Scope 1 (million metric tons CO_2e)	2.1	2.1	2.3	2.4
GHG emissions, Scope 2 Market-based (million metric tons CO_2e)	0.5	0.5	0.5	0.5
GHG emissions, Scope 2 Location-based (million metric tons CO_2e)	0.5	0.5	0.5	0.5
GHG emissions reduction achieved with displacements (million metric tons CO_2e)	16.7	20.5	22.4	22.6
COMPANY-WIDE GHG EMISSIONS INTENSITY FROM THE USE OF PRODUCTS	**2021**	**2022**	**2023**	**2024**
Use of Product GHG emissions Intensity per barrel (Kg CO_2e / bbl)	266	266	253	257
Use of Product GHG emissions Intensity per unit of energy (g CO_2e / MJ)	51	51	48	49

GHG Emissions Methodologies

There is not currently a standardized methodology for calculating GHG emissions. For instance, direct GHG emissions that result from on-site sources controlled and owned by the organization, commonly referred to as Scope 1, can be calculated using different parameters and methodologies. Another well-known example is the calculation of Scope 3, which is inherently unreliable because of the varying interpretations of indirect emissions that are attributed to the activities of the organization, but are outside of its control or knowledge.

At Valero, we have complied with mandated GHG emissions reporting requirements for more than a decade. As a result, we have established a robust process to disclose our GHG emissions inventory following the GHG emissions regulatory frameworks in the U.S., Canada and the U.K., and global LCA methodologies applicable to low-carbon fuels.

Direct GHG emissions (also known as Scope 1): corporate disclosure of our Scope 1 GHG emissions from fuel combustion and hydrogen production sources at our 15 petroleum refineries can be estimated following the GHG reporting program obligations under U.S. 40 CFR Part 98 (Subparts C, P, Y and PP); the Commission Implementing Regulation (EU) 2018/2066 of 19 December 2018 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council; and Quebec – Q-2, r. 15 - Regulation respecting mandatory reporting of certain emissions of contaminants into the atmosphere.

We also calculate and separately disclose the direct GHG emissions (Scope 1) from our 12 ethanol plants and 2 renewable diesel plants following the GHG emissions reporting program obligations under U.S. 40 CFR 98 (Subpart C).

Indirect GHG emissions from the consumption of energy and steam purchased by the organization for its use (also known as Scope 2): to calculate Scope 2, we follow the guidance from two approaches in the GHG Protocol: market-based and location-based. We calculate Scope 2 for our three segments: refining, ethanol and renewable diesel.

Scope 1 Intensity: to calculate the GHG emissions from the refinery process per unit of throughput, we divide the global refinery Scope 1 in million metric tons CO_2e (as described above) by thousand BOE. Refining peer group includes PSX, MPC, DINO and PBF. Similarly, we calculated peers' Scope 1 intensity by dividing refining Scope 1 by refining throughput, as disclosed in public filings, such as annual reports on Forms 10-K, EPA Flight Data and sustainability reports. In the absence of 2024 GHG emissions reporting by certain peers at the time of publishing of this report, we assumed the same level of GHG emissions as in 2023.

Indirect GHG emissions intensity from the use of products on a per barrel or per unit of energy basis: there is not currently a standardized methodology for calculating Scope 3 GHG emissions, and the inherent unreliability of Scope 3 calculations renders such metric of limited value. At Valero, we have complied with mandated GHG emissions reporting requirements for more than a decade related to GHG emissions of the use of our products, as required by the EPA. Therefore, for the calculation of the numerator we follow the U.S. 40 CFR Part 98 (Subpart MM), which includes the complete combustion of each petroleum product and natural gas liquid produced, used as feedstock, imported, or exported during the calendar year, based upon the carbon content of each material. The numerator includes both the disclosure from our U.S. refineries as required under U.S. 40 CFR Part 98 (Subpart MM) and from our refineries in Canada and the U.K., in conformance with U.S. 40 CFR Part 98 (Subpart MM). Because it is a company-wide reporting, the calculation of this metric includes the GHG emissions from low-carbon fuels displacement of petroleum fuels ("displacements") and the absolute GHG emissions reductions from CCS, if any.

The denominator in the intensity calculation in kg CO_2e per thousand BOE is the company's refining throughput, ethanol production and renewable diesel sales. The denominator in the intensity calculation per megajoule (MJ) is the total energy from the company's refining throughput, ethanol production and renewable diesel sales using energy factors (MJ/gal) from the California Air Resources Board's Greenhouse Gas, Regulated Emissions, and Energy Use in Transportation 3.0 model (CA-GREET3.0 model) used by California's Low Carbon Fuel Standard (LCFS).

Displacements: this represents the tonnage reduction of GHG emissions equivalent (CO_2e) that result from the substitution of petroleum fuels with the production of, blending of and credits from low-carbon fuels, including, but not limited to, products that we currently produce or are expected to produce as part of our publicly available GHG emissions targets (such as ethanol, cellulosic ethanol, renewable diesel, renewable naphtha, renewable propane and SPK or neat SAF), as well as low-carbon fuels we procure, including ethanol and biodiesel. This calculation is based on a comparison of low-carbon fuels LCA and the fossil fuel benchmark LCA, which could vary depending on the product and/or the jurisdiction.

For our production of renewable diesel, the CI estimations are based on the actual market-based CI assigned to the product from the verifications and audits from jurisdictions where renewable diesel production was sold. On neat SAF, the CI calculations are based on the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) from the International Civil Aviation Organization (ICAO). In the case of our production of ethanol, the CI estimations are based on the Argonne National Laboratory GREET3.0 2021 model. Regarding the CI estimations for ethanol and biodiesel that we procured to fulfill our blending obligations, we used the Argonne National Laboratory GREET3.0 2021 (ethanol) and 2019 (biodiesel) models and published papers. When calculating the displacements from blending and to avoid double counting, our low-carbon fuel production that contributes to our blending obligation is excluded.

Under the Sustainability Accounting Standards Board's (SASB) Standards Application Guidance 3.0 Reporting Boundaries, as the operator of the consolidated entity, displacements include the entire production of renewable diesel, renewable naphtha, renewable propane and SPK or neat SAF of the consolidated entities that we operate.

Safety

Safety is our foundation for success.

At Valero, we believe that safety and reliability are important, not only for the protection of our employees and communities, and the cultural values we aspire to as a company, but also for operational success. A decrease in the number of employee and process safety events should generally reduce unplanned shutdowns and increase the operational reliability of our refineries and plants. This, in turn, should also translate into a safer workplace with fewer environmental incidents and stronger community relations. We strive to improve safety and reliability performance by offering year-round safety training programs for our employees and contractors and by seeking to promote the same expectations and culture of safety. We also seek to enhance our safety performance by conducting safety audits, quality assurance visits, and comprehensive safety and risk assessments at our facilities.

BEST YEAR EVER

Best-ever Tier 1 API Process Safety performance in our refining segment.

Best-ever refinery total recordable incident rate ("TRIR") for Valero's employees and its employees and contractors on a combined basis.

Employee at the Valero Meraux Refinery.

Safety Initiatives Recently Implemented

Goal Zero Safety Program

Valero is transitioning from single-gas to four-gas detectors for all refinery employees as a way to gather additional leading indicators and prevent incidents.

Valero Safety Excellence Program (VSEP)

The revised "peer observation tool," within VSEP, builds upon the principles of a traditional behavior-based safety program. It emphasizes hazard identification and mitigates risk by encouraging personalized and meaningful conversations between employees and contractors.

Emergency Response

In line with our commitment to set new industry standards with the elimination of PFAS-containing AFFFs in fire suppression solutions in favor of non-fluorinated alternatives, we conducted comprehensive training in emergency response protocols using the new fluorine-free foam.[29]

Fire safety personnel at the Valero Houston Refinery.

Safety Management Systems

Through the various disciplines within Occupational Safety and Health, we provide ways of caring for our employees, contractors and neighboring communities.

Safety plays an important role in many of the major elements of CTEMS. Examples of safety programs and initiatives under CTEMS include:

Protecting People & Environment

- Compliance with all relevant health, safety, and environmental laws and regulations.
- Occupational health program includes industrial hygiene monitoring, medical surveillance programs, fatigue prevention and other human factor programs.
- Processes to identify, communicate and safely handle chemicals, hazardous materials and wastes.
- Ensuring all sites prepare for and respond to all levels of operational emergencies.

Safe, Stable & Reliable Operations

- Operating, maintenance, safe work and inspection programs in place, rigorously followed, verified and updated.
- Quality assurance programs to ensure materials meet designated specifications.
- Processes to prevent repeat failures.
- Employee participation programs to maintain a positive and open safety culture.

People & Skills Development

- Employees receiving appropriate training throughout their employment.
- Processes to review and update training programs.

Technical Excellence & Knowledge

- Incident and significant near-miss reporting and investigation processes to ensure timely sharing of information and closure of corrective actions.

2024 Safety Awards

Valero Chairman's Awards

Valero Memphis Refinery - The Valero Chairman's Safety Award recognizes the achievements of a site with the highest level of occupational and process safety performance. Notable achievements by the Valero Memphis Refinery include zero recordable employee or contractor injuries and zero Tier 1 process safety incidents. The refinery had zero contractor injuries for the past four years and VPP Star site status since 2017.

Valero Hartley Ethanol Plant - The Chairman's Award for Excellence in Renewables was awarded to the plant that demonstrated outstanding performance in all areas of operations, including safety, environmental, reliability and community involvement. As a six-time winner, this plant demonstrates excellence on all levels. Accomplishments made by the plant in 2024 include:

- No employee or contractor recordable injuries in over four years
- No Tier 1 process safety events in over seven years
- No scorecard reliability events in over 11 years
- No environmental scorecard events in over 13 years

Valero Texas City Refinery - The Valero Chairman's Refinery Reliability Award is determined primarily by the refinery's ability to maintain safe, stable and reliable operations over the course of the year; and over a longer period of time, the ability of the refinery to plan and execute cost-effective maintenance and turnaround activities. The Texas City refinery only had one stewardable outage in 2024. In non-turnaround downtime, the refinery has performed well within the industry's top quartile for the past five years.

American Fuel and Petrochemical Manufacturers (AFPM) Safety Awards

The AFPM Annual Safety Awards are the industry's premier safety awards. The **Elite Gold Award** recognizes facilities with safety performances in the top 5 percentile; and the **Elite Silver Award** recognizes the top 10 percentile of industry safety.

- Three 2024 Elite Gold Awards – Awarded to the Valero Houston, Memphis and Three Rivers refineries.
- Three 2024 Elite Silver Awards – Awarded to the Valero Wilmington Asphalt Plant, and the Meraux and Texas City refineries.

Safety Achievement Award

- Nine 2024 Safety Achievement Awards – Awarded to the Valero Ardmore, Benicia, Houston, McKee, Memphis, Meraux, Texas City and Three Rivers refineries, and the Wilmington Asphalt plant.

U.S. Department of Labor Occupational Safety and Health Administration's (OSHA) Voluntary Protection Program (VPP)

Our participation in **OSHA's Voluntary Protection Program** exemplifies our consistent pursuit of going beyond regulatory requirements by voluntarily submitting to robust safety audits. OSHA approves **VPP Star Site status** only if the facility demonstrates that enhanced safety systems have been implemented and embraced in a collaborative way by leaders and employees. Sites are reassessed by OSHA every three to five years in order to maintain their VPP status.

- VPP Star Site status at nine refineries: Ardmore, Corpus Christi (East and West), Houston, McKee, Memphis, St. Charles, Texas City and Three Rivers refineries.
- Other facilities with VPP Star Site status: Corpus Christi Asphalt Plant, Houston Asphalt Plant, St. James Terminal, Valero Aviation Department and the St. Charles renewable diesel plant.
- VPP equivalent assessment and internal approval: Valero's international refineries, Pembroke and Quebec.

In 2023, the Valero Wilmington Asphalt Plant entered into a cooperative program with Cal/OSHA[30] called Cal/Reach that is designed to assist the site in becoming a VPP Star Site.

Majority of refineries are designated as VPP Star Sites by OSHA, recognizing exemplary occupational safety, process safety and health programs.

Goal Zero Safety Program

Our Goal Zero program is designed to eliminate incidents and injuries in six focus areas by taking a data-driven risk-based approach. The program utilizes comprehensive incident reporting data and evaluates each incident against the AFPM Personal Safety Incident Matrix, tailored for the refining industry. This matrix classifies incidents according to their potential outcomes, injury type/consequence and activity/cause contributing factors. Each of our Valero sites establishes goals and objectives aligned with each of the Goal Zero's six focus areas.

Life-Saving Rules

To ensure full compliance with our safety policies and procedures, Valero implemented Life-Saving Rules – seven, long-standing critical rules that must be followed at all times.

Any violation of a Life-Saving Rule will result in the most serious levels of discipline. By undergoing comprehensive training, realistic field exercises and adhering to these critical rules in day-to-day operations, our employees and contractors make Valero a place where we can all feel proud and safe coming to work every day.

Work with a valid permit when required.

Verify energy isolation before beginning work.

Obtain authorization before entering a confined space.

Obtain authorization before overriding or bypassing a safety system.

Use specified life-protection equipment.

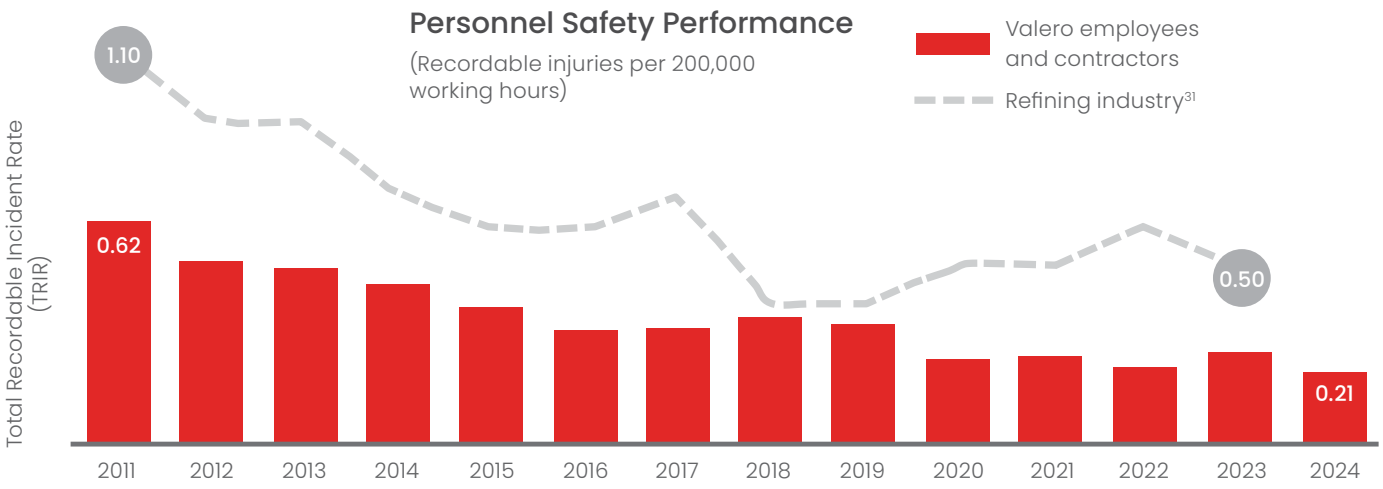
Protect yourself against a fall when working at heights.

Smoke in designated smoking areas only.

Employee Safety Training

Safety training ensures that our employees are provided the knowledge, skills and abilities required to execute their jobs to the highest standard. As stated in our CTEMS expectations, all employees receive appropriate training throughout their employment. This includes training in emergency preparedness, process safety, the seven Life-Saving Rules, cybersecurity risks, and on all processes and equipment changes affecting their job assignments. Training programs include computer-based sessions, instructor-led courses, frequent safety meetings and daily safety talks. We also have internal processes in place through which we continue to review and update our training programs.

In 2024, Valero employees completed more than 616,000 hours in safety training programs.



Contractor Safety Training

As safety is a top priority, the contractors we hire are required to uphold the strong safety culture of Valero in their everyday work. In 2024, our contractors completed more than 821,000 safety training hours.

All contractors are prescreened by a third party to ensure they meet or exceed Valero's health and safety expectations. Contractors are also trained initially and annually through a reciprocal contractor safety council focused on site-specific health and safety requirements. As a part of our CTEMS expectations, we have a program in place to ensure contractor alignment with Valero's safety, health, environmental and reliability expectations. This includes:

- Clear accountabilities and requirements for safety and contract performance
- Requirements for contractors to have in place controls ensuring procured materials and services are verified and qualified as contracted

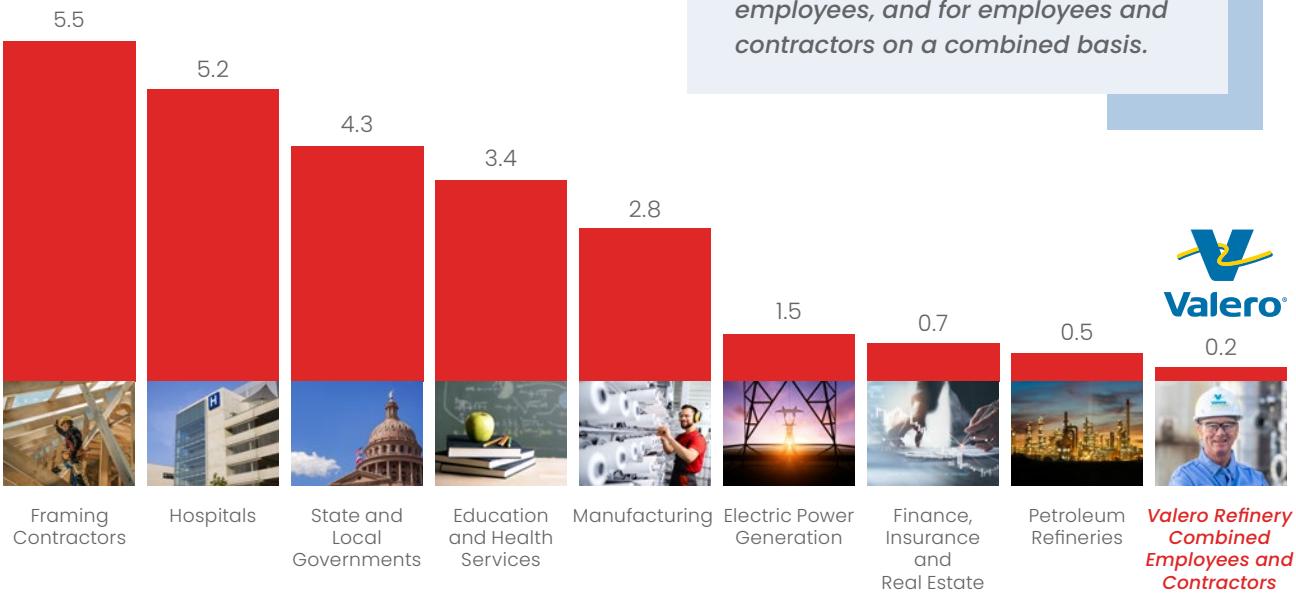
Contractor safety training at the Valero Three Rivers Refinery.

Safety Performance Metrics

Valero Refineries vs. Other Sectors[31]

(Recordable injuries per 200,000 working hours)

In 2024, Valero achieved its best-ever refinery safety performance for employees, and for employees and contractors on a combined basis.



Global Refining[3]

(Recordable injuries per 200,000 working hours)

	2019	2020	2021	2022	2023	2024
Personnel Safety Employee (TRIR)	0.25	0.35	0.21	0.32	0.40	0.16
Personnel Safety Contractor (TRIR)	0.39	0.15	0.27	0.15	0.24	0.25
Fatality Rate Employee	0.00	0.00	0.00	0.00	0.00	0.00
Fatality Rate Contractor	0.00	0.00	0.01	0.00	0.00	0.00
Process Safety Event Rate - Tier 1	0.05	0.06	0.05	0.08	0.05	0.04
Process Safety Event Rate - Tier 2	0.17	0.17	0.16	0.18	0.20	0.26

In the last three years, over half of our 12 ethanol plants have gone without an employee recordable injury and no Tier 1 Process Safety Events (PSE).

Valero's Safety Assessment for Excellence (VSAFE)

VSAFE re-engineers the traditional health and safety audit and compliance model to focus on driving health and safety excellence. VSAFE assesses the design and effectiveness of safety performance in more than 120 expectations that are key to driving culture and continuous improvement. Using a proprietary process with site data, field assessments and employee/management interviews, subject matter experts work alongside site champions at each refinery to perform this assessment every three years.

Process Safety and Reliability

Our process safety and reliability programs proactively contribute to our goal of operational excellence.

*Valero remains an industry top-quartile performer in overall maintenance costs and turnaround management. In 2024, Valero reached its **lowest-ever percentage** of unit downtime associated with turnarounds.*

These programs provide safeguards for certifying our equipment is correctly designed, regularly maintained and safely operated. Valero employs an industry-leading technical process safety and reliability assessment program to drive first-quartile reliability performance and help maintain the safety of our employees and communities. We continue to evaluate and utilize state-of-the-art process control and equipment monitoring technology to optimize operations efficiency.

Through CTEMS, we have mature processes in place to analyze process safety events (PSE). Understanding the reasons for a PSE is the first step. We then take necessary actions to prevent repeat failures, address unreliable equipment or improve specific program expectations to ensure safe and reliable operations.

Valero began developing a suite of technical assessments over 10 years ago to inform the annual strategic resource planning process and ensure continuous improvements are made in the most impactful areas. Below is a list of some of the most mature technical assessments and focus areas:

- MAIN – Inspection and mechanical integrity
- ESARN – Electrical systems
- ROTO – Rotating equipment
- PACE – Process automation and controls effectiveness
- CYBER – Cybersecurity
- AOE – Alkylation operations excellence
- ORA – Operational reliability

These assessments leverage the expertise of our technical subject matter experts who work alongside site champions to evaluate the design and effectiveness of each site's specific reliability programs. The results identify areas of opportunity, which are prioritized to help each site achieve our overall operational excellence goals. Our ORA, MAIN and ROTO assessments were updated in 2024 to account for progress driven through our CTEMS annual focus areas and site-specific improvement plans. These updated assessments will allow priorities and resources to shift to remaining opportunities and new emerging issues.

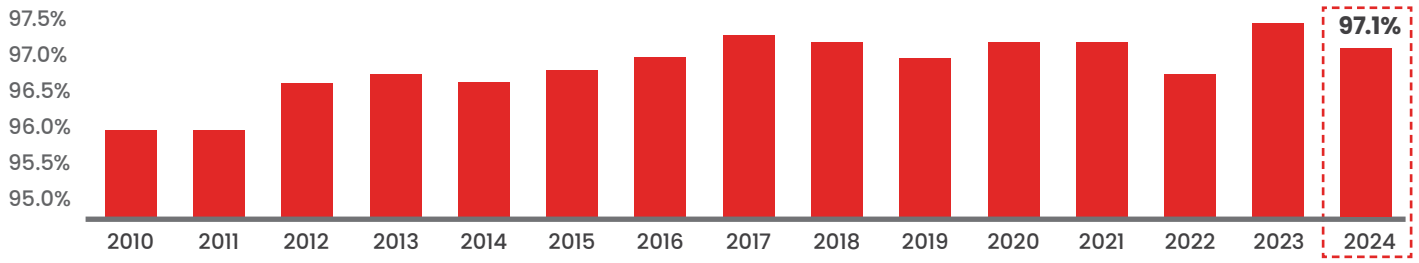
Mechanical Availability

Our high mechanical availability rate is a result of our highly reliable refinery operations and is underpinned by our CTEMS expectations of:

- Avoiding unplanned downtime
- Implementing our structured turnaround planning process
- Minimizing environmental impacts
- Ensuring efficient use of resources

In addition to our capital investments in reliability, our comprehensive reliability assessments, proprietary management systems and internal strategic planning process help reduce environmental incidents and improve safety.

In 2024, we achieved 97.1% refining mechanical availability, reflecting Valero's reliable operations and strong record.



In 2024, Valero set process safety performance records in all PSE Tier 1 categories.

A **record 10 refineries** ended the year having recorded Zero PSE Tier 1's in 2024. In addition, two refineries have achieved **five straight years** with no PSE Tier 1's. This is a significant achievement and is recognized as **industry-leading process safety performance**.

BEST YEAR EVER

0.036
annual PSE Tier 1 rate in 2024 is our **best-ever performance**

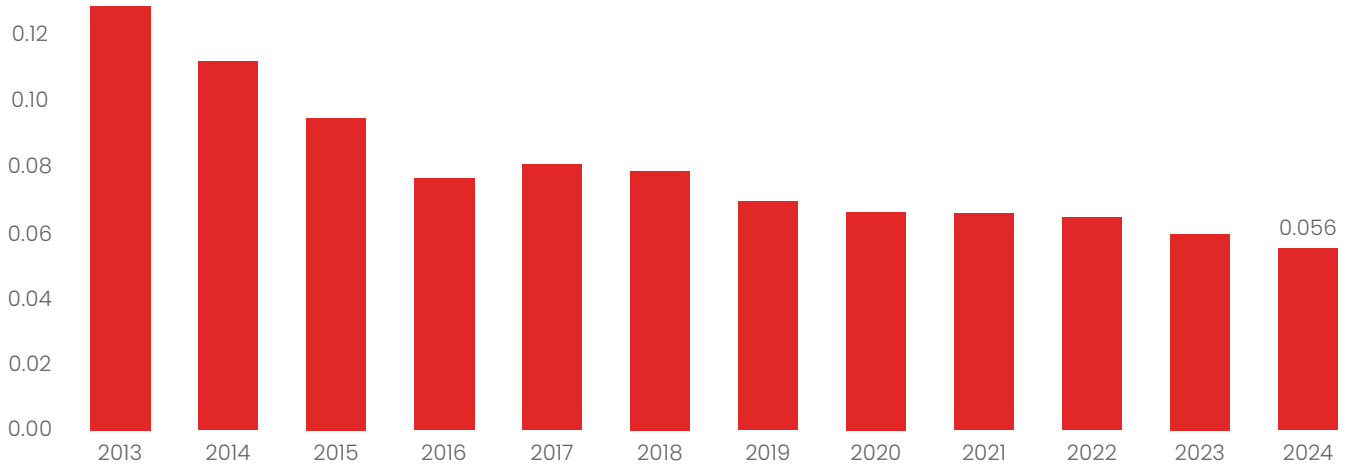
0.056
five-year average PSE Tier 1 rate is our **best-ever performance**

6
PSE Tier 1's is a record low and our **best year ever**

7
years in-a-row that we have reduced our five-year average PSE Tier 1 rate

PSE Tier 1 Rate, Five-Year Average[32]

(per 200,000 working hours)



Process Safety Initiatives Implemented in 2024:

RISK ASSESSMENT CONSISTENCY

Through a combination of new risk assessment tools, guidance and training, we have continued to focus on improving the quality and consistency of our processes. As an example, new standardized risk assessments for specific process technology were developed in collaboration with our technology subject matter experts and process safety network. These underpin our risk management programs and support our overall goal of operational excellence.

HUMAN AND ORGANIZATIONAL PERFORMANCE TOOLS

Performing quality incident investigations has been a priority for many years. This has resulted in a robust process that focuses on quality corrective actions to prevent a recurrence. In 2024, we developed guidance and training for the use of a new Human Error and Effective Corrective Actions Tool in our incident investigations. This is just one step in our strategy to identify and address human and organizational performance opportunities.

SHARED LEARNING

To leverage the benefits of our enhanced incident investigation process, Valero continues to introduce new and innovative ways to effectively share incident investigation learnings more broadly using various multimedia tools, including webcasts and animated videos. Feedback on the quality and effectiveness of these tools has been very positive resulting in a priority to produce additional videos each year going forward.

Managing Physical Risks

With refineries along coastlines and ethanol plants in the U.S. Midwest, Valero has long evaluated and prepared for physical risks to its facilities from natural disasters and weather events, including hurricanes, tornadoes, floods and other threats. Our emergency preparedness and response programs are focused on the mitigation of these risks.

Enhancing Physical Resilience

In the last 10 years, Valero has invested more than $14.5 billion of capital to sustain its operations, including turnarounds, catalysts, investments in safety, preventive equipment maintenance, environmental mitigation, and reliability and regulatory compliance. Sustaining capital is used to keep our facilities performing and to mitigate and reduce physical risks to our operations and our people, including:

- Infrastructure at raised elevations to reduce the effects of flooding
- Upgraded critical buildings, including control rooms and employee shelters resilient to physical risks
- Refineries designed to withstand hurricane forces, with safe shutdowns and nonessential personnel evacuations initiated in advance of major hurricanes

Emergency Management Planning

Our emergency management planning includes:

- Emergency response plans at each facility that comply with all local, state and federal regulations and are regularly updated with third-party assessments to ensure excellence
- Confirming equipment and facilities are maintained in fully functional condition and are readily available along with trained personnel when needed for emergency response
- Ensuring qualified emergency response teams with strong relationships with third-party response personnel are present on-site
- Performing regular drills and assessments to promote response readiness and alignment with our Goal Zero program
- Allocating capital resources to emergency planning and response in the strategic planning and capital budget processes to make our facilities efficient and resilient
- Employing the use of emerging technologies to optimize decision-making and response execution

Hurricane Preparedness

Valero's U.S. Gulf Coast facilities are periodically exposed to hurricanes and other severe weather events, including strong winds, storm surges and flooding. While our refineries are engineered to withstand these weather impacts, our management and refinery leadership teams use a sophisticated hurricane-specific preparedness program to protect our people and assets. This includes pre-hurricane season activities, as well as a five-phase process to monitor evolving conditions as the storm approaches, allowing for adequate time and resources for our employees and facilities to safely prepare.

At the start of hurricane season with facility plans reviewed and updated, verify supplies and begin daily monitoring.

Assess predicted storm path and potential for impact.

Determine site(s) that are likely to be significantly impacted, and activate the Corporate Emergency Operations Center, operating plan and contingencies, call center and equipment and service providers.

Execute shutdown, ride-out and/or evacuation plans.

Initiate post-hurricane response, including the assessment of impacts on employees, the environment, surrounding communities and plant operations and implementation of plans for recovery, support and safe startup of operations.

Valero's Emergency Response Team (ERT)

Training plays an important part in developing and maintaining the skills required to respond effectively to emergency situations.

Valero is committed to providing each member of the ERT the opportunity to attend training necessary for developing and maintaining the skills and knowledge required to be an ERT member.

During training, ERT members prepare for a variety of scenarios, expand their skills, share information from experience and mentor new members. At each site, the ERT maintains strong relationships with local community response personnel by participating in joint drills and assessments. Frequent ERT training exercises promote excellent response readiness.

THE VALERO PORT ARTHUR REFINERY HOSTS LARGE-SCALE, MULTIAGENCY DRILL

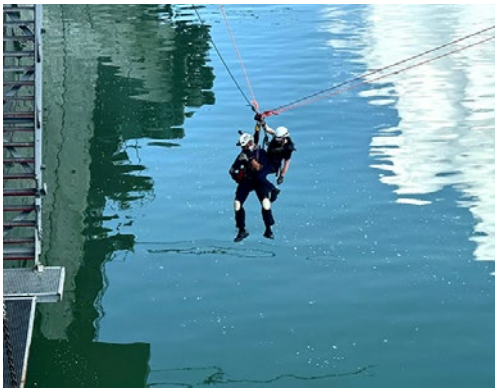
As part of Valero's ongoing efforts to improve emergency response, the Valero Port Arthur Refinery conducted a comprehensive two-day Worst-Case Discharge Drill, which included participants from federal, state and local agencies. The drill focused on containment procedures, environmental monitoring and communication between agencies to ensure a strong and unified response to emergency situations.

A Worst-Case Discharge Drill is a rigorous simulation designed to prepare teams for the most severe potential discharge scenario. This exercise provided Valero and partner agencies the opportunity to practice swift workforce coordination, timely regulatory notifications and seamless collaboration to protect public safety and the environment.

FEATURE STORY

Valero's ERT Corporate Rescue School Trains on the USS Lexington

Training takes different forms at Valero. Sometimes it is held in training rooms, other times it is done virtually, and yet sometimes it is done rappelling off an old warship in the Corpus Christi Bay while hovering over a swarm of jellyfish. This is what nearly 100 Valero employees from 10 different refineries encountered while participating in a training held aboard the USS Lexington in Corpus Christi, Texas.



Organizers selected the historic warship as the training site because of its confined spaces similar to those found in refineries. First-time attendees began the week-long program with a 50-hour rope operations course. Midweek, additional employees attended a separate refresher course. All participants trained in high-angle and confined space rescue training, practicing with both a Sked® stretcher and a Stokes® basket. These exercises involved securely strapping in the injured person for safe transport.

At Valero, emergency response teams continue to work on building strong relationships with outside response personnel and practice regular drills and assessments to promote response readiness in support of Valero's safety programs.

Environment

We are committed stewards of the environment.

We have made multibillion-dollar capital investments to sustain our operations as part of our commitment to safety, reliability, preventive equipment maintenance and environmentally responsible operations for our refineries. We have formal processes and monitoring systems designed to protect our people, our communities and the environment. We initiate mitigation actions when environmental events are identified.

The Valero Ardmore Refinery, with only one Environmental Scorecard[4] event in 2024, was awarded the Valero Chairman's Environmental Award for a second time. The site reduced scorecard events by 80% versus its prior five-year performance.

Environmental Management Systems (EMS)

Environmental Risk Management

We have employees at each of our refineries, ethanol plants and renewable diesel plants dedicated to environmental excellence and risk mitigation. Formal risk assessments, including hazard identification, risk evaluation, analysis and mitigation, are implemented at every site. In addition, we provide training so employees are skilled and competent to perform duties in an environmentally responsible manner. Our compliance team monitors and communicates changing regulations and helps to verify our operations comply with legal requirements. We have processes in place to assess the implementation and effectiveness of operational controls and for tracking and evaluating environmental performance. Our programs are designed to ensure documents are identified, managed and maintained, as appropriate. Valero's progress on environmental management, including strategic planning, goals and objectives, is reviewed internally at least annually. We use both internal and third-party audits in our approach to environmental management. These audits and verifications are conducted to identify the adequacy and effectiveness of our environmental controls, regulatory compliance and excellence vision. Additionally, our Pembroke refinery is ISO 14001 certified.

Valero has well-developed management structures that are central to our decision-making and risk management, including three programs that support our environmental management as follows:

Commitment to Excellence Management System (CTEMS)

CTEMS is a proprietary systematic approach to planning, executing, checking and acting to improve everyday work activities at many of our refineries and plants. CTEMS has nine major elements and, within each, we have identified multiple expectations to achieve our commitment to excellence, including:

Leadership Accountability – Leaders at every level demonstrate their commitment and personal accountability for operational excellence as a core value through their active and visible participation in CTEMS. Leaders make employees aware of CTEMS expectations, actively involve them in the processes and share learning across the organization. They are expected to review CTEMS performance results on an annual basis.

Leak Detection Sensor Network (LDSN) is a pilot program recently implemented at certain of our refineries to drive the next generation of leak detection, and to enhance process safety and air emissions reductions efforts.

Protecting People & Environment – We have a formal process to help identify and ensure that our ongoing operations are compliant with relevant health, safety and environmental laws and regulations. Identifying and assessing risks and potential environmental impacts are also components of this process. Additionally, environmental performance indicators are established, monitored and reported, and programs and processes are in place to drive improvement.

People & Skills Development – Training processes are in place to ensure that employees receive appropriate training throughout their employment. We expect our teams to effectively communicate with and listen to each other, fostering an environment of collaboration, creative thinking, teamwork and open communications.

Operations Reliability & Mechanical Integrity – Quality assurance programs, inspections and preventive maintenance standards are in place to ensure reliability of equipment. Valero's internal risk matrix is used to evaluate hazards, incident investigations, recommendations, process hazards analysis results and high-risk activities.

Technical Excellence & Knowledge Management – The Project Development and Execution Process (PDEP) is in place to incorporate health, safety, environmental, reliability, operability, maintainability and loss prevention standard requirements into the selection, development and execution of projects. An internal incident and significant near-miss reporting and investigation process is in place, and a company-wide tracking system is used to ensure timely sharing of information and closure of corrective actions.

Change Management – A process is in place to ensure permanent and temporary changes are in accordance with the Valero Management of Change Standard.

Business Competitiveness – Programs are in place to improve energy and operating efficiency. Competitive benchmarks are used and evaluated, and gap closure plans are implemented. A procurement process supports safe and reliable plant operations. Our annual strategic planning drives business competitive improvement.

External Stakeholder Relationships – Programs, such as community advisory panels or community advisory councils, are in place to facilitate meaningful dialogue with local communities and raise awareness of potential community issues.

Assurance & Review – CTEMS is assessed periodically using a disciplined and systematic approach. The effectiveness of all policies, programs, processes and procedures is reviewed to ensure they are appropriate and address the commitment for continual improvement.

Environmental Excellence and Risk Assessment (EERA)

EERA elevates the environmental audit and compliance functions to an environmental excellence vision. Its main goal is to assess the design and effectiveness of environmental performance regarding specific excellence objectives and to facilitate continuous improvement across the company. EERA defines more than 100 expectations and involves a proprietary five-step process (generally summarized below) using due diligence on data and field assessments reviewed by a combination of external and internal subject matter experts.

On-Site – Refinery leadership reviews and self-scores against EERA expectations.

Digital Documentation – Third-party and in-house subject matter experts conduct an extensive deep-dive review of refinery environmental data and reports in a due diligence-style process.

Technology – Technical field assessment is conducted using industry standards and advanced technology to evaluate effectiveness in controlling emissions.

Inspection – Results from the technology review and due diligence process are used by a team of experts in a substantive on-site inspection and cultural assessment.

Implementation – Final gap assessment report is produced by experts and leadership team with mitigation pathway and scoring improvement actions.

Fuels Management System (FMS)

FMS provides operational safeguards, software, training and protocols for uniformity across our refineries and plants to reinforce our compliance with applicable fuels regulations. Built on the success of FMS, our Low Carbon Assurance Program (LCAP) was implemented to further delineate and strengthen our internal processes to assure compliance with applicable low-carbon fuels regulations, policies and standards. LCAP defines key regulatory requirements, management expectations and internal regulatory assurances relating to transportation fuels regulated by low-carbon fuels regulations, policies and standards.

GLOBAL REFINING	2019	2020	2021	2022	2023	2024
NO_x (MT)	8,700	7,900	8,400	9,200	9,100	8,800
SO_x (MT)	8,800	7,600	7,600	7,800	7,400	7,500
PM_{10} (MT)	2,200	2,200	2,600	2,400	2,200	2,100
VOCs (MT)	7,700	7,500	7,500	6,600	7,000	7,300
Fresh water withdrawn (million m^3)	164.1	164.6	166.1	182.0*	187.0	185.8
Oil spill events to land (>1 bbl)	14	21	28	23	23	22
Oil spill events to water (>1 bbl)	3	4	0	2	2	1

For more information, see SASB report and the notes thereto beginning on page 70.

*Beginning in 2022, fresh water withdrawn includes volume that was withdrawn and sold. Values in prior years include only freshwater used in Valero's operations.

Managing Air Emissions

In addition to the comprehensive air monitoring programs already deployed at our refineries as required by regulations and/or air permits, we have implemented advanced monitoring systems that go beyond regulations that identify opportunities to reduce air emissions. Ambient air measurements allow refineries to monitor the surrounding communities and take early response and mitigation actions even on small emissions sources. We have the following air monitoring programs:

GMAP Vans Equipped with Duvas DV3000 Instruments provide real-time mobile air monitoring and quality screenings. The vehicle-mounted DV3000 is a monitoring instrument with a gas analyzer that uses ultraviolet spectroscopy and a meteorological station to identify and quantify up to 14 different gases, including benzene, SO_2 and NO_x, at low part-per-billion levels. With an analyzer response time as short as one second, the DV3000 combines measurements with geographic mapping of gas concentrations, and enables rapid detection and source location of air emissions during monitoring.

NEW **ATLAS Emissions Management platform** was implemented in 2024 to streamline emissions calculations and reporting, support permit compliance tracking, drive consistency across Valero's facilities, and facilitate company-wide benchmarking and air emissions performance initiatives. Additionally, accounting-style data quality controls have been built into the platform to assure information integrity.

Continuous Emissions Monitoring Systems (CEMS) are placed in the outlet stacks of certain fired equipment (boilers and heaters) as well as process vents like the Fluid Catalytic Cracking Unit (FCCU). CEMS continuously measure the concentration of compounds, such as NO_x and SO_2, exiting the stack to confirm operations are within permitted limits.

Continuous Flare Monitoring Systems are installed on flares to measure the amount of process gases routed to the flare for destruction and track operational parameters to confirm the flare is operating properly.

Stack Testing is conducted periodically on equipment to confirm it is operating properly and within permitted limits.

Leak Detection and Repair (LDAR) programs ensure our operating sites comply with the EPA's air quality regulations for reducing fugitive emissions. Inspections are conducted on a routine basis. Leaks identified are fixed and re-monitored to confirm repairs were effective. In 2023, we implemented an enhanced LDAR program using optical gas imaging, resulting in improved leak identification and cost savings.

Routine Optical Gas Imaging (OGI) Inspections of storage tanks, wastewater treatment operations and other equipment are performed using OGI cameras equipped with infrared technology capable of detecting VOC leaks that are not visible to the naked eye.

NEW **Leak Detection Sensor Networks (LDSN)** is a pilot program to drive the next generation of leak detection. Strategically placed throughout a process unit or facility, LDSN is a network of real-time air quality monitors that offers continuous leak monitoring, and enables faster detection of leaks to augment process safety and emissions reduction efforts.

Unit Battery Limits Monitors placed around the perimeter of refinery process units continuously measure for target compounds. These stationary air monitors serve as an early warning system if elevated concentrations are detected.

Personal Gas Monitors are being used throughout all Valero refineries. Employees and contractors are required to wear this monitor while in and around process units. The monitors sound an alarm and record the event when elevated levels of gases are detected.

NEW **Upgraded Personal Four-Gas Monitors** are being rolled out to continuously measure O_2, CO, H_2S and lower explosive limit.

Fenceline Benzene Monitors are located around a majority of our refineries at designated intervals to collect composite samples. Additionally, environmental Gas Chromatographs (eGCs), stationary analyzers that detect chemicals in ambient air or specific compounds such as benzene, are deployed at certain sites in areas at or inside the fenceline to allow for advanced notification of elevated concentrations.

***Methane emissions** are mainly associated with the extraction and transportation of oil and gas, and smaller methane emissions may also be emitted from flares or fuel gas combustion as part of the refining process. Although our refineries use natural gas, methane emissions **account for less than 1% of our GHG emissions inventory**.*

Renewable Energy and Efficiency Initiatives

In 2024, roughly 26% of our total refinery energy consumption originated from renewable sources, including:

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, solar and thermal.

Wind Power – Adjacent to our **McKee refinery** in the Texas Panhandle, our wind farm includes 33 wind turbines with up to 50 megawatts of power generation capacity.

Cogeneration Plants – Fueled mainly by natural gas, our cogeneration plants reduce our dependency on local power grids, which are often costlier. Cogeneration is a highly efficient and reliable way of producing electricity and steam (for the refinery process). 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. In all, our expanders are designed with the capacity to annually displace more than 600,000 tons of carbon dioxide that otherwise would be generated by conventional power plants.

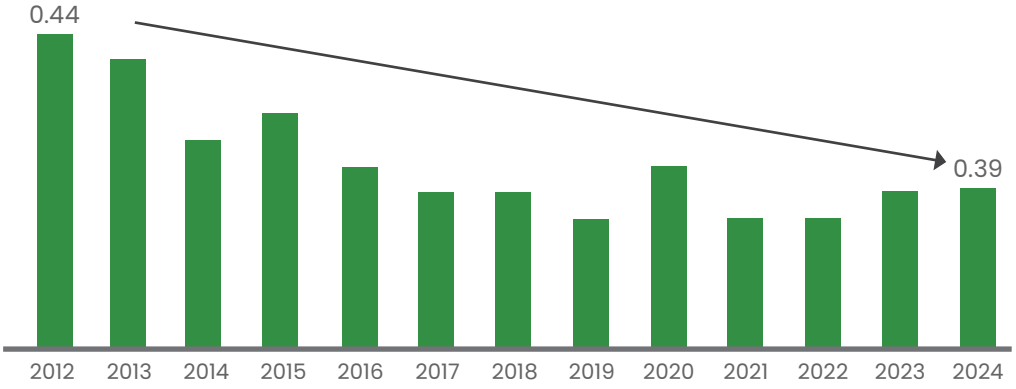
Heat Transfer – Our refineries utilize heat integration technology to improve energy efficiency and reduce energy-related operating expenses. Heat exchangers enable the transfer of thermal energy from high temperature process streams to lower temperature streams, decreasing natural gas or refinery fuel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

The cogeneration unit at our Pembroke refinery reduces our reliance on the local power grid and increases energy efficiency.

*Refinery energy intensity has **declined by more than 11%** since 2012 with capital investments, including flare-gas recovery and other energy efficiency projects.*

Refinery Energy Intensity[33]

(Million Btu/bbl throughput)



Waste Management

Valero remains focused on reducing the generation of wastes across air, water and solid streams. Reducing at the source and reusing, recycling and repurposing of materials are key components of our waste reduction program.

In 2023, Valero implemented a customized Waste Navigator database across the U.S. refining fleet. The database tracks waste from generation to ultimate disposition, driving standardized waste management practices and systemic improvements in waste reduction, reuse and recycling. In addition, the database allows closer oversight of disposal vendors.

Hazardous Waste – In 2024, more than 39 million pounds of catalyst were recycled to recover valuable metals. Valero's hazardous waste management program includes regular waste reviews, risk assessments, waste stream prioritization and formal personnel training programs. Every operating site follows specific expectations on the handling and recycling of hazardous wastes as specified in CTEMS.

Spill Prevention – Valero is focused on reducing spills across our operations to protect our people and the environment, always with the goal of zero spills. Our commitment to reducing environmental scorecard incidents is a top priority and is strengthened by the inclusion of this metric in the all-employee bonus.

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

95%

of all refinery hazardous and exempted waste was recycled in 2024.

Reducing, Reusing, Recycling and Repurposing

For Valero, being the most efficient and reliable operator in a highly competitive industry means being a better environmental performer. We look for ways to reduce emissions and waste, reusing energy and byproducts, recycling materials and repurposing wastes.

Flare-Gas Recovery Systems Resulted in More Than 96% Flaring-Free Operations in 2024 – Nearly 80% of Valero's large process flares are equipped with flare-gas recovery systems. These systems reduce flaring and air pollution, and recover fuel gases, which are used to fire heaters and boilers, reducing natural gas consumption.

Sulfur Removal – Sulfur recovered in refining processes is used for a variety of beneficial purposes, including crop fertilizer, pharmaceuticals, detergents and cosmetics. Sulfuric acid is also critical for the extraction of nickel, cobalt and rare earth minerals from their ores.

Marine Vapor Recovery Units – At certain refineries, vapors generated when loading vessels with gasoline and other light products are captured and routed back to the refinery for reprocessing.

Fuel from Oil Waste – Our high-conversion refineries are capable of upgrading oil waste into high-value fuel and products.

Wastewater Management – Process water and stormwater are managed at our wastewater treatment plants. We use bacteria to digest oil and treat wastewater streams to clean the water before returning it to the ecosystem.

Energy Efficiency Initiatives – We prioritize improvements in process monitoring and control systems to reduce energy consumption, which in turn reduces costs and emissions.

Repurposing of Material Recovered from Tank Cleaning – Recovered material is often reprocessed in our refineries and upgraded to fuels and other products or used as fuel at third-party facilities, avoiding landfill waste.

Water Management

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

- Taking a risk-based approach to water management and integrating water strategy and water security into our long-term planning and business processes.
- Engaging with local governments, industry associations, suppliers and regulatory agencies to develop innovative solutions in water management and conservation in water-stressed areas.
- Assessing and managing regional water risks through updated sustainability assessments.
- Ensuring compliance with water management laws and regulations.
- Reporting on risks posed by water scarcity on each facility, as applicable.
- Protecting existing water resources through sound water management policies.
- Recycling and reusing water to improve efficiency.

Most of our water consumption takes place in our refining operations. Based on the revised version of the World Resources Institute's Water Risk Atlas tool, Aqueduct, we determined that three of our 15 refineries are located in regions with high baseline water stress. Reduction and mitigation initiatives include the evaluation of reused municipal wastewater for cooling tower purposes and acquisition of secured water rights. Water scarcity can be a risk not only to communities but also to refining operations, as water is needed for cooling, heating, processing and safety.

We have taken several steps to secure our operations in conditions of water scarcity.

Employees in front of our Port Arthur refinery water cooling towers.

The Los Angeles Department of Water and Power honored the Valero Wilmington Refinery with the 2024 Recycled Water Customer of the Year for adopting the use of Advanced Treated Recycled Water (ATRW).

At our **Wilmington refinery**, we installed facilities to use treated municipal wastewater to supplement our cooling tower makeup water. We expect to save up to 420 million gallons of potable water per year, equivalent to roughly the annual amount consumed by 3,800 U.S. households.[34]

Our **Three Rivers refinery** recycles treated wastewater for use in irrigation for hay production.

Our **McKee refinery** recently commissioned a novel Closed Circuit Reverse Osmosis Treatment technology to treat and reuse brine (water with high concentration of salt) instead of freshwater in the cooling tower process, which is expected to replace 25 million gallons of water annually from the Ogallala Aquifer.

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 and as effective as those operated by most cities.

Biodiversity

We engage in diverse ecological projects with local, state and federal regulatory agencies, as well as with neighbors and nonprofit partners. We work together with local and regional organizations that provide a variety of environmental services ranging from the protection of endangered species and restoration of wetlands to reforestation, rehabilitation of former industrial sites and promotion of environmental awareness through educational training programs.

Biodiversity Impact Assessments

As part of our permitting processes, we comply with local, state and federal regulations related to potential biodiversity impacts in the planning, approval and implementation phases of certain capital projects.

Pre-Construction/Planning Phase

A dedicated team of environmental experts works closely with our engineering and commercial departments to perform environmental due diligence. As part of our consideration of threats to biodiversity, we often perform environmental field studies to verify and delineate natural resources within proposed project areas. For significant greenfield projects where alternative locations are considered, the most viable locations are surveyed. This data further drives project decisions on avoidance of sensitive features and habitats and informs site selection.

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.

Permit/Approval Phase

Valero undergoes a robust permitting process and collaborates with local, state and federal regulatory agencies. Additionally, our subject matter experts review impact assessments from the pre-construction and planning phase.

For major capital projects, a presentation including permitting information, impact avoidance plans, identification of threatened and endangered species and other biodiversity impacts, if applicable, is presented at the executive management level. Major capital projects must be approved by the Board before advancing to the implementation phase.

Construction/Implementation Phase

For site preparation and other related soil-disturbing activities, we initiate stormwater management controls to reduce impacts on 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.

During major construction and where warranted, we also provide training programs on topics such as 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.

In 2024, Valero received a second Conservation Certification from the Wildlife Habitat Council for the conservation of Alma refinery, a closed refinery in Michigan. The project seeks to foster naturally occurring milkweed habitat during the monarch butterfly season.

2024 Biodiversity and Conservation Initiatives

The following programs and projects are part of our biodiversity initiatives beyond the company's business activities. We prioritize the needs of local nonprofits and other community stakeholders when selecting biodiversity projects and value these opportunities to engage with our neighbors.

Nature-Based Carbon Capture Programs:

Harte Research Institute – In 2024, volunteers from the **Valero Corpus Christi Refineries** participated in the Sink Your Shucks oyster recycling program in collaboration with Texas A&M Corpus Christi's Harte Research Institute. Volunteers bagged ten tons of shells in 1,600 bags to create a new oyster reef in Aransas Bay.

Ducks Unlimited – The **Valero Memphis Refinery** supported the Ducks Unlimited Park, a 1,500-acre public park and conservation site located by the Mississippi River across from downtown Memphis. In conjunction with the Big River Park Conservancy and TennGreen, Ducks Unlimited is working to restore and protect forested wetlands, and to create and enhance recreational amenities for tourism.

Valero volunteers joined the Pontchartrain Conservancy to plant trees in the LaBranche Wetlands area of St. Charles Parish.

VIDEO **Pontchartrain Conservancy** – Valero continued its partnership with the Pontchartrain Conservancy committing $1 million in support of the five-year reforestation project. In the 2024-2025 planting season, volunteers from **Valero Meraux** and **St. Charles Refineries** planted 1,150 trees in the Pontchartrain Estuary. To date, more than 52.5 acres have been restored across multiple sites in and around St. Charles and St. Bernard Parishes.

VIDEO **BCarbon** – Valero has supported BCarbon, a nonprofit nature-based carbon dioxide capture and storage registry, in the development of a living shoreline to protect the Kohfeldt Marsh near the **Valero Texas City Refinery**. The living shoreline will help to preserve and enhance Gulf Coast ecosystems – such as mangroves, seagrasses and salt marshes – which naturally absorb and hold large amounts of atmospheric carbon dioxide.

Photos and video by Gustavo Raskosky/Rice University.

Wildlife Protection Programs:

Gulf of America Alliance – The **Valero Corpus Christi Refineries** have partnered with the Gulf of America Alliance and the Coastal Bend Bays & Estuaries Program to help restore vital habitats for colonial nesting birds. Valero volunteers filled tubes with more than 2,500 native seeds. Once grown, these seedlings will provide vital habitat for colonial nesting birds.

Biodiversity Action Plan – The **Valero Pembroke Refinery** implemented a Biodiversity Action Plan to create and sustain habitat for wildlife on 500 acres adjacent to the refinery. In 2024, certain areas were dedicated to "re-wild" so that insects, invertebrates and other wildlife could benefit from the natural wildflowers and grasses, which otherwise would have been routinely cut.

Iowa Department of Natural Resources – The **Valero Albert City Ethanol Plant** is partnering with the Iowa Department of Natural Resources (DNR) and granted access to the plant's stormwater pond to band goslings. Since 2022, more than 160 goslings have been banded, which will help to track the population and observe migration and travel patterns.

Nature Boardwalk (Pwllcrochan Environmental Centre) – **Valero Pembroke Refinery** in the U.K. has partnered with Pwllcrochan Environmental Centre for over 20 years to support their nature boardwalk educational program. In 2024, visiting schools had the opportunity to see Tawny owlets in their nest using newly installed wildlife cameras, funded by Valero, allowing students to get up close and personal with some of the wildlife around the site.

Water-Focused Programs:

Gulf of America Alliance – The **Valero Port Arthur Refinery** became a 2022 Gulf Star Partner with the Gulf of America Alliance by supporting its Ocean Guardian School Program in collaboration with the National Oceanic and Atmospheric Administration. This five-year program supports a teacher leader at Lincoln Middle School in the Port Arthur Independent School District to execute conservational projects with students throughout the school year.

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.

Valero volunteer from our Port Arthur refinery at the community's back-to-school event.

Making a Difference Around the World

We are a significant employer, and we strongly contribute to the local economies in the communities where we operate. Our direct and indirect financial support helps local businesses, education and other economic development needs, thereby contributing to the overall health and vitality of the communities where we operate across the globe.

9,922
direct jobs bolstering local economies with payrolls[35]

10,000+
contractors

$193,216
median total annual compensation of all employees for 2024, excluding our CEO[36]

$1.9 billion
spent in 2024 on maintenance and growth projects boosting construction and service jobs[37]

See non-GAAP disclosures beginning on page 74

2024 Community Highlights

$5.2 million — *Global employee giving and employee volunteerism*

$21.4 million — *Corporate donations in the U.S., U.K., Canada, Mexico and Peru*

$20.9 million — *Fundraising for United Way agencies (U.S., Mexico and Peru)*

$29.7 million — *Valero Energy Foundation**

*Including net proceeds from major fundraising events such as the Valero Texas Open and the Valero Benefit for Children.

Connecting with Stakeholders

Valero has a long-standing history of engaging with fenceline communities.

We look for opportunities to collaborate with neighbors, local officials, regulators and community leaders to build stronger communities. We work diligently to engage with stakeholders at all levels to understand local interests and needs, and address social, environmental and economic matters through meaningful involvement.

Neighbors and Community Advisory Councils

VIDEO We work to ensure our neighbors understand our proposed activities, and we strive to provide them with opportunities to have their concerns heard. Outreach efforts are designed around community needs or preferences and may include a combination of outreach mechanisms such as a community information line, newsletters, direct mailings, electronic notifications or websites. Also, we have social media pages for the Corpus Christi, Houston, Three Rivers, Port Arthur, St. Charles, Meraux and Pembroke refineries. Our refineries also participate in community advisory councils (CACs) or community advisory panels (CAPs). Comprised of residents and businesses, nonprofit organizations and government representatives, CACs/CAPs have traditionally been a primary mechanism for Valero to engage with local communities. We work closely with the members of our CACs/CAPs, meeting regularly and sometimes partnering on volunteer activities.

Regulatory Agencies and Government Officials

Federal, state and local regulatory agencies provide environmental stewardship through the development and enforcement of regulations. Engagements with regulators are mutually beneficial, serving as opportunities for Valero to provide business and operations updates and for agencies to discuss regulatory matters. We also work closely with government officials to ensure alignment of our business with public policies. Both regulators and government officials are invited to our facilities as part of our proactive engagement efforts.

Non-Governmental Organizations (NGOs)

We regularly meet with representatives from NGOs in local communities to answer their questions, as well as look for ways we can partner on projects for the betterment of the community. For example, in Corpus Christi, the refinery is actively involved with the Coastal Bend Air Quality Partnership and its Ozone Advance Report as well as its Coastal Bend Air Action Plan. These initiatives include voluntary measures that help the area maintain air quality.

Indigenous Tribes

We work with indigenous tribes to preserve sites with biodiverse, historical, cultural and spiritual significance on infrastructure projects. We also work in partnership to address community issues. For example, the Valero Ardmore Refinery collaborated with The Chickasaw Nation on tornado recovery efforts following the 2024 storms to help raise funds for impacted communities.

Industry and Business Partners

We collaborate with industry and business partners to promote mutual success by embracing the highest standards of responsible operations, including ethical business practices and compliance with all laws and regulations, including those related to health, safety, environment, human rights, labor and governance matters.

The Impact of Our Investments[37]

HEALTH CARE
$12.2 million
total funds donated in 2024

CIVIC
$2.6 million
total funds donated in 2024

BASIC NEEDS
$15.7 million
total funds donated in 2024

EDUCATION & WORKFORCE DEVELOPMENT
$17.6 million
total funds donated in 2024

UNITED WAY **$21.4 million** committed in 2024

Health Care: Helping Our Communities Have Access

Valero has partnered with numerous health care initiatives in its communities to provide access to programs, clinical screenings, new state-of-the-art medical equipment and other resources that help promote health and well-being.

Examples of our health care investment include the funding provided in 2024 to support air ambulance services in Texas, Oklahoma, Iowa and the United Kingdom near Valero terminals and facilities as follows:

Houston, Texas – Valero committed $1 million to the Memorial Hermann Life Flight, which provides life-saving transportation services for the Greater Houston and Southeast Texas area.

Three Rivers, Texas – Valero provided funding to HALO-Flight air ambulance to help with the purchase of key emergency response equipment, new helmets and night vision goggles. HALO-Flight provides life-saving medical care to patients across South Texas and is the region's only nonprofit air ambulance.

Ardmore, Oklahoma – Valero contributed $90,000 to the Southern Oklahoma Ambulance Service to help improve response times, enhance service quality and increase capacity to handle emergencies in a district that reaches more than 850 square miles, 48,000 residents and 14 municipalities.

Fort Dodge, Iowa – Valero supported the Trinity Health Foundation Surgery Center Renovation Campaign by adding three additional operating rooms.

Lakota, Iowa – Valero provided necessary equipment for the reopening of the Buffalo Center medical clinic. The clinic will provide primary health care for all ages and serve the communities of Buffalo Center, Lakota, Rake, Thompson and Woden.

Pembroke, U.K. – Valero supported lifesaving efforts by donating to local air ambulance service organizations, such as the Midlands Air Ambulance Charity, and the Derbyshire, Leicestershire and Rutland Air Ambulance.

Civic: Supporting Conservation Programs and Safety Infrastructure

Valero supports initiatives that foster the success of communities where we live and work, such as 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. Some examples in 2024 include:

Albion, Nebraska – Valero provided funding to the Elgin Volunteer Fire Department for the purchase and installation of an infrared camera system, enhancing the response to wildland and grass fires.

McKee (Dumas), Texas – Valero provided funding for the construction of a new quarter-mile walking path to the Dumas Welcome Center, which provides a recreational walking space for the local community and a rest area for drivers traveling on Highway 287.

St. Charles Parish, Louisiana – Valero committed $500,000 to help support renovations at East Bank Bridge Park, including two turf softball fields, a new basketball court, pavilions, new lights around the fields, two new tennis courts, two pickleball courts and a new batting cage to help the community stay active.

Houston, Texas – Valero provided $35,000 to the Houston Botanical Gardens to help with the purchase and planting of 58 new red bud trees to preserve, conserve and provide education of plant biodiversity.

Basic Needs: Providing Food and Shelter for Those in Need

Contributions to food banks, children's homes and emergency responders are some examples of Valero's support to the basic needs of neighboring communities. Some investments include:

San Antonio, Texas – Since 2005, Valero has provided more than $7.5 million to the San Antonio Food Bank and has been a proud supporter of its mission to fight hunger in Southwest Texas through food distribution, programs, education and advocacy. During the same period of time, Valero employees have raised more than $1.4 million, which translates to nearly 6.3 million meals for our community.

Wilmington, California – Valero provided $40,000 to a new food bank in the Long Beach area, serving families from the seven Wilmington elementary schools. Valero volunteers packaged and delivered food to these schools once per month. Valero also funds programs that serve area colleges to support their food pantries.

Pembroke, U.K. – Valero joined forces with Pembrokeshire Coast Charitable Trust to purchase a special all-terrain wheelchair that will enable children with physical needs to enjoy a day at the beach.

Helping Our Communities Recover

Team Valero quickly mobilized to support employees and community recovery efforts after weather events impacted communities where we have operations, including:

Albert City and Hartley, Iowa – Valero provided flood relief efforts, including thousands of cases of water and cleaning kits for families and relief workers in Everly, Hartley, Spencer, Rock Valley, Sioux Rapids, Sutherland and May City, Iowa. In addition to community support, Valero provided needed assistance to employees whose homes had been damaged by the devastating floods.

Ardmore, Oklahoma – Valero provided crucial relief and hope to families affected by the 2024 tornadoes in Ardmore, Dickson, Marietta and Sulphur, Oklahoma. Support included $150,000 for cleaning supplies, hygiene kits and fuel cards and $100,000 for the United Way of South Central Oklahoma's long-term recovery fund. Volunteers from the Valero Ardmore Refinery stepped up to assist hundreds of families with cleanup efforts and supply distribution.

VIDEO **Houston & Texas City, Texas** – When Hurricane Beryl roared through the Houston area, leaving many without power for days, Valero partnered with the Salvation Army and Target Hunger to distribute fuel cards, hot meals, drinks, snacks, disaster cleaning kits and boxes of food to residents in Houston's East End and Texas City.

Education and Workforce Development: Facilitating Educational Opportunities

Recognizing that educational opportunities are a path to success, Valero has partnered with several agencies committed to ensuring that children and adults have the knowledge, skills, training and resources to help them thrive.

VIDEO **Texas City, Texas** – Made possible in part by a $187,000 contribution by Valero, a new glass distillation unit offers hands-on training to more than 600 process technology (PTECH) students at the College of the Mainland.

VIDEO **San Antonio, Texas** – Valero helped launch a new, immersive four-week summer science program called the "Valero Young Scientist Program" with Texas Biomedical Research Institute. Nearly 40 high school juniors and seniors were accepted into the program where they worked alongside and learned from instructors, graduate students and postdoctoral fellows.

Ardmore, Oklahoma – Valero provided $150,000 for athletic field improvements for the Oklahoma School for the Deaf, which is the only school in Oklahoma for deaf and hard-of-hearing children. In addition to those improvements, the funding also went to create a Special Olympics area for current and future students.

VIDEO **Port Arthur, Texas** – Valero teamed up with United Way of Mid & South Jefferson County to purchase a book vending machine for DeQueen Elementary School. The book vending machine is free to students and promotes early language and literacy skills, and students get a special gold coin when they meet reading goals.

Fueling Education: Valero's 2024 Back-to-School Initiatives

Team Valero played a key role in supporting back-to-school events. These initiatives served as vital platforms for our communities, schools and organizations to come together in support of students by ensuring more than 23,000 students had backpacks and the supplies needed for a successful school year.

VIDEO **Port Arthur, Texas** – More than 70 volunteers participated in the Annual Kids Fest to provide supplies to 874 students.

Houston, Texas – Valero volunteers distributed 180 backpacks to local students.

Corpus Christi, Texas – A team of 38 Valero volunteers handed out backpacks.

Texas City, Texas – Valero distributed 400 backpacks.

Three Rivers, Texas – Valero donated backpacks for students and provided reusable water bottles.

St. Charles Parish, Louisiana – Valero contributed $10,000 to Ethel Schoeffner Elementary and Hahnville High School, and also donated backpacks and supply kits. With donations from United Way, 500 students were provided with school essentials at the "Be a Blessing Backpack Extravaganza."

Wilmington, California – Valero's back-to-school efforts reached across seven schools, distributing backpacks and school supplies to more than 50 students from each school.

Ardmore, Oklahoma – Ardmore's Literacy Day back-to-school event reached 650 participants, including 358 school-aged children who received backpacks filled with supplies and meals.

Pembroke, U.K. – Valero's 206 volunteers led two projects to support local students. A hygiene drive provided 200 hygiene packs for three Pembroke schools. And a back-to-school drive provided school supplies to students.

Charles City, Iowa – Valero volunteers distributed 350 pairs of shoes for students during the National Night Out shoe drive.

Bloomingburg, Ohio – School supplies were collected and distributed to various school districts in the area.

Valero Ethanol Plants held a book drive challenge and collected more than 1,900 books for schools and agencies in their communities. As the winner of the drive, the Valero Bluffton Plant donated additional funds to Kate's Kart, a nonprofit agency that gifts new books to hospitalized children and their families.

Volunteerism is Part of Valero's Culture

133,850 Employee Volunteer Hours in 2024

Mexico City – Valero volunteers planted 420 native trees for a natural forest reforestation project, in collaboration with local organizations and communities in Tepozán, Ajusco. The program promotes forest management by generating income for the local communities responsible for their upkeep, helping them conserve ecosystems by offering sustainable, nature-based activities. All planted trees receive maintenance (weeding, pruning) for the first two years until they are established. The trees are georeferenced and monitored to measure growth.

VIDEO **Lima, Peru** – In partnership with TECHO, a nonprofit partner that builds and improves homes for families in need, Valero volunteers built three houses and water tanks in Callao, Peru.

VIDEO **Montreal, Canada** – Valero volunteers designed and installed a new automatic irrigation system at the Montreal East Community Gardens to ensure optimal water management in the gardens, which supplied more than 2,000 pounds of fresh fruit and vegetables to the Action Secours Vie d'Espoir food bank. Valero was one of the companies that initially helped create the gardens in 2018.

McKee (Dumas), Texas – In collaboration with Snack Pak 4 Kids, Valero volunteers packed more than 8,000 weekend food supplements, known as "Snack Pak" bags. Snack Pak bags are distributed by local schools to students identified by their teachers as experiencing food insecurity during the weekend, helping them to be ready to learn on Mondays.

Meraux, Louisiana – Valero volunteers sponsored and chaired the Invention Convention at eight local elementary schools in St. Bernard Parish. Fifth-grade students were challenged to create an invention that either solved a real-world problem or improved upon an existing invention.

Pembroke, U.K. – Valero partnered with VC Gallery, a local veteran and mental health nonprofit, to create and maintain a special garden space for veterans and the community. This project not only creates a green space where people can relax, but also enhances the biodiversity of the site, supporting wildlife and pollinators.

Major Valero Fundraisers Generated More Than $46 Million

Valero funds United Way Organizations

In 2024, Valero employees and Valero corporate match accounted for an all-time high of **more than $21.4 million** committed to United Way, making the company's total contribution since 1980 **more than $280 million**. Last year's campaign supported 56 United Way affiliates across 26 U.S. states near Valero facilities.

$21.4 million
committed to United Way in 2024

56
United Way affiliates supported in 26 U.S. states

VIDEO United Way Day of Caring in San Antonio, Texas

Valero's annual Day of Caring in San Antonio is one of the most anticipated volunteer events. More than 300 Valero volunteers were on hand in 2024 to help transform the Mission Road Development Center. This center, founded in 1947, helps children and adults of all ages with intellectual and development disabilities by offering residential, day activity services and vocational programs. Valero volunteers helped with carpentry, painting, landscaping, cleaning and more to help spruce up the center and bring smiles to its clients' faces.

2024 Additional United Way Campaign Fundraisers

In addition to employee pledge campaigns, many of our sites brought their communities together by hosting local fishing tournaments, barbecue cook-offs and other friendly competitions to help boost their fundraising efforts, raising an additional **$2.1 million** with the unwavering support of business partners. Some efforts are highlighted below:

The third annual "Cast It Forward" fishing rodeo hosted by the **Valero St. Charles Refinery** included 200 participants and raised more than $167,000 for the St. John United Way.

The "REEL UNITED" fishing tournament hosted by the **Valero Port Arthur Refinery** welcomed 868 anglers and raised more than $290,000 for the United Way of Mid & South Jefferson County.

The 14th annual "Reel It In For Kids" fishing tournament hosted by the **Valero Corpus Christi Refineries** raised nearly $95,000 for the United Way of the Coastal Bend and the Wesley Community Center. A total of 76 fishing teams made up of 277 anglers participated.

The **Valero Ardmore Refinery** hosted its 11th Annual United Way BBQ Showdown by raising more than $450,000 for United Way of South Central Oklahoma. Since 2013, the two-day event has raised nearly $2 million.

The **Valero Houston Refinery** presented the inaugural "Clays for a Cause" sporting clays tournament. This successful event hosted 100 participants and raised $104,000 for the United Way of Greater Houston.

The "Reelin' For Good Bass" tournament presented by the **Valero Memphis Refinery** raised nearly $300,000 for the United Way of the Mid-South. Participants were treated to a special surprise guest, legendary fisherman Bill Dance, who spoke about water and ecological conservation.

The **Valero ethanol plants** in **Mt. Vernon, Bloomingburg, Lakota, Charles City and Albert City** held a variety of additional fundraisers during their United Way campaigns. Through online auctions, golf tournaments, cornhole competitions and cook-offs, employees were able to participate alongside community and business partners.

Valero Texas Open and Valero Benefit for Children

The Valero Texas Open continues to be a leader on the PGA TOUR in charitable fundraising, with an all-time total of $281 million, including funds recently raised in 2025. **With the support and generosity of Valero's business partners and sponsors, the Valero Texas Open, Valero Benefit for Children and Champions fore Charity generated $25 million in proceeds in 2025 alone.**

The Valero Benefit for Children funds children's programs in the communities where Valero operates, to support initiatives targeting basic needs, education and health care.

32%
2024 funds directed to
Basic Needs

45%
2024 funds directed to
Education

23%
2024 funds directed to
Health Care

VIDEO **Texas City, Texas** – Thanks in part to a $50,000 grant from the Valero Benefit for Children, the Santa Fe Texas Education Foundation retrofitted a bus to create a mobile STEM lab that offers educational programs to students.

Quebec, Canada – For the past 19 years, the Valero Benefit for Children Golf Classic in Canada has raised funds for organizations that help children and support parents. In 2024, the tournament raised more than $500,000, bringing the total amount since its inception to $6 million.

United Kingdom – The Valero Benefit for Children Classic raised over $690,000 in 2024. Since the event's inception in 2014, more than $3.3 million has been raised to support the incredible work of local charities.

VIDEO **Fort Dodge, Iowa** – Since 2013, the Valero Benefit for Children has supported Athletics for Education and Success (AFES), which provides a safe space for recreational and after-school activities to empower children and youth with the tools, guidance and sense of belonging they need to thrive.

VIDEO **San Antonio, Texas** – With a grant from the Valero Benefit for Children, more than 100 students from Title I Schools in San Antonio and surrounding areas were able to take field trips to the Cibolo Center for Conservation Outdoor Classroom. This program connects students with nature through engaging outdoor activities centered on ecosystems, wildlife, water conservation and sustainable practices by offering an immersive, hands-on learning experience that brings science and the environment to life.

BUSINESS PARTNER SPOTLIGHT

W. R. Grace & Co.

A global leader in specialty chemicals, Grace produces high performance chemicals and science-based solutions that enable industries to enhance modern life. Grace supports Valero's operating excellence initiatives, including advancements in gasoline properties and expanded renewable feedstock processing capabilities. Grace has proudly been a partner with Valero at the Valero Benefit for Children since its inception.

W.R. Grace & Co. leadership team at the 2025 Valero Texas Open.

"At Grace, we share Valero's commitment to helping the communities where we live and work. Whether it is in commercial operations or charitable endeavors, Valero is continually looking for ways to make a better future. That future-focus is one reason why we have had such a long-lasting relationship." -Ed Sparks, Grace CEO

People

Our people and our company culture are fundamental to our success.

Employees at the Valero Linden Ethanol Plant.

Our Workforce in 2024[38]

9,922
global employees

9,898
full-time positions

18%
represented by labor unions

WORKFORCE LOCATIONS

83% U.S.
8% U.K./Ireland
7% Canada
2% Mexico/Peru

OPERATIONS

78% field operations
22% corporate

13% self-disclosed disability (U.S.)

11% veterans and reservists of the U.S. Armed Forces

GENERATIONS

8% Gen Z
41% Millennial
43% Gen X
8% Boomer

YEARS OF SERVICE

31% < 5 years
20% 5-9 years
30% 10-19 years
19% 20+

3.8% turnover rate (U.S.)

$193,216[36] median employee's annual total compensation

For employment data categorized by race/ethnicity and gender, please refer to the company's EEO-1 report which is available at www.valero.com > Investors > ESG > Other Reports > EEO-1 Report.

We believe that our employees provide a competitive advantage for our success. We seek to foster a strong team culture that supports our employees, and we strive to provide a safe, healthy and rewarding work environment for our employees with opportunities for professional growth and long-term financial stability.

Our Company Culture and Team Valero Strategy

Our company culture and our well-defined expectations of ethics and behavior guide the daily work of our employees and support our efforts to produce exceptional company results. The six values that define our culture are:

SAFETY

Safety is our foundation for success. From workplace safety to health and wellness, employees are encouraged to promote and demonstrate their commitment to safety at all times.

EXCELLENCE

Valero employees treat every day like game day – working hard, being disciplined and holding ourselves to the highest standards to deliver best-in-class results.

ACCOUNTABILITY

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

TEAMWORK

Strong teams drive successful organizations. Valero believes that great teamwork and strong relationships are built through respectful collaboration, the sharing of perspectives and strong communication.

DO THE RIGHT THING

Our commitment to integrity means doing the right thing for the right reason. Our people are trustworthy and set positive examples, leading to open, honest and sincere communication.

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.

Our strategy and programs are designed and implemented to support our business and strategic objectives. In building and fostering great teams, we are guided by the following:

- We strive to hire and promote top-talent employees with team-oriented work ethics and values.
- Our pay, benefits and support programs are designed to attract and retain excellent employees and to reward innovation, ingenuity and excellence.
- We seek to provide a best-in-class work environment built on a foundation of respect, accountability and trust.
- We promote a culture of learning intended to drive excellence at all levels of the organization and foster career-long growth and development opportunities for employees.
- We continually assess employee performance, organizational structures and succession plans to support operational excellence, efficiency and effectiveness.

We believe that having employees from different backgrounds with a variety of talents, experience, education and perspectives helps create innovative and engaged teams, which provide strengths and advantages for our success. To this end, we are committed to equal employment opportunity without illegal discrimination or harassment based on race, color, religion, national origin, age, sex, marital status, physical or mental disability, veteran status or any other characteristic protected under applicable law. In accordance with our obligations as a federal contractor, we are committed to hiring and retaining veterans of the U.S. Armed Forces, as well as individuals with disabilities.

BOARD OVERSIGHT

The Human Resources and Compensation Committee assists the Board in overseeing Valero's compensation, succession planning for our CEO and other senior executives as well as initiatives and strategies in the areas of human capital management and leadership development. At least annually, our senior management team, including the Senior Vice President and Chief Human Resources Officer, reports to the Board on these key focus areas.

Stronger Connections Through Engagement

Valero strives to build a sense of community and belonging for our employees through shared experiences and mutual respect. A collaborative, welcoming work environment is fostered through teamwork, networking and activities that promote open discussion.

From Day 1, employees are immersed in a workforce culture that reinforces Valero's vision and guiding principles, as well as our company's position as a responsible, team-driven industry leader. We work to create supportive environments for all employees.

Employee Networks

Our employees have opportunities to connect, in person and virtually, through company-driven and employee-driven networks, including:

Valero Volunteer Councils – Employees who lead and promote volunteer activities in their communities.

Emerging Leaders Network – A United Way-inspired group of early career employees who connect with each other and company leaders, build industry knowledge and understand how their roles support the business.

Team Valero Ambassadors – An employee network to promote observances, education and awareness, with ambassadors at field locations also participating in recruiting and outreach efforts for talent acquisition across our communities.

Valero Mentor Program (Intern Program) – A mentoring group assigned to summer interns for support and guidance throughout their internship.

Total Wellness Ambassadors – An employee team that promotes wellness awareness and activities to our workforce.

New Employee Integration, Frontline Leadership and Beyond Frontline Cohorts – Network-building programs for peers with access to leadership advice to continue their professional development.

Building Team Valero

We strive to hire the best and brightest talent to advance our company goals and our industry.

In 2024, we continued to enhance our recruitment process to expand our talent network and ensure that Valero attracts the most qualified candidates. Our hiring practices support efforts to build the best teams through robust interview protocols; expanded recruiting efforts to broaden our pool of qualified candidates; blind resume reviews; and partnerships with external recruiters. Our policies, training and guidance for hiring managers ensure that new talent strengthens our culture through innovation, a range of skills and expertise, and unique perspectives.

Recruiting Highlights

Hiring Training – Hiring managers and college recruiting teams are required to complete interview training, which raises awareness, mitigates bias and provides tools to ensure that all applicants receive fair and equitable treatment in the recruitment and hiring process.

Expectations and Standards – We provide equal opportunities for applicants consistent with all applicable federal and state laws. Valero's Code of Business Conduct and Ethics further outlines our requirements, including zero tolerance for workplace discrimination based on any status protected under applicable federal or state law, or harassment of any kind.

Reporting Systems – Employees and contractors have access to a confidential, toll-free Ethics Helpline that is independently operated and available at all times.

Ethics Helpline – Do you wish to remain anonymous? Confidential helpline available at EthicsHelpline.Valero.com or 855-219-2495 within the U.S. & Canada. If calling from elsewhere, use the numbers listed on EthicsHelpline.Valero.com.

Developing Team Valero

For a dynamic, global workforce, opportunities are provided to help employees connect, develop expertise and strengthen teams. These include, but are not limited to:

- New Hire Orientation
- New Employee Integration Program
- Informal Mentorship Program
- Frontline Leadership
- Performance Management Training

Renewables Operator Qualifications – A 12-week program for newly hired ethanol plant operators prepares trainees for optimal performance once on the job, teaching them to safely monitor, operate and troubleshoot units in their designated areas.

Refinery Basic Operator Training (BOT) – A 10-week, refinery-based program lays the groundwork for a safe and successful career in operations. By leveraging internal subject matter instructors and bringing experienced employees into the classroom to share their experience and knowledge, new-operator integration is built on a foundation of existing expertise at Valero. In 2024, more than 8,000 applications were received for more than 140 openings across our refineries. Successful applicants demonstrated mechanical aptitude, a willingness to learn and dedication to safety.

Our selection process is designed to produce a slate of highly qualified candidates who, once hired, are provided this training to prepare them for their first post and a long-term career.

BOT graduate typical starting pay and rewards exceed $100,000.[39]

Education and Community Partnerships

In addition to strategic partnerships with major universities, Valero also partners with local workforce agencies, community partners, colleges and high schools that stimulate and support a community-based workforce. All educational partnerships connect us in meaningful ways with local talent and widen our outreach to a skilled workforce.

Ardmore, Oklahoma
- *Southern Tech*
- *Strength In Numbers*
- *Oklahoma School for the Deaf*
- *Veterans and DRS (Rehabilitation Services) – Oklahoma Workforce Solutions*
- *Military Organizations (Tinker AFB, Fort Sill Army Base, Oklahoma National Guard)*
- *Murray State College – Single Mother Success Program*
- *All Area Schools including: Ardmore, Davis, Madill, Marietta*

Corpus Christi, Texas
- *Buccaneer Commission*
- *Corpus Christi ISD*
- *Craft Training Center*
- *Del Mar Community College Process Tech Program, Operator Application Workshop*
- *Texas A&M Univ. – Corpus Christi*
- *Texas A&M Univ. – Kingsville*
- *Tuloso-Midway ISD*
- *Coastal Bend Workforce Commission*
- *JAG Education is Our Freedom – Scholarships*
- *This One's For the Gals – Coastal Bend Women in Industry*

Sunray, Texas
- *Amarillo College*
- *Frank Phillips College*
- *Dumas ISD*
- *Sunray ISD*
- *Amarillo Hispanic Chamber of Commerce*
- *Texas Veteran Commission*
- *West Texas A&M University*

Memphis, Tennessee
- *Goodwill Excel Centers Memphis*
- *HBCUs – Lemoyne-Owen College, Rust College, Jackson State University*
- *Latino Memphis*
- *Alpha Omega Veteran Services*
- *Soulsville Charter School*
- *Vision Preparatory School*
- *Creative Life Preparatory School*
- *Riverview Middle School*
- *Christian Brothers University*
- *University of Memphis*
- *Mississippi State University*
- *Palmer Home*
- *Sacred Heart Mobile Food Pantry*
- *Tom Lee Park*
- *Feed the Needy*
- *National Civil Rights Museum*

New Orleans, Louisiana
- *River Parishes Community College*
- *Nunez Community College*
- *Fletcher Technical College*
- *St. Charles Parish High School Satellite Center*
- *Destrehan High School*
- *Hahnville High School*
- *New Orleans Region Industry Alliance (NORIA)*
- *New Orleans Pelicans (Veterans Career Fair)*
- *NextOp (Military/Veteran Organization)*
- *Department of Veterans Affairs*
- *LA Workforce Commission Veterans Alliance*
- *River Region Chamber of Commerce*
- *New Orleans Business Alliance*
- *LMOGA (Louisiana Mid-Continent Oil & Gas Association)*
- *GNO, Inc (Greater New Orleans, Inc)*
- *Hispanic Chamber of Commerce*

Pembroke, Wales
- *Pembrokeshire College*
- *Pembrokeshire Secondary Schools*

Port Arthur, Texas
- *Lamar University*
- *Lamar State College – Port Arthur & Orange*
- *Port Arthur ISD Career & Technical Center*
- *Bridge City ISD, Hamshire Fannett ISD, Vidor ISD, Beaumont ISD (Teacher Externship Programs)*
- *Nederland ISD*
- *100 Black Men of Greater Beaumont*
- *Texas Workforce Solutions – Vocational Rehabilitation Services*

Fueling Valero's Talent Pipeline

Creating a sustainable and robust talent pipeline is foundational to identify our future workforce. We continue to enhance our recruitment process to reach the most talented pool of candidates possible. Our college and university partners, intern program and Freshman Engineering Summit help us not only identify top talent, but also create new opportunities for such talent to emerge.

Valero Intern Program

Through summer, spring or fall co-ops, and year-long opportunities, we extend internships to high-performing college and graduate students across a variety of business functions, including engineering, accounting, commercial supply and trading, information systems, cybersecurity, legal, communications and human resources.

In addition to providing an avenue for students to gain valuable job experience and to learn about Valero's culture, our intern program allows Valero to attract and retain the company's future talent. Our intern program includes:

- Competitive pay
- Company-paid medical and dental benefits
- Company-matched 401(k) and Pension Plan
- Formal mentorship program
- Professional and personal development
- Relocation assistance
- Exposure to business operations, company leadership and industry experts
- Social and community involvement
- Annual all-intern symposium at Valero headquarters

In 2025, Valero was recognized as an employer that offers meaningful and growth-oriented internship experiences and top engineering jobs.

BEST COMPANIES TO WORK FOR U.S.News & WORLD REPORT INTERNSHIPS 2025-2026

Since 1997, the Valero Intern Program has become the main recruiting vehicle for our professional workforce. In 2024, we welcomed 279 interns representing 52 colleges and universities. Approximately 86% of interns who received full-time offers accepted and chose to begin their careers at Valero.

Valero's Freshman Engineering Summit

The Freshman Engineering Summit is a four-day immersive experience for high-performing engineering students (including first-generation) who have completed their freshman year of college and are interested in pursuing an engineering career in energy. Through workshops, roundtable discussions, a hands-on refinery tour, a volunteer event and exposure to Valero's talented workforce, the Summit introduces a new generation of engineering talent to Valero's workforce and the world of energy. As part of their experience, each student receives a $1,500 scholarship and an opportunity to apply to Valero's next summer intern program.

Freshman Engineering Summit participants visiting the Valero Corpus Christi Refineries.

$2.3 billion
Total People Investment in 2024[40]

GLOBAL COMPENSATION	**$1.4 billion** direct compensation	**$239 million** bonus payments	**$97 million** incentive stock awards
BENEFITS AND PROGRAMS	**$205 million** physical well-being	**$338 million** financial well-being	**$114 million** emotional well-being
EQUAL PAY COMMITMENT	Valero is committed to equal pay opportunities for all employees, regardless of protected status.	**99%** gender	**100%** minority

Total Wellness and Rewards

Valero's Total Wellness benefits and programs support our employees' **Emotional, Physical** and **Financial Well-Being**, and reflect our culture and thoughtful investment in our workforce.

Our Total Wellness mission is to create a work environment that fosters employee well-being while educating them in healthy lifestyle and sound financial choices. From hire to retire, this investment delivers the ultimate return — a safe, healthy and productive workforce committed to the success of our company.

Our Approach:

- Foster a wellness culture that provides meaningful resources for every employee and promotes access regardless of personal circumstances.
- Provide competitive benefit offerings for every stage of life, from early career into retirement.
- Thoughtfully consider programs and resources that address challenges employees could face as they seek better overall health and well-being for themselves and their families.
- Provide financial education and security for employees' long-term stability as a complement to Valero's fair and equitable compensation practices and pay-for-performance philosophy.
- Provide adaptable policies and support that allow for individualized choice and that address the diverse needs of a large workforce.

We continually evaluate our benefit offerings to support the best possible health and wellness outcomes for our people and to help determine the most appropriate allocation of company resources. Through peer benchmarking, employee surveys and exit interviews, we work to ensure program investments are competitive in attracting and retaining top talent.

Employees at the Valero Houston Refinery.

Emotional Well-Being

Valero offers wide-ranging benefits to address emotional well-being, including:

Employee Assistance Program – Life Connections

Life Connections is a confidential, free support service that provides access to a wide range of employee and family support, including:

- Wellness tips and reminders.
- Child care and elder care referral services and suggestions.
- Counseling services for family, relationships, stress, grief and other concerns.
- Support programs for mental health conditions, such as insomnia, chronic pain and substance abuse.

Employees attending a Wellness Fair in San Antonio.

Similar assistance programs and resources are offered for our international employees in the U.K. and Ireland, Canada and Mexico. In Peru, a certified social worker is employed to support the needs of our employees.

Behavioral and Mental Health Benefits

In an effort to build greater awareness of available mental health resources, we have added initiatives and access points to help employees meet their unique needs. This includes awareness campaigns, virtual and in-person access to wellness experts, meditation resources, stress and anxiety workshops, nutritional clinics and annual wellness assessments. Other benefits supporting behavioral health include:

- Virtual program focused on cognitive behavioral therapy
- Mobile app offering support for anxiety, depression and stress
- Virtual therapy sessions through multiple providers

Additional services and workplace events encourage habits that improve emotional health and support better work-life balance. Examples in the U.S. include:

- Total Wellness Fairs to bring health and wellness vendors and resources to employees
- Annual "Fall Fest" wellness event encourages families to foster mental and physical health
- "Pills and Paper Purge" event (partnership with the U.S. Drug Enforcement Agency) to de-clutter and de-stress
- Fitness challenges to grow physical/mental wellness
- Virtual wellness incentive platform to encourage physical activity and take preventive steps to maintain health
- Enhanced internal Total Wellness portal with resources
- Accessible videos encouraging proper form and movement during physical exercise

Vacation and Leave Programs

Valero recognizes the importance of providing the opportunity for rest, recovery, recreation and personal time to meet employee and family health needs. Competitive paid leave allowances provide short- and long-term support while employees are away, encouraging greater emotional and physical wellness upon return to work. Leave programs include, but are not limited to:

$114.4 million vacation and paid leave in 2024.

Parental Leave Policy – In the U.S., our childbirth leave is available on the date of hire and includes nine weeks of paid leave. In addition, three weeks of paid parental leave/bonding are offered for all new parents, including adoption and surrogacy. In total, birth mothers are given 12 weeks of paid leave. A package of helpful resources and support links are sent to Valero parents in advance of the birth, including a summary of leave provisions. For non-U.S. employees, paid parental leave meets or exceeds legal requirements in each country.

'Hello Baby' and Family Gift Program: New parents receive continual resources, guidance and gifts as they navigate changes and welcome a new family member.

Family Illness Leave – U.S. employees are eligible for 10 days of paid leave to care for family members. For non-U.S. employees, paid family leave meets or exceeds legal requirements of each country.

Military Service Leave Beyond Minimum Standards (U.S.) – Valero offers differential pay for employees called to active and reserve duty. For long-term assignments/deployment, Valero employees and their families continue to be eligible to receive all company-sponsored health and welfare benefits.

Vacation – Competitive vacation schedules are offered based on years of service and recognition of prior relevant experience upon hire.

Physical Well-Being

Providing the time and resources our employees need to be healthy is critical for success inside and outside of work. Nutrition, exercise and rest are only part of the equation. Being educated and motivated to improve physical and mental wellness is equally important. In support, Valero provides customized employee programs companywide, including:

Comprehensive Health Care Plans — 97% of Eligible Employees Enrolled in Medical Coverage in 2024

Company-paid benefits for Valero's largest employee group include elective benefit options, such as Medical, Prescription Drug, Dental, Vision Insurance, Flexible Spending Accounts, Health Savings Account, Life Insurance, Legal Insurance and Group Critical Illness.

The majority of full-time U.S. employees receive company contributions to cover the full cost of coverage under most medical benefit options. Referred to as "Valero Provided Dollars," this investment allows employees flexibility to fully customize benefit coverage for specific individual and family needs, while minimizing or eliminating employee health care premiums. Outside the U.S., employees receive a significant contribution toward the cost of health care coverage in their respective countries. In the majority of cases, contributions cover 100% of the cost for employees.

On-Site Employee Wellness Centers and Family Wellness Center (U.S.)

The goal of Valero on-site wellness centers is to provide convenient access to high-quality primary care for acute, routine and preventive services for employees and, at corporate headquarters, their eligible dependents. At certain Valero locations, on-site wellness centers provide routine services, including:

- Diagnostics and treatment of employee illnesses and minor injuries
- Physician-led management of chronic conditions
- Annual vaccinations
- Allergy shots
- Smoking cessation
- Weight loss support and diabetes intervention

Annual Wellness Assessments

Annual confidential wellness assessments are free to Valero employees and certain eligible spouses and retirees. This valuable individualized assessment creates a comprehensive picture of personal health and a baseline to allow for more educated, proactive health decisions and discussions with the individual health care provider.

4,048 employee annual wellness assessments were completed companywide in 2024.

Fitness Centers, Subsidies and Online Resources

Equipped fitness centers are available on-site at most major U.S. locations, including a full-time fitness staff at company headquarters.

Additionally, Total Wellness programs and resources are designed to support the ongoing physical health goals of our employees and to provide easy access through in-person and virtual means.

Valero Child Care Center (or stipend for child care services)

The children of Valero employees are an important extension of Team Valero. Parents have access to state-of-the-art, licensed and accredited childcare centers, either on-site or within the employee's local area. Back-up child care and tutoring services are also available through a Valero partnership.

Other

Medical specialist consultations, on-site mammograms, mother's rooms or designated areas and nursing pods are also provided.

97% of respondents agree Valero's on-site wellness centers are a valued benefit.[41]

99% of employee survey respondents strongly believe Valero's corporate Fitness Center is a valued benefit.[42]

Financial Well-Being and Rewards

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.

Generous 401(k) Match — 98.5% of Eligible U.S. Employees Enrolled in 401(k) Plan in 2024.

Valero is proud to provide an excellent retirement savings plan that, if utilized to the fullest, helps provide significant financial security for employees later in life. For the majority of our U.S. employees, the available company match under the primary savings plan is up to 7% of eligible pay and vests immediately.

Company-Sponsored Pension Plan

As an added layer of financial security, the majority of U.S. employees are automatically enrolled in an exceptional pension plan after one year of service. Vesting reaches 100% after three years of service.

Annual Merit and Bonus Awards

The Annual Merit Award process adjusts eligible employees' salaries for market competitiveness, performance and relativity to peers. Managers are able to ensure equitable pay for all team members. Discretionary Annual Bonus Awards recognize employees who contribute to Valero's success, and serve as a pathway to review employee performance over the past year.

Valero Perks at Work

Perks at Work is a discount program that gives access to exclusive savings on quality of life enhancements and conveniences such as household items, travel, electronics and many more.

Employee Tuition Reimbursement

The Valero Educational Assistance Program supports employees' continuing education (college or specialized certifications) relevant to professional development.

More than $704,000 was awarded to employees in 2024 in tuition reimbursement.

Customized Financial Education & Planning

Educational workshops have been created to assist in putting personal financial goals within reach. Employees have regular opportunities to attend free financial education webinars such as Valero's Planning for Retirement and Financial Habits that Matter workshops.

Adoption Assistance

Adopting a child is a life-changing experience for the child and his/her new family. Valero is proud to support families by reimbursing a portion of adoption-related expenses.

Valero employee dependent who received a scholarship. Congratulations!

Valero Scholarship Program for Dependents

Each year, a selection of outstanding children of Valero employees receive a Valero Scholarship, based on scholastic achievement, community involvement and leadership qualities. Each recipient receives $2,500 per year for up to four years of undergraduate studies.

Since 1981, Valero has awarded more than 853 scholarships totaling $7.1 million to employee dependents.

Other

Retiree medical benefit (subsidized in certain cases); health savings account contribution; short- and long-term disability; and financial hardship funds.

Developing Our Leaders

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

At the core of every successful Valero leader is a full understanding of our business, our culture and the people who drive our success. We develop our leaders and team members to motivate, engage and support an engaged workforce that is committed to excellence, expands our talent pipeline and reduces turnover.

We offer a comprehensive training and development program for our employees in subjects such as engineering and technical excellence, safety, environmental, maintenance and machinery/equipment repair, ethics, leadership and employee performance.

More than 745,000 hours of training and more than 7,280 training classes offered to employees in 2024.[43]

We also require all employees to complete training on technical matters, such as cybersecurity, information technology security, and various compliance and corporate conduct matters, including business ethics, conflicts of interest, and anti-bribery and anti-corruption, among others.

Our employee development initiatives include customized professional and technical curriculum, efforts to engage our leadership in the employee's development process, and providing employee performance discussions.

We offer a virtual training curriculum, which allows for greater availability and access across our global workforce.

Training Programs

ALL-EMPLOYEE PROGRAMS / 162 PROGRAMS IN 2024

Developing Team Valero – Instructor-led courses targeting professional and technical topics.

Individualized Development – Behavioral assessment review to understand individual strengths and weaknesses.

Other – Valero development library; compliance and regulatory training; and business acumen resources.

ROLE-SPECIFIC PROGRAMS / 1,046 PROGRAMS IN 2024

Engineering Technical Excellence Program – Structured two-track program designed to enhance and sharpen the technical skills of early career and experienced engineers.

Subject Matter Instructor (SMI) Development – Program designed to cultivate Valero's internal experts across the organization and prepare them to deliver training sessions – virtually or in person – on a wide range of department-specific or professional topics.

Instructor Development – Individualized development and coaching of experts for preparation to facilitate courses.

Other – Engineering development virtual program; commercial development program; and operations qualification and unit specific courses.

LEADERSHIP PROGRAMS / 219 PROGRAMS IN 2024

Supervisor Toolkit – Designed to prepare our new supervisors for their role, we provide a 12-month road map on Day 1 of promotion, which outlines information on developing essential skills, building strong teams, ensuring an inclusive work environment and understanding their leadership style.

Frontline and Beyond Frontline – Required program building essential skills for managing and leading others includes a year-long cohort learning experience with an executive leader coach.

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

Other – Leadership transition guide; extraordinary leaders program; and performance management resources.

Employees at our San Antonio headquarters.

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.

SAF unit at the renewable diesel plant in Port Arthur, Texas. Valero is one of the largest producers of SAF in the world.

Governance and Risk Management

RISK MANAGEMENT AND OVERSIGHT STRUCTURE

Full Board

- **Risk management and oversight are responsibilities of the full Board.** The full Board exercises its oversight responsibilities directly and through its committees.
- **Valero's low-carbon fuels strategy is one of several key areas overseen by the full Board.**

Audit Committee

Key functions and areas of oversight and responsibility include Valero's:

- Financial statements and public financial information integrity;
- Compliance with legal and regulatory requirements, with a focus on those with the potential to impact its financial statements or accounting policies;
- Policies and guidelines concerning financial risk exposures and the steps management has taken to monitor and control such exposures;
- Global compliance and ethics program, and annual compliance plan;
- Independent auditor and internal audit function; and
- Initiatives and strategies with respect to cybersecurity and information technology (IT) risks.

Human Resources and Compensation Committee

Key functions and areas of oversight and responsibility include:

- Risks and other matters related to our compensation and talent management programs, policies and strategies, including Valero's benefit plans;
- Management succession planning for Valero's CEO and other senior executives;
- Valero's initiatives and strategies in the areas of human capital management and leadership development; and
- Compliance with Valero's Stock Ownership and Retention Guidelines.

Nominating and Corporate Governance Committee

Key functions and areas of oversight and responsibility include:

- Ensuring that the Board and its committees have the necessary mix of knowledge, skills, experience and other attributes;
- Identifying and recommending qualified director nominees;
- Developing and recommending a set of corporate governance principles applicable to Valero;
- The Board's and its committees' annual self-evaluation of performance;
- Valero's new director orientation and director continuing education programs; and
- Reviewing and acting on any related-party transactions.

Sustainability and Public Policy Committee

Key functions and areas of oversight and responsibility include:

- HSE matters;
- Sustainability and climate-related risks and opportunities;
- Corporate responsibility and reputation management;
- Social, community, and public policy strategies and initiatives;
- Political issues, including political contributions and lobbying activities; and
- Compliance with legal and regulatory requirements for the operations of the company.

Valero's Management / Employees

Management and other employees engage in day-to-day risk identification and management, and promote safety, through:

- Executing our risk identification and management programs, plans and systems, such as our CTEMS, EERA and FMS;
- Taking an interdisciplinary approach that coordinates the views of various teams and subject matter experts across Valero, and facilitates continual communication on risk-related matters; and
- Reporting to the Board and its committees, and engaging with stockholders and stakeholders throughout the year.

Board of Directors

R. Lane Riggs

Chairman, Chief Executive Officer and President, Valero Energy Corporation

Fred M. Diaz

Retired President, CEO and Chairman of the Board of Directors of Mitsubishi Motors North America, Inc.

Committee: *Audit*

H. Paulett Eberhart

Chair and CEO, HMS Ventures; Valero Independent Lead Director

Committees: *Audit (Chair); and Sustainability and Public Policy*

Marie A. Ffolkes

Managing Partner, GenNx360 Capital Partners; former CEO, TriMark USA, LLC

Committee: *Nominating and Corporate Governance*

Kimberly S. Greene

Board Chair, CEO and President, Georgia Power Company

Committees: *Nominating and Corporate Governance (Chair); and Sustainability and Public Policy*

Deborah P. Majoras

Retired Chief Legal Officer and Secretary, The Procter & Gamble Company

Committees: *Sustainability and Public Policy (Chair); and Nominating and Corporate Governance*

Eric D. Mullins

Chairman and CEO, Lime Rock Resources

Committees: *Audit; and Human Resources and Compensation*

Randall J. Weisenburger

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

Committee: *Human Resources and Compensation*

Rayford Wilkins, Jr.

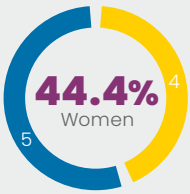
Retired CEO-Diversified Businesses, AT&T Inc.

Committees: *Human Resources and Compensation (Chair); and Sustainability and Public Policy*

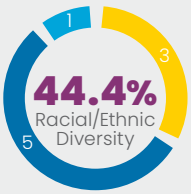
9 directors*

5 new independent directors since 2016

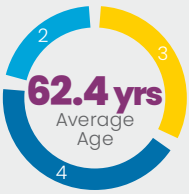
*Age and tenure data are as of December 31, 2024.



- Men
- Women



- White
- Black/African American
- Hispanic/Latino



- 50s
- 60s
- 70s

Years Tenure

- ≤4
- 5-9
- 10-14

DIRECTOR SKILLS, EXPERIENCE AND ATTRIBUTES

SKILLS, EXPERIENCE AND ATTRIBUTES	Diaz	Eberhart	Ffolkes	Greene	Majoras	Mullins	Riggs	Weisenburger	Wilkins
CEO/Leadership	●	●	●	●	●	●	●	●	●
Sustainability/Climate	●	●	●	●	●	●	●	●	●
HSE	●	●	●	●	●	●	●	●	●
Human Capital Management	●	●	●	●	●	●	●	●	●
Corporate Governance	●	●	●	●	●	●	●	●	●
Cybersecurity/IT		●	●	●	●			●	●
Finance and Accounting	●	●	●	●		●	●	●	●
Global Business	●	●	●		●		●	●	●
Government, Legal, Regulatory and Compliance	●	●		●	●		●	●	●
Risk Management	●	●	●	●	●	●	●	●	●
Energy Industry	●	●	●	●	●	●	●		
Upstream		●				●	●		
Midstream/Logistics		●	●	●		●	●		
Downstream/Industrial/Gas/Utilities		●	●	●	●	●	●		
Independent	●	●	●	●	●	●		●	●

Comprehensive Liquid Fuels Strategy

We are working to advance the future of energy with capital discipline, innovation and unmatched execution. Our comprehensive liquid fuels strategy is underpinned by excellence in operations, disciplined capital allocation and a commitment to shareholder returns.

OPERATIONS: *Unmatched Execution with a Proven History of Operations Excellence*

- The lowest cash operating cost among peer group while maintaining top-quartile operating performance.
- Safe, reliable, environmentally responsible operations driving higher profitability and lower volatility through multiple commodity cycles.
- Applying our liquid fuels manufacturing expertise to optimize our integrated low-carbon fuels businesses.

EARNINGS GROWTH: *Growth Through Innovation*

- Refining growth projects focused on operating cost control, optimization 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 growth projects.

CAPITAL DISCIPLINE: *Demonstrated Commitment to Stockholders*

- Disciplined capital allocation delivering peer-leading free cash flow yield and returns to stockholders across margin cycles.
- Delivered on our annual payout ratio commitment every year under current management (since 2014).
  - Average annual payout ratio of 70% since 2014 (58% excluding 2020)
  - Reduced our shares outstanding by over 38% since 2014
- 15% average annual Return on Invested Capital (ROIC) since 2014.

See non-GAAP disclosures beginning on page 74.
Peer group includes PSX, MPC, DINO and PBF.

Valero Wilmington Refinery.

BOARD OVERSIGHT

HSE, Public Policy, Sustainability and Climate

Integrated and Multidisciplinary Approach to Oversight

The challenges and opportunities presented by sustainability and climate-related matters are particularly broad-ranging, complex and interrelated, and as a result often overlap across multiple areas of respective responsibility of each of our Board committees. In order to manage and oversee such matters, each of the Board's committees assists the full Board with oversight of certain sustainability and climate-related matters within its area of respective responsibility and expertise. Public policy, HSE, sustainability and climate-related matters, including global climate-related regulatory developments, are a particular focus of the Sustainability and Public Policy Committee, and such matters are routinely discussed at the committee's meetings. The committee also receives and discusses, at least annually, a report on Valero's health, safety and environment efforts, as well as climate lobbying and political activities.

Tailored Structure and Codification of Duties

The structure and composition of the Sustainability and Public Policy Committee were specifically tailored to enhance the Board's oversight of HSE, public policy, sustainability and climate-related matters, and its committee charter codifies its oversight and responsibilities with respect to such matters. In order to provide knowledge and insight from each of the Board's committees, as well as its senior independent leadership, and facilitate collaboration and coordination with the full Board and among the Board's other committees, the Sustainability and Public Policy Committee is comprised of four independent members, consisting of Ms. Majoras (as the committee's current chair), the chairs of each of the Board's other committees, and Valero's Lead Director. We also encourage, but do not require, all directors to attend meetings of the Sustainability and Public Policy Committee. This structure allows the matters discussed at Sustainability and Public Policy Committee meetings to permeate all of the meetings and discussions of the Board and its other committees and facilitates effective oversight of such matters.

At the executive officer level, Valero's General Counsel has oversight of certain functions actively involved in climate-related management. This position reports directly to the CEO and provides updates to all levels of management, as well as the Board.

Stockholder and Stakeholder Engagement

Our Responsiveness to Engagement

As a manufacturer that strives to help meet the challenge of supplying the world's need for reliable and affordable energy in an environmentally responsible manner, we understand the value in continually seeking, listening to and acting upon the input of our stockholders and stakeholders. Therefore, we continually engage with our stockholders and stakeholders, both large and small.

The robust engagement efforts we undertook over the course of 2024 and into 2025 before our Annual Meeting of Stockholders consisted of the following:[44]

- Offering dialogue to our 100 largest stockholders;
- Engaging with stockholders that collectively held approximately 40 percent of our Common Stock; and
- Holding at least 75 different engagements with stockholders and proxy advisory firms, several of which included the participation of Board directors and/or members of our senior management team.

Executive Compensation[45]

Valero's executive pay program is designed to reward executives for superior company performance. The program design emphasizes variable incentive pay (delivered through annual and long-term incentives) such that an executive's pay ultimately realized is significantly dependent upon the achievement of both absolute and relative performance measures.

Executive Pay is aligned with company performance and long-term stockholder value creation:

- Tight linkage of company performance and executive pay.
- Alignment of interests of executives and stockholders.
- Risk management and adoption of best practices in executive pay.
- Balance of compensation over short- and long-term periods.
- Retention of top executive talent

Significant 2024 Business and Organizational Achievements Related to Compensation Targets:[46]

Earned $8.58 per share

Returned $4.3 billion to stockholders through stock purchases totaling $2.9 billion and dividend payments of $1.4 billion.

Achieved best-ever Tier 1 API Process Safety performance in the refining segment.

Achieved second best-ever environmental performance as measured through our refinery Environmental Scorecard Incidents metric (on a weighted basis).

Successfully completed and started up the large-scale SAF project at our renewable diesel plant in Texas on schedule and under budget, providing the plant the optionality to upgrade approximately 50 percent of its current renewable diesel annual production capacity to neat SAF.

Awards

For the ninth consecutive year, Valero was named among **Extel's "Most Honored Companies,"** based on results across several categories of its 2024 All-America Executive Team rankings. Out of over 1,400 companies receiving votes across 44 sectors, less than 10% earned the "Most Honored" distinction. The investment publication determined the rankings from votes of over 4,000 investors and research analysts who evaluated companies and executives.

top 3

Valero placed **Top 3** overall in the Integrated Oil sector for the following:

- *Best Company Board*
- *Best CFO*
- *Best IR Program*
- *Best ESG Program*

1st place

Valero received **1st place** overall in the Integrated Oil sector for the following:

- *Best IR Team*
- *Best IR Professional*

1st place

Valero ranked **1st place** in a new broader Energy category, which included Midstream, Exploration, Utilities and Oil Field Services companies:

- *Best Company Board*
- *Best IR Professional*
- *Best IR Program*
- *Best IR Team*

Political Engagement

Valero believes that constructive participation in the political process is an important means of enhancing stockholder value and promoting good corporate citizenship.

Board Oversight

The CEO and the General Counsel review and approve recommendations by Valero's government affairs team on political contributions and lobbying activities. Additionally, the Sustainability and Public Policy Committee is responsible for assisting the Board with oversight of Valero's political contributions and lobbying activities and receives and discusses, at least once annually, a formal report from management on these activities.

Policy Advocacy

As part of our engagement, we may advocate directly or with trade associations on issues that affect our business and the energy industry. Our trade association participation focuses on being an active member of business communities where we work and live. Through this involvement, we learn and share best practices from safety and environmental, to labor and technologies, while also promoting dialogue and advocacy for positions that are in the best interest of our business.

Valero's employee Political Action Committee (VALPAC)

Valero offers certain eligible employees and shareholders an opportunity to participate in the U.S. political process by contributing to VALPAC. Participation in VALPAC is completely voluntary. Over the years, participation in VALPAC has grown steadily, making it one of the largest corporate PACs and a top-tier energy PAC. Through VALPAC membership and active participation in elections, employees show pride in strengthening our business, the communities that give us license to operate and our country. Political contributions made from VALPAC are reported monthly to the Federal Election Commission, and are a matter of public record.

Political Participation

Valero complies with all applicable laws and regulations when considering participation in the political process with corporate contributions.

Our political participation webpage provides extensive and updated political disclosures:

www.valero.com > Investors > ESG > Political Engagement > Political Participation.

BOARD OVERSIGHT

Compliance, Ethics and Corporate Conduct

Regular Board and Committee Updates and Reports

Generally, at most regularly scheduled meetings of the Audit Committee, Valero's Chief Compliance Officer (who reports directly to our General Counsel) provides a compliance update on Valero's global compliance and ethics program, including updates with respect to Valero's compliance and ethics-related policies, initiatives, and trainings. The chair of the Audit Committee then provides a committee report to the full Board on the matters presented during this compliance and ethics update. Under the Audit Committee's charter, the Chief Compliance Officer has the authority to communicate directly to the Audit Committee and does so regularly.

Monitoring of Global Compliance and Ethics Program

The Audit Committee monitors Valero's global compliance and ethics program and its effectiveness in detecting and preventing violations of Valero's Code of Business Conduct and Ethics and other company policies, applicable law, and other misconduct. Valero has processes in place to vet its business partners, including expanded compliance checks and sanctions screening.

Anonymous Ethics Helpline

The Audit Committee has also established procedures for the receipt, retention, and treatment of complaints regarding accounting and auditing matters, and other suspected or known unethical behavior or violations of Valero's company policies (such as its Code of Business Conduct and Ethics), including a method for anonymous submission through a third-party operated "Ethics Helpline" that is available in English, French, and Spanish. Valero provides employees, directors, business partners, and others in its supply chain access to this external helpline and strives to ensure that reports into the Ethics Helpline are followed up on, kept confidential, and can be made anonymously and without fear of retaliation.

Code of Business Conduct and Ethics

Valero's Code of Business Conduct and Ethics is reviewed and approved by the Board and Valero's executive management team. Our Code provides guidance for our day-to-day work and the behavior expected of us, as well as our legal and ethical responsibilities. The Code focuses on the following commitments:

COMMITMENT TO EACH OTHER

- Health, Safety and Environment
- Workplace Environment
- Community and Environmental Justice
- Human Rights
- Data Privacy

COMMITMENT TO BUSINESS PARTNERS

- Conduct Guidelines for Business Partners
- Gifts and Entertainment

COMMITMENT TO SHAREHOLDERS

- Business Records and Internal Controls
- Protecting Company Assets
- Information Security
- Conflicts of Interest and Corporate Opportunities
- Insider Trading
- Communications

COMMITMENT TO THE MARKETPLACE

- Anti-Bribery and Anti-Corruption
- Anti-Money Laundering
- Antitrust, Fair Dealing and Competition
- International Trading
- Anti-Boycott
- Participating in Political Activities

More than 635,000 hours of employee training were conducted in 2024 on compliance-related matters, including health, safety and environment, regulatory matters, antitrust, anti-bribery, use of ethics helpline, data privacy and information security, among others.

Our **Ethics Helpline** is a confidential external helpline operated by a trained third party. It is available toll-free, 24 hours a day, seven days a week and in local languages.

Reports are investigated fairly and thoroughly.

Do you have a compliance question? Contact the Compliance Department at *LegalCompliance@Valero.com or 210-345-5800*

Do you wish to remain anonymous? Confidential helpline available at *EthicsHelpline.Valero.com or 855-219-2495 within the U.S. & Canada*

If calling from elsewhere, use the numbers listed on EthicsHelpline.Valero.com.

Supply Chain Management

Conduct Guidelines for Business Partners

Valero's Conduct Guidelines for Business Partners describes the standards and expectations for Business Partners - namely **suppliers, vendors, contractors, consultants, distributors, agents, representatives** and any third parties or individuals acting on behalf of the company. Applicable in all countries where Valero operates, the Conduct Guidelines for Business Partners reflect Valero's expectations of **high ethical standards** and the unwavering requirement to **act with integrity**, including in the following areas:

- Anti-Bribery/Anti-Corruption
- Antitrust/Fair Dealing and Competition
- Conflicts of Interest
- Corporate Recordkeeping
- Data Privacy
- Fair Employment Practices
- Gifts and Entertainment
- Government Contracting and Small Business Engagement
- Health, Safety and Environment
- Human Rights
- Information Security and Intellectual Property
- Insider Trading
- International Trade Regulations
- Legal Compliance

Vetting of Suppliers

Valero engages third-party companies to help manage supply chain and contractor risks. Business partners are expected to participate in the third-party management systems and to maintain a minimum grade based on Valero's proprietary assessment process and compliance with both regulatory and Valero requirements.

Vendors undergo an initial screening and are monitored on an ongoing basis for risks related to health, safety, environmental and quality performance as well as supplier selection, employee training and qualifications, insurance coverage, and financial strength and stability.

The systems also assess contractor and supplier risk management policies and practices regarding human rights and the environment, and verify certifications, such as ISO 14001. Additionally, audits may be conducted to ensure that suppliers uphold all standards listed in Valero's Conduct Guidelines for Business Partners.

Governance Policies

- Code of Business Conduct and Ethics
- Conduct Guidelines for Business Partners
- Corporate Governance Guidelines
- Code of Ethics for Senior Financial Officers
- Stock Ownership and Retention Guidelines for Directors and Officers
- Anti-Bribery and Anti-Corruption Policy
- Health, Safety and Environment Policy Statement
- Political Contributions, Lobbying and Trade Associations Policy
- Environmental Justice Policy Statement
- Human Rights Policy Statement
- Related Party Transactions Policy
- Anti-Slavery and Human Trafficking Policy Statement
- Compensation Consultant Disclosure Policy
- Executive Compensation Clawback Policy

Visit our website at www.valero.com > Investors > ESG > Governance Documents.

BOARD OVERSIGHT

Cybersecurity/IT

Oversight of risk management, including with respect to risks from cybersecurity threats, is the responsibility of our Board, which exercises its oversight responsibilities both directly and through its committees. The Audit Committee of our Board has formal oversight responsibilities established in its committee charter concerning our initiatives and strategies respecting cybersecurity and IT risks. At least once annually, the heads of our information services and internal audit teams provide a report to the Audit Committee on (i) cybersecurity and IT risks, as well as Valero's information security operations, structure, and framework; (ii) various cybersecurity and IT metrics; (iii) Valero's cybersecurity and information security management and improvement efforts; (iv) future projects; and (v) Valero's governance and assessments related to cybersecurity and IT. The chair of the Audit Committee reports to the Board a summary of the information presented by the heads of our information services and internal audit teams during their cybersecurity update. Periodically, the Board also receives reports on such matters directly. As noted below, our cybersecurity Incident Response Plan (IRP) also contains notification procedures to the Board.

In 2024, we established a company-wide cross-functional team to preliminarily assess the risks and opportunities from conventional and generative AI and provided a formal report to the Board thereon. We will continue these assessments in 2025. The Audit Committee also discussed Valero's use of data, technology, and AI in 2024.

Management's Role in Assessment and Management of Material Risks from Cybersecurity Threats

We have an Information Security Committee (Infosec Committee) consisting of refining, renewable diesel, ethanol, logistics, and information services personnel that meets weekly to evaluate third-party exchange of data and collaborate on strategy for dealing with information security risks and other related matters. The Infosec Committee reports to our Information Security Oversight Committee (Infosec Oversight Committee) and our Executive Steering Committee on cybersecurity (Executive Steering Committee). Our Infosec Oversight Committee consists of information services, refining and internal audit personnel and meets quarterly to discuss network threats and the overall security landscape. Our Executive Steering Committee consists of management within our information services, internal audit, refining, renewable diesel, ethanol, legal and logistics teams, and meets twice per year to review and discuss information security metrics and results of security assessments, among other items.

Our information services team is led by our Vice President-Information Services and Technology, who also chairs the Infosec Oversight Committee and has approximately 25 years of experience in the information technology industry.

Key members of the Infosec Oversight Committee and the Executive Steering Committee provide a report to the Audit Committee of the Board as discussed above.

Collectively, the members of our Infosec Committee, Infosec Oversight Committee and Executive Steering Committee have decades of experience within the information technology industry and/or cybersecurity areas. On a monthly basis, our Vice President-Information Services and Technology provides executive management with an Information Security Scorecard, which includes any cybersecurity events that have occurred. If a cybersecurity incident is declared under the IRP, we will evaluate whether such incident might have a material adverse impact on our business, financial condition, results of operations or reputation, among other considerations, and communicate that discussion to executive management, who will then determine if escalation to the Board is warranted and if further disclosure is required to the SEC and/or other government agencies.

Cybersecurity Incident Response Plan

We take an enterprise approach to information security risk management and governance. Our information security program and framework comprise processes, policies, practices, systems and technologies that are designed to identify, assess, prioritize, manage and monitor risks to our information systems, including risks from cybersecurity threats and events and risks associated with the use of third-party service providers.

Our established recovery approach is designed to provide for the ready availability and use of our business-critical processes in the event of any downtime, disaster or outages. We also seek to identify and mitigate the risks associated with the use of third-party service providers through the review of their security programs prior to our engagement thereof. Additionally, our control environment and internal audit process are designed to bring a systematic, disciplined approach to evaluate our risk management, control and governance processes concerning cybersecurity and our information security framework.

Our cybersecurity IRP sets forth a process designed to effectively respond to an incident by obtaining information, coordinating activities, assessing results and communicating applicable developments to our stakeholders, including employees, law enforcement, other external parties and agencies and our Board. The IRP includes the following major components: preparation, detection and analysis, containment, eradication, notification, recovery, reporting and lessons learned. Specific technical and legal playbooks have also been developed for data breaches, malware, unauthorized remote access and ransomware. We have also retained certain third-party experts to assist us with various aspects of incident assessment and response in the event those services become necessary or useful.

> *To date, there have been no cybersecurity incidents that have materially affected us, or that are reasonably likely to materially affect us, including our business strategy, financial condition or results of operations.*[47]

Ongoing Cybersecurity Initiatives

Typically, we:

- Perform periodic tabletop exercises with a company-wide cross-functional team that are facilitated by a third-party expert and are intended to simulate a real-life security incident.
- Conduct penetration testing as needed and annually conduct Payment Card Industry Data Security Standard testing and firewall reviews, and have periodically engaged a third-party expert to help therewith.
- Hold annual cybersecurity awareness trainings.
- Periodically engage a third-party expert to conduct a review of our information security framework, which is designed to help identify existing and emerging risks, and mitigate against such risks.

These internal efforts and external third-party reviews also support our efforts to regularly assess our information security program and framework against emerging risks, market and industry developments and provide opportunities to make adjustments or enhancements when deemed prudent or necessary.

SASB Report

This report aligns our performance data with the recommendations of the Sustainability Accounting Standards Board (SASB) framework in the Oil & Gas – Refining & Marketing industry standard.

Topic	Metric	Code	2024 Valero
Greenhouse Gas Emissions	Gross global Scope 1 emissions	EM-RM-110a.1	24.3 million metric tons CO_2e
	Percentage covered under emissions-limiting regulations		100%
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	EM-RM-110a.2	Valero's performance exceeded the company's short-term target to reduce/displace the equivalent to 63% of the tonnage from its global refinery GHG emissions (Scopes 1 and 2) by 2025. Valero is on track to reduce/displace the equivalent to 100% of the tonnage from its global refinery GHG emissions (Scopes 1 and 2) by 2035 through Board-approved projects and projects under development.
Air Quality	Air emissions of the following pollutants: (1) NO_x (excluding N_2O), (2) SO_x, (3) particulate matter (PM_{10}), (4) H_2S, and (5) volatile organic compounds (VOCs)	EM-RM-120a.1	(1) NO_x: 8,848 metric tons; (2) SO_x: 7,521 metric tons; (3) PM_{10}: 2,147 metric tons; (4) H_2S: De minimis; (5) VOCs: 7,278 metric tons
	Number of refineries in or near areas of dense population	EM-RM-120a.2	11
Water Management	Total water withdrawn	EM-RM-140a.1	185,786 thousand m^3
	Total water consumed		91,422 thousand m^3
	Percentage of each in regions with High or Extremely High Baseline Water Stress		Withdrawn: 10.0% Consumed: 19.9%
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	EM-RM-140a.2	2024 Annual Report on Form 10-K, Item 3 (pages 34-35)
Hazardous Materials Management	(1) Amount of hazardous waste generated, (2) percentage recycled	EM-RM-150a.1	(1) 38,564 metric tons; (2) 11.1%
	(1) Number of underground storage tanks (USTs), (2) number of UST releases requiring cleanup, and (3) percentage in jurisdictions with UST financial assurance funds	EM-RM-150a.2	(1) 6; (2) 0; (3) 0
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate for (a) direct employees and (b) contract employees	EM-RM-320a.1	(1)(a) Global refining TRIR Employee: 0.16; (1)(b) Global refining TRIR Contractor: 0.25; (2)(a) Global refining Fatality Rate Employee: 0.00; (2)(b) Global refining Fatality Rate Contractor: 0.00
	Discussion of management systems used to integrate a culture of safety	EM-RM-320a.2	Pages 30 to 39 of this Report
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations or policy proposals that address environmental and social factors affecting the industry	EM-RM-530a.1	2022 TCFD Report 2024 Annual Report on Form 10-K, pages 1-7 and 17-31
Critical Incident Risk Management	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1) and lesser consequence (Tier 2)	EM-RM-540a.1	Tier 1 process safety: 0.04 Tier 2 process safety: 0.26
Activity Metric	Refining throughput of crude oil and other feedstocks	EM-RM-000.A	1,065.8 million barrels of oil equivalent (BOE)
	Refining operating capacity	EM-RM-000.B	3.19 million barrels per calendar day (MBPD)

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

- Product Specifications & Clean Fuel Blends, Total addressable market and share of market for advanced biofuels and associated infrastructure, code EM-RM-410a.2; and volumes of renewable fuels for fuel blending: (1) net amount produced, (2) net amount purchased, code EM-RM-410a.3.
- Pricing Integrity & Transparency, Total amount of monetary losses as a result of legal proceedings associated with price fixing or price manipulation, code EM-RM-520a.1.
- Critical Incident Risk Management, Challenges to Safety Systems indicator rate (Tier 3), code EM-RM-540a.2 ; and discussion of measurement of operating discipline and management system performance through Tier 4 indicators, code EM-RM-540a.3.

Greenhouse Gas Emissions

EM-RM-110a.1:

- Valero's refining reportable segment (see our 2024 Annual Report on Form 10-K, pages 7-10), includes the operations of our 15 petroleum refineries, the associated activities to market our refined petroleum products and the logistics assets that support those operations (refining logistics assets). The methodology we use to calculate and disclose direct GHG emissions (also known as Scope 1) is disclosed in the GHG Emissions Methodologies on pages 18-19 of this report.
- In 2024, the direct GHG emissions (Scope 1) from the logistics assets that support the refining segment are de minimis.
- In 2024, the direct GHG emissions (Scope 1) related to our ethanol and renewable diesel segments of 2.4 million metric tons CO_2e are excluded in this disclosure, as they are not applicable to the SASB framework in the Oil & Gas - Refining and Marketing industry standard.
- Percentage of global refinery direct GHG emissions (refinery Scope 1) covered under an emission limiting regulation that is intended to directly reduce GHG emissions, including the California Cap-and-Trade Program, the United Kingdom Emissions Trading Scheme, Quebec Cap-and-Trade System, and the U.S. federal New Source Review (NSR) permitting program for greenhouse gases.

EM-RM-110a.2:

- Base year (2011) includes:
  - Base year refining Scope 1 emissions includes direct emissions from the 15 refineries in our current portfolio. Sales, acquisitions and closures were accounted for following SASB guidelines in the calculation.
  - Base year excludes Scopes 1 and 2 GHG emissions related to the ethanol and renewable diesel segments.
  - The methodologies we use to calculate Base year refining Scopes 1 and 2 GHG emissions are disclosed in the GHG Emissions Methodologies (pages 18-19) of this report.
- Actual Scopes 1 and 2 GHG emissions:
  - The methodologies we use to calculate and disclose refining Scopes 1 and 2 GHG emissions are disclosed in the GHG Emissions Methodologies (pages 18-19) of this report. We include the market-based approach when disclosing Scope 2 GHG emissions for actual purposes.
- Expected Scopes 1 and 2 GHG emissions:
  - Refining Scopes 1 and 2 GHG emissions in future years and expected reductions against the base year are estimated using a combination of measured and estimated emissions data, including the anticipated GHG emissions reductions derived from operational improvements (Scope 1) and energy suppliers (Scope 2).
- Target years 2025 and 2035 and Performance to Date:
  - Valero's performance exceeded the company's short-term target to reduce/displace the equivalent to 63% of the tonnage from its global refinery GHG emissions (Scopes 1 and 2) by 2025. Valero is on track to reduce/displace the equivalent to 100% of the tonnage from its global refinery GHG emissions (Scopes 1 and 2) by 2035 through Board-approved projects and CCS projects under development.
  - The initiatives included in the 2035 target are: (1) the absolute expected reduction of refining Scopes 1 and 2 GHG emissions (against 2011 base year); (2) the displacements resulting from the substitution of petroleum gasoline, diesel, naphtha and jet fuel with the production of, blending of and credits from low-carbon fuels. The calculation of displacements is disclosed in the GHG Emissions Methodologies (pages 18-19) of this report; and (3) the expected reductions of carbon emissions using CCS projects under development.
- Copies of independent limited assurance verifications can be found on our website at www.valero.com > Investors > ESG > Other Reports. All calculations were found to be science-based and in conformity with acceptable engineering practices. Limited assurance verifications include (1) company-wide 2024 Scopes 1 and 2 GHG emissions, including refining, renewable diesel and ethanol segments; (2) company-wide 2024 life cycle GHG emissions displacements from our renewable diesel and ethanol production, as well as the blending of and credits from low-carbon fuels; (3) company-wide 2024 GHG emissions from the use of our products on an intensity basis (Use of Product GHG Emissions Intensity); (4) refinery 2024 Scope 1 intensity per barrel; and (5) the validation of our 2035 GHG emissions reduction/ displacement target.

Air Quality

EM-RM-120a.2: global refineries located in or near areas of dense population, which are defined as urbanized areas with a population greater than 50,000.

Water Management

EM-RM-140a.1: (1) Total water withdrawn by refining operations, (2) total water consumed in refining operations; percentage of each in regions with high or extremely high baseline water stress.

EM-RM-140a.2: In measuring the number of instances of non-compliance in any calendar year that resulted in formal enforcement actions we look to the views of the SEC and define such number to be the amount of environmental proceedings which occurred during that calendar year that are (i) based on non-compliance with water quality permits, standards or regulations and (ii) required to be disclosed pursuant to Regulation S-K 103 (applying the numerical disclosure threshold in disclosed in our applicable SEC filings for such period). Please see Valero's Quarterly Reports on Form 10-Q filed during fiscal year 2024 and its Annual Report on Form 10-K for the year ended December 31, 2024.

Hazardous Materials Management

EM-RM-150a.1:

- Hazardous waste amounts based on calculated dehydrated hazardous constituents from wastewater disposed in underground injection controls at our McKee refinery.

EM-RM-150a.2:

- Valero currently has 6 operating refining USTs none of which had any known releases or reimbursement fund claims during the reporting period. Valero also owns 20 retail USTs that are independently operated by third parties. While Valero does not operate those USTs, Valero is not aware of any releases or reimbursement fund claims related to these USTs during the reporting period. Valero also brands independently owned and operated service stations that may have USTs but Valero is not involved in the operation or remediation obligations of such USTs. Finally, Valero has, in certain circumstances, assumed or retained liability for legacy service stations sites, which may have remedial obligations but any related USTs remaining at those sites are owned and operated by a third party who is responsible for their operation.

Workforce Health & Safety

EM-RM-320a.1: (1)(a)/(b) global refining employee and contractor total recordable incident rate (TRIR), which includes recordable injuries per 200,000 working hours, as defined by the U.S. Department of Labor's Occupational Safety and Health Administration; (2)(a)/(b) fatality rate for work-related fatalities for global refining employees and contractors; (3) NMFR data is not available.

Critical Incident Risk Management

EM-RM-540a.1: global refining Tier 1 process safety event (PSE) rates and Tier 2 PSE rates as defined by the API RP-754.

Activity Metric

EM-RM-000.A and EM-RM-000.B: See Valero's 2024 Annual Report on Form 10-K, page 50 and page 7, respectively.

Footnotes for SASB Data

(a) The performance data presented is based on the company's interpretation and judgment of the SASB framework in the Oil & Gas – Refining & Marketing industry standard. References to specific SASB Code numbers do not indicate the application of any or all definitions, metrics, measurements, standards or approaches set forth in the SASB framework.

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

Notes

1 See page 5 of our annual report on Form 10-K for the year ended December 31, 2024 for more information on SAF.

2 Low-carbon fuels reduce life cycle GHG emissions. Life cycle GHG emissions reductions depend on the life cycle analysis methodology or pathway used, carbon intensity of the feedstocks, and energy intensity in the supply chain, such as feedstock gathering mileage or distribution mileage of finished product. Renewable diesel's life cycle analysis carbon intensity was calculated using methodologies approved by the jurisdictions where these fuels were sold and verified by third parties. Neat SAF's life cycle analysis carbon intensity was sourced from the International Civil Aviation Organization's (ICAO) Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) default carbon intensities associated with various feedstocks utilized in our neat SAF production. Our renewable diesel can result in up to 80% lower life cycle GHG emissions, compared with traditional diesel. Similarly, our neat SAF can also result in up to 80% lower life cycle GHG emissions, compared with the CORSIA baseline for traditional jet. In the case of corn ethanol, life cycle GHG emissions reductions could be impacted by the type of feedstocks used, the energy intensity in the supply chain or whether carbon capture and storage is utilized. Ethanol's life cycle analysis carbon intensity was sourced from the Argonne National Laboratory GREET model. When compared with the benchmark carbon intensity of gasoline presented in this model, our ethanol can result in at least 30% lower life cycle GHG emissions.

3 Tier 1 process safety event (PSE) rate and Tier 2 PSE rate as defined by the American Petroleum Institute (API) Recommended Practice 754 – Process Safety Performance Indicators. Total recordable incident rate or TRIR includes recordable injuries per 200,000 working hours, as defined by the U.S. Department of Labor's Occupational Safety and Health Administration.

4 Number of incidents reportable to regulatory agencies (includes application of a severity/volume enhancer to increase the number of incidents recorded for more significant environmental events).

5 Free cash flow is defined as net cash provided by operating activities less capital expenditures of VLO and DGD, deferred turnaround and catalyst cost expenditures, investments in joint ventures, and changes in current assets and liabilities. Average free cash flow reflects 2012 through the most recent annual filing. Average free cash flow as a percentage of market cap for PBF reflects years 2013 to 2024 due to its December 2012 IPO. Refining peer group includes PSX, MPC, DINO, and PBF. See non-GAAP disclosures beginning on page 74.

6 Third-party scenarios and other third-party reports, conclusions or data discussed in this report reflect the modeling, beliefs, assumptions and outputs of their respective authors, not Valero, and their use, reference to, or inclusion herein does not constitute or imply an endorsement by Valero of their underlying assumptions, likelihood or probability. Any reference to Valero's support of, alignment with, work with, or collaboration with a third party within this report does not constitute or imply an endorsement by Valero of any or all of the positions or activities of such third party.

7 ASTM D7566, Standardized Specification for Aviation Turbine Fuel Containing Synthesized Hydrocarbons.

8 EV's average carbon intensity in the U.S. is calculated using the Department of Energy publication FOTW #1374, December 23, 2024: Model Year 2024 Electric Vehicles Offer Consumers a Wide Range in EV efficiency; the U.S. Environmental Protection Agency's e-Grid 2023 for U.S. average CO_2 emissions from power generation; and EV's life cycle analysis calculations conducted internally by Valero.

9 Is it starch or cellulose? National Renewable Energy Laboratory (NREL) offers answers that could unlock incentives for making cellulosic ethanol (June 16, 2021) https://www.energy.gov/eere/bioenergy/articles/it-starch-or-cellulose-nrel-offers-answers-could-unlock-incentives-making

10 See https://www.darlingii.com/en/solutions/feed for details on animal fat and used cooking oil

11 California Air Resources Board, September 28, 2023, Then vs Now – Fossil Fuels Used in CA, slide 20. https://ww2.arb.ca.gov/sites/default/files/barcu/board/books/2023/092823/23-8-1pres.pdf

12 See LCFS Pathway Certified Carbon Intensities: https://ww2.arb.ca.gov/resources/documents/lcfs-pathway-certified-carbon-intensities , and the Certified Fuel Pathway Table within the page for total pathways certified from January 2019 until December 2024.

13 Source: U.S. Department of Energy, agency websites, industry consultants and Valero estimates.

14 California 2030 Transportation Fuel Goal pending Office of Administrative Law approval of amendments adopted by CARB in November 2024.

15 Refers to Carbon Offsetting and Reduction Scheme for International Aviation or CORSIA.

16 European Union's ReFuelEU Aviation Regulation.

17 EU Member States that will be covered by ReFuelEU Aviation.

18 EPA Summary table of Lifecycle Greenhouse Gas Emissions for Select Pathways (pdf), https://www.epa.gov/sites/default/files/2016-07/documents/select-ghg-results-table-v1.pdf

19 See Detailed Analysis for Indirect Land Use Change from the 2015 LCFS re-adoption, p. I-25. https://ww2.arb.ca.gov/sites/default/files/classic/fuels/lcfs/iluc_assessment/iluc_analysis.pdf

20 EPA "Summary Lifecycle Analysis Greenhouse Gas Results for the U.S. Renewable Fuels Standard Program" (May 2023), disaggregated GHG emissions for corn starch ethanol (dry mill, natural gas, 2022 average) and soybean oil transesterified biodiesel.

21 CARB "Current Fuel Pathways" (July 2, 2024), average of current (non-retired) certified CIs for corn ethanol and soybean oil renewable diesel.

22 ECCC "Clean Fuel Regulations – Credit Market Data Report" (June 2024), average approved CIs for ethanol and hydrogenation-derived renewable diesel.

23 ECCC "Fuel Life Cycle Assessment Model Methodology" (June 2024). Indirect land use change is "excluded from the Model Database due to … [its] negligible contribution or limitations such as lack of data, methods or high uncertainty." (Section 2.3.1).

24 Argonne National Laboratory "Development of R&D GREET 2023 Rev1 to Estimate Greenhouse Gas Emissions of Sustainable Aviation Fuels for 40B Provision of the Inflation Reduction Act" (April 2024), LCA results using default parameters for corn ATJ-E and soybean HEFA (Table 1).

25 Treasury Notice 2024-37, "Sustainable Aviation Fuel Credit; Lifecycle Greenhouse Gas Emissions Reduction Percentage and Certification of Requirements Related to the Clean Air Act; Climate Smart Agriculture; Safe Harbors." Safe harbor for Climate Smart Agriculture (CSA) CI reduction of 10 gCO_2e/MJ when using CSA corn feedstock and 5 gCO_2e/MJ when using CSA soybean feedstock (Section 4).

26 ICAO "CORSIA Default Life Cycle Emissions Values for CORSIA Eligible Fuels" (June 2022), default pathways for ETJ-SAF produced from U.S. corn grain and HEFA-SAF produced from U.S. soybean oil.

27 Heller, Marc, "Fight grows over converting farmland to solar fields," GREENWIRE, June 3, 2024.

28 See GHG Emissions Methodologies on pages 18-19 for details on all calculations featured in this section. For details on Valero's 2025 Short-Term Target, 2035 Medium-Term Target and 2050 Long-Term Ambition, see pages 18, 19, 70 and 71 (SASB Code EM-RM-110a.2).

29 AFFFs stands for aqueous film-forming foams, which contain PFAS or per-and poly-fluoroalkyl substances.

30 Cal/OSHA is a program administered by the State of California Department of Industrial Relations.

31 Refining industry employees (U.S. Bureau of Labor Statistics, year 2023).

32 API, the governing body for industry process safety events (PSE) metrics now reports industry-wide PSE data on five-year averages.

33 Our current refining portfolio was consolidated in 2011. Energy intensity increased in 2020 due to demand-related throughput reductions caused by the COVID-19 pandemic.

34 Based on EPA's WaterSense average U.S. household consumption.

35 See 2024 Valero Form 10-K, page 13.

36 See 2025 Valero Proxy Statement, page 70.

37 Includes donations by Valero and the Valero Energy Foundation.

38 Unless otherwise noted, data reflects Valero's global workforce as of December 31, 2024.

39 Average includes salary, health and wellness benefits, financial benefits and other incentives.

40 Valero's total investment in global employees includes direct compensation; bonus payment; incentive stock awards; employee benefits, including retirement, medical and welfare benefits as well as other employment-related investments and expenses. Pay equity analysis is conducted periodically by an independent third party. A statistical analysis used to evaluate equal pay for equal work, the pay equity analysis evaluates all control variables (including total experience, tenure and others) against independent variables (such as gender, age and race).

41 Responses were given in the Employee Wellness Center Survey (Field) (2023).

42 Responses were given in the Valero Fitness Center Survey (2023).

43 Includes training related to regulatory compliance, leadership and other topics.

44 Measurements reflect our reasonable determinations based on available data and information regarding the composition and holdings of our stockholders over the course of our engagements efforts from 2024 and into 2025 before our Annual Meeting of Stockholders.

45 See 2025 Proxy Statement, Compensation Discussion and Analysis, beginning on page 24.

46 See 2025 Proxy Statement, page 24.

47 See our annual report on Form 10-K for the year ended December 31, 2024, for more information on cybersecurity/IT and AI, pages 32-33.

Cautionary Statements Regarding Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, including, but not limited to, statements about Policies and Procedures. You can identify forward-looking statements by words such as "should," "strive," "pursue," "intend," "anticipate," "forecast," "on track," "would," "continue," "poised," "focused," "opportunity," "scheduled," "believe," "estimate," "expect," "seek," "could," "may," "potential," "committed," "advancing," "developing," "evaluating," "target," "goal," "ambition," "aspiration," "plan," "aimed," "considering" or other similar expressions that convey the uncertainty of future events or outcomes. Forward-looking statements in this report include those relating to Valero's publicly disclosed GHG emissions reduction/displacement targets, statements relating to Valero's low-carbon fuels strategy, current or future low-carbon projects, expected timing of completion, cost and performance of projects, future market, regulatory and industry conditions, future and potential low-carbon fuel policies, standards and programs, future operating and financial performance, expected timing or issuance of future reports and other disclosures, future production and manufacturing ability and size, our plans, actions, assets and operations in California and management of future risks, among other matters. It is important to note that actual results could differ materially from those expressed, suggested or forecasted in any such forward-looking statements based on numerous factors, including those outside of Valero's control, such as legislative or political changes or developments, market dynamics, cyberattacks, weather events, and other matters affecting Valero's operations, financial performance or the demand for Valero's products. These factors also include, but are not limited to, the uncertainties that remain with respect to current or contemplated legal, political or regulatory developments that are adverse to or restrict refining and marketing operations, or that impose taxes or penalties on profits, windfalls or margins, or that require certain disclosures, global geopolitical and other conflicts and tensions, the impact of inflation on margins and costs, economic activity levels, tariffs, duties or trade restrictions and the adverse effects the foregoing may have on Valero's business plan, strategy, operations and financial performance. Valero based these forward-looking statements on its current expectations, estimates and projections about the company, current and potential counterparties, Valero's industry, the legal, political and regularly environment and the global economy and financial markets generally. Valero cautions that these statements are not guarantees of future performance or results and involve known and unknown risks and uncertainties, the ultimate outcomes of which Valero cannot predict with certainty. In addition, many of these forward-looking statements were based on assumptions about future events, the ultimate outcomes of which Valero cannot predict with certainty and which may prove to be inaccurate. Although Valero believes that the assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies, which are difficult or impossible to predict and are beyond its control, Valero cannot give assurance that it will achieve or accomplish its expectations, beliefs or intentions, or that any forward-looking statements will ultimately prove to be accurate. When considering these forward-looking statements, you should also consider the risk factors and other cautionary statements contained in Valero's annual report on Form 10-K, quarterly reports on Form 10-Q and other reports filed with the SEC and available on Valero's website at www.valero.com. These risks could cause actual performance, results, actions and Policies and Procedures of Valero to differ materially from those expressed, suggested or forecasted in any forward-looking statement. Such forward-looking statements speak only as of the date of this report and we do not intend to update these statements unless we are required by applicable securities laws to do so. Results or metrics in this report as of any date, or for any period, ending on or prior to the date of this report are not necessarily indicative of the results that may be expected as of any date, or for any period, ending after the date of this report. Neither the future distribution of this report or the information included or referenced herein, nor the continued availability thereof in archive form on our website, should be deemed to constitute an update or reaffirmation of these figures or statements as of any future date.

Non-GAAP Disclosures

Capital Investments Attributable to Valero

Valero defines capital investments attributable to Valero as all capital expenditures, deferred turnaround and catalyst cost expenditures, and investments in non-consolidated joint ventures presented in Valero's consolidated statements of cash flows excluding the portion of DGD's capital investments attributable to the other joint venture member and all of the capital expenditures of other variable interest entities (VIEs). Capital investments attributable to Valero are allocated between sustaining capital investments attributable to Valero and growth capital investments attributable to Valero.

DGD's members use DGD's operating cash flow (excluding changes in its current assets and current liabilities) to fund its capital investments rather than distribute all of that cash to themselves. Because DGD's operating cash flow is effectively attributable to each member, only 50% of DGD's capital investments should be attributed to Valero's net share of capital investments. Valero also excludes the capital expenditures of other consolidated VIEs because Valero does not operate those VIEs. Valero believes that capital investments attributable to Valero is an important measure because it more accurately reflects capital investments of Valero.

Reconciliation of Capital Investments to Capital Investments Attributable to Valero (in millions)	Year ended December 31, 2024
Capital expenditures (excluding VIEs)	$ 649
Capital expenditures of VIEs:	
DGD	250
Other VIEs	8
Deferred turnaround and catalyst cost expenditures (excluding VIEs)	1,079
Deferred turnaround and catalyst cost expenditures of DGD	71
Total capital investments	2,057
Adjustments:	
DGD's capital investments attributable to the other joint venture member	(161)
Capital expenditures of other VIEs	(8)
Capital investments attributable to Valero	$ 1,888

Free Cash Flow

Valero defines free cash flow as net cash provided by operating activities less capital expenditures of Valero and DGD, deferred turnaround and catalyst cost expenditures, investments in joint ventures, and changes in current assets and liabilities. Valero believes that the presentation of free cash flow provides useful information to investors in assessing Valero's ability to cover ongoing costs and to generate cash returns to stockholders. The GAAP measures most directly comparable to free cash flow are net cash provided by operating activities and net cash used in investing activities.

Reconciliation of Net Cash Provided by Operating Activities under GAAP to Free Cash Flow (in millions)

	Year ended December 31,												
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net cash provided by operating activities	$5,270	$5,564	$4,241	$5,611	$4,820	$5,482	$4,371	$5,531	$948	$5,859	$12,574	$9,229	$6,683
Less: Capital expenditures of Valero and DGD	2,931	2,121	2,153	1,618	1,278	1,353	1,628	1,769	1,537	1,555	1,641	900	899
Less: Deferred turnaround and catalyst cost expenditures	479	634	649	673	718	523	915	780	648	793	1,056	1,005	1,150
Less: Investments in joint ventures	57	76	14	141	4	406	181	164	54	9	1	-	-
Less: Changes in current assets and current liabilities	(302)	922	(1,810)	(1,306)	976	1,289	(1,297)	294	(345)	2,225	(1,626)	(2,326)	795
Free cash flow	$2,105	$1,811	$3,235	$4,485	$1,844	$1,911	$2,944	$2,524	($ 946)	$1,277	$11,502	$9,650	$3,839
Total free cash flow, 2012-2024													$46,181
Number of years													13
Average free cash flow, 2012-2024													$ 3,552

Refining Segment Adjusted EBITDA per Barrel

Refining segment adjusted EBITDA is defined as Refining segment operating income (loss) excluding depreciation and amortization expense and the effect of items that Valero believes are not indicative of its core operating performance and that may obscure Valero's underlying business results, trends and comparability between periods. Refining segment adjusted EBITDA per barrel is annual Refining segment adjusted EBITDA divided by refinery throughput volume for the period. Throughput volume is calculated by multiplying throughput volumes per day by the number of days in the applicable period.

Reconciliation of Refining Segment Operating Income (Loss) to Refining Segment Adjusted EBITDA per Barrel (in millions except per barrel amounts)

	Year Ended December 31,										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Refining segment operating income (loss)	$5,904	$6,881	$3,730	$3,975	$5,143	$4,022	($1,342)	$1,862	$15,803	$11,511	$3,971
Plus: depreciation and amortization expense	1,559	1,699	1,734	1,800	1,910	2,062	2,138	2,169	2,247	2,351	2,391
Refining segment EBITDA	7,463	8,580	5,464	5,775	7,053	6,084	796	4,031	18,050	13,862	6,362
Adjustments:											
Asset impairment loss	-	-	56	-	-	-	-	-	-	-	-
LIFO liquidation adjustment	(229)	-	-	-	-	-	222	-	-	-	-
LCM inventory valuation adjustment	-	740	(697)	-	-	-	(19)	-	-	-	-
Blender's tax credit	-	-	-	-	(8)	(2)	-	-	-	-	-
Modification of RVO	-	-	-	-	-	-	105	(1)	(104)	-	-
Other operating expenses	-	-	-	58	45	20	34	83	63	17	17
Refining segment adjusted EBITDA (A)	$7,234	$9,320	$4,823	$5,833	$7,090	$6,102	$1,138	$4,113	$18,009	$13,879	$6,379
Throughput (million barrels) (B)	1,009	1,022	1,045	1,073	1,090	1,077	935	1,017	1,078	1,087	1,066
Refining segment adjusted EBITDA per barrel (A/B)	$7.16	$9.12	$4.62	$5.43	$6.50	$5.67	$1.21	$4.04	$16.71	$12.76	$5.98
Total Refining segment adjusted EBITDA per barrel, 2015 - 2024											$72.04
Number of years, 2015 - 2024											10
Average Refining segment adjusted EBITDA per barrel, 2015 - 2024											$7.20

Note: 2014 through 2017 exclude the results of VLP; 2018 through 2024 exclude the results of DGD which are reflected in the Renewable Diesel Segment.

Adjusted Net Cash Provided by Operating Activities and Payout Ratio

Valero defines adjusted net cash provided by operating activities as net cash provided by operating activities excluding the items noted below. Valero believes adjusted net cash provided by operating activities is an important measure of its ongoing financial performance to better assess its ability to generate cash to fund Valero's investing and financing activities. The basis for Valero's belief with respect to each excluded item is provided below.

- Changes in current assets and current liabilities - Current assets net of current liabilities represents Valero's operating liquidity. Valero believes that the change in its operating liquidity from period to period does not represent cash generated by Valero's operations that is available to fund Valero's investing and financing activities.
- DGD's adjusted net cash provided by operating activities attributable to the other joint venture member's ownership interest in DGD - Valero is a 50% joint venture member in DGD and consolidates DGD's financial statements; as a result, all of DGD's net cash provided by operating activities (or operating cash flow) is included in Valero's consolidated net cash provided by operating activities. DGD's members use DGD's operating cash flow (excluding changes in its current assets and current liabilities) to fund its capital investments rather than distribute all of that cash to themselves. Nevertheless, DGD's operating cash flow is effectively attributable to each member and only 50% of DGD's operating cash flow should be attributed to Valero's net cash provided by operating activities. Therefore, net cash provided by operating activities has been adjusted for the portion of DGD's operating cash flow attributable to the other joint venture member's ownership interest because Valero believes that it more accurately reflects the operating cash flow available to Valero to fund Valero's investing and financing activities.

Payout Ratio is the sum of dividends and stock buybacks, including a 1% excise tax that commenced in 2023, divided by adjusted net cash provided by operating activities.

Reconciliation of Net Cash Provided by Operating Activities to Adjusted Net Cash Provided by Operating Activities (in millions)

	Year Ended December 31,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net cash provided by operating activities	$5,611	$4,820	$5,482	$4,371	$5,531	$948	$5,859	$12,574	$9,229	$6,683
Exclude:										
Changes in current assets and current liabilities	(1,306)	976	1,289	(1,297)	294	(345)	2,225	(1,626)	(2,326)	795
DGD's adjusted net cash provided by operating activities attributable to the other joint venture member	81	83	41	175	390	338	381	436	512	371
Adjusted net cash provided by operating activities (A)	$6,836	$3,761	$4,152	$5,493	$4,847	$955	$3,253	$13,764	$11,043	$5,517

Reconciliation of Purchases of Common Stock for Treasury and Common Stock Dividends to Payout Ratio (in millions)

	Year Ended December 31,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Purchases of common stock for treasury*	$2,838	$1,336	$1,372	$1,708	$777	$156	$27	$4,577	$5,188	$2,903
Common stock dividends	848	1,111	1,242	1,369	1,492	1,600	1,602	1,562	1,452	1,384
Total payout (B)	$3,686	$2,447	$2,614	$3,077	$2,269	$1,756	$1,629	$6,139	$6,640	$4,287
Payout ratio (B/A)	54%	65%	63%	56%	47%	184%	50%	45%	60%	78%
Average payout ratio (2015 - 2024)										70%
Average payout ratio, excluding 2020 (2015 - 2024)										58%

* Reflects cash payment for purchases of common stock for treasury in the respective period and includes 1% excise tax related to those purchases that commenced in 2023. Accordingly, 2023 and 2024 include excise tax of $52 million and $28 million, respectively.

Return on Invested Capital (ROIC)

Valero defines return on invested capital (ROIC) as adjusted net income (loss) attributable to Valero stockholders before adjusted net interest expense after-tax, divided by average adjusted invested capital. Valero defines adjusted net income attributable to Valero as net income (loss) attributable to Valero stockholders adjusted for the after-tax effect of special items attributable to Valero that Valero believes are not indicative of its core operating performance and may obscure Valero's underlying business results, trends and comparability between periods (see corresponding earnings release). Valero defines adjusted net interest expense as "interest and debt expense, net of capitalized interest" adjusted to exclude "interest and debt expense, net of capitalized interest" attributable to noncontrolling interests. The income tax effect of adjusted net interest expense is estimated based on the U.S. statutory income tax rate for the respective annual period. Average adjusted invested capital is defined as the average of total adjusted invested capital for the current and prior annual periods. Valero defines total adjusted invested capital as debt attributable to Valero, plus Valero stockholders' equity less adjusted cash and cash equivalents. Debt attributable to Valero is defined as the current portion of debt and finance lease obligations, plus "debt and finance lease obligations, less current portion", less total debt and finance lease obligations attributable to consolidated VIEs. Debt attributable to Valero for the year ended December 31, 2014 includes an adjustment to reflect the retrospective adoption of ASU No. 2015-15 subtopic 835-30, which resulted in the reclassification of certain debt issuance costs from "deferred charges and other assets, net" to "debt and finance lease obligations, less current portion." Adjusted cash and cash equivalents is defined as cash and cash equivalents adjusted to exclude cash and cash equivalents of consolidated VIEs. Debt and cash attributable to consolidated VIEs are excluded because amounts are only available to fund the operations of the VIEs and the creditors do not have recourse against Valero.

Return on Invested Capital (ROIC)
(in millions)

	Year Ended December 31,										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Numerator:											
Net income (loss) attributable to VLO stockholders		$3,990	$2,289	$4,065	$3,122	$2,422	($1,421)	$930	$11,528	$8,835	$2,770
Total effect of special items attributable to VLO after-tax		624	(565)	(1,783)	113	(61)	238	233	65	15	(31)
Adjusted net income (loss) attributable to VLO		4,614	1,724	2,282	3,235	2,361	(1,183)	1,163	11,593	8,850	2,739
Plus: adjusted net interest expense after-tax		274	283	295	357	355	442	464	410	394	401
Adjusted net income (loss) attributable to VLO before adjusted net interest expense after-tax (A)		4,888	2,007	2,577	3,592	2,716	(741)	1,627	12,003	9,244	3,140
Denominator:											
Current portion of debt	$606	$127	$115	$122	$238	$494	$723	$1,264	$1,109	$1,406	$743
Debt and finance leases, less current portion	5,780	7,208	7,886	8,750	8,871	9,178	13,954	12,606	10,526	10,118	9,720
Less: debt issue costs - non-bank debt (ASU 2015-15)	(33)	–	–	–	–	–	–	–	–	–	–
Less: debt and finance leases attributable to VIEs	(29)	(193)	(576)	(954)	(1,138)	(384)	(630)	(1,107)	(1,618)	(1,725)	(727)
Debt attributable to VLO	6,324	7,142	7,425	7,918	7,971	9,288	14,047	12,763	10,017	9,799	9,736
VLO stockholders' equity	20,677	20,527	20,024	21,991	21,667	21,803	18,801	18,430	23,561	26,346	24,512
Less: adjusted cash and cash equivalents	(3,419)	(3,982)	(4,563)	(5,671)	(2,747)	(2,473)	(3,152)	(4,086)	(4,713)	(5,164)	(4,283)
Total adjusted invested capital	$23,582	$23,687	$22,886	$24,238	$26,891	$28,618	$29,696	$27,107	$28,865	$30,981	$29,965
Average adjusted invested capital (B)		$23,635	$23,287	$23,562	$25,565	$27,755	$29,157	$28,401	$27,986	$29,923	$30,473
ROIC (A / B)		21%	9%	11%	14%	10%	-3%	6%	43%	31%	10%
ROIC (10-year average)											15%

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