

Stewardship and Responsibility Report

AUGUST 2019



Stewardship and Responsibility Report

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






Valero’s **refining segment** includes its refining operations and associated marketing activities and logistics assets. Valero is the largest global independent petroleum refiner. The company owns refineries located in the United States, Canada and the United Kingdom.

Valero sells its products in the wholesale rack or bulk markets in the U.S., Canada, the U.K., Ireland and Latin America. Approximately 7,000 outlets carry Valero’s brand names, including Valero, Beacon, Diamond Shamrock and Shamrock in the U.S.; Ultramar in Canada; and Texaco in the U.K. and Ireland.

The company’s **ethanol segment** includes its ethanol operations and associated marketing activities and logistics assets, with plants throughout the U.S. Midwest. Valero is the world’s second-largest corn ethanol producer.

Valero’s **renewable diesel segment** includes the operations of Diamond Green Diesel, a joint venture with Darling Ingredients Inc., producing renewable diesel fuel at a plant in Louisiana. Diamond Green Diesel is the world’s second-largest renewable diesel producer.

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REFINING



Largest global independent refiner



15 petroleum refineries



3.1 million barrels per day throughput* capacity

*Processing of crude oil and other feedstocks

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



~6,000 employees

Lowest-cost operator in the industry

Safety is our foundation for success

Environmentally responsible operations

ETHANOL



World's 2nd largest corn ethanol producer

14 ethanol plants

in the U.S. with a combined production capacity of **1.73 billion gallons per year**

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



~1,000 employees

Continued **investment and growth** in ethanol business

Low-carbon fuel well-positioned for **export growth**

RENEWABLE DIESEL



World's 2nd largest renewable diesel producer*

*in joint venture with Darling Ingredients Inc.



275 million gallons per year

Planned expansion to **675 million gallons per year** by late 2021

100% compatible with existing engines and infrastructure (drop-in fuel)

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

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

FORTUNE
500

Fortune 24 company



Headquartered in **San Antonio, Texas**



~10,000 total employees

\$36 billion market capitalization⁽¹⁾

NYSE: **VLO**

www.valero.com

⁽¹⁾As of June 28, 2019, at \$85.61 per share

A Letter from the CEO



Valero Chairman, President and Chief Executive Officer **Joe Gorder** visits with volunteers at a United Way Day of Caring event in San Antonio.

We are proud to present our Stewardship and Responsibility Report. Team Valero provides reliable and affordable transportation fuels and other products indispensable to everyday life, driven by our Guiding Principles in safety, environmental stewardship, community engagement, employee programs and governance. We believe that our success is tied to these principles and their contribution to our business practices, strategy and goals.

In safety, our refinery combined employee and contractor recordable injury rate in 2018 was half the industry average, and among our best-ever performances. Valero also achieved high refinery utilization rates, leading to another exemplary mark in process safety. We allocate roughly \$1.5 billion annually to sustain our assets and ensure safe and reliable operations.

As a result of our focus on safety and reliability, we also continue to show great performance in several key environmental measures.

Of our three reporting segments – refining, ethanol and renewable diesel – two are in the renewables space and part of our growth strategy. In 2018, we acquired three ethanol plants, becoming the second-largest corn ethanol producer in the world with 14 sites. We also completed expansion of our renewable diesel plant in a joint venture that’s the world’s second-largest renewable diesel producer, and announced an additional expansion project that will more than double production capacity.

Our complex refining system positions us well to comply with the U.N. International Maritime Organization’s (IMO) mandate for sulfur reduction in marine diesel fuels to start in 2020, which will contribute to reductions in emissions.

We published our first “Review of Climate-Related Risks and Opportunities,” showing the resilience of our assets across hypothetical scenarios and, based on this analysis, we confirmed the viability of our strategic vision.

Our employees continue to make us proud by achieving operational excellence and leading community-based activities. We remain an employer of choice in the energy industry and have been publicly recognized as one of America’s best large employers.

In governance, together with our board of directors, we are committed to robust regulatory compliance and the highest ethical standards. Our strength and support provide products for the modern world, and livelihoods and charity for many. We hope you enjoy our report!

Joe Gorder
Chairman, President and
Chief Executive Officer

Valero Vision and Guiding Principles

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

Safety is our foundation for success.

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.

We are committed stewards of the **environment**.



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

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.

Map of Operations

Commitment To Excellence Management System (CTEMS)

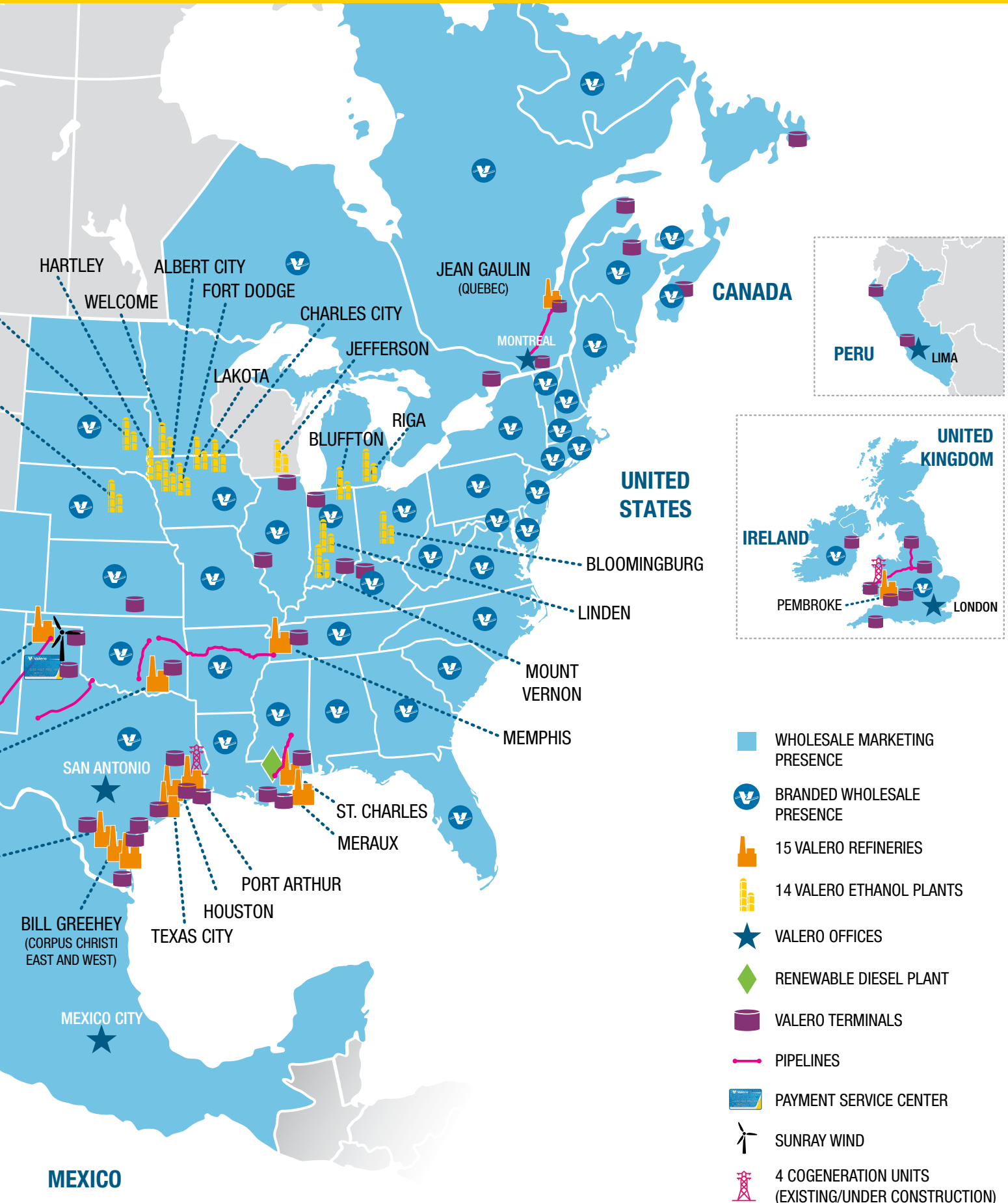
Our Commitment To Excellence Management System (CTEMS) directs us in achieving our Guiding Principles. In driving operational excellence, CTEMS establishes a proprietary systematic approach to planning, executing, checking and acting to improve our everyday work activities across the entire company. It also further enhances our commitment to ensuring the health and safety of our employees and protecting the environment.

CTEMS has nine elements:

1. Leadership Accountability
2. Protecting People and Environment
3. People and Skills Development
4. Operations Reliability and Mechanical Integrity
5. Technical Excellence and Knowledge Management
6. Change Management
7. Business Competitiveness
8. External Stakeholder Relationships
9. Assurance and Review

Operational excellence means reliable and predictable operations, which make our facilities safer and more efficient. CTEMS has counted many successes in areas ranging from change management to proper assessment of risk, fixed-equipment inspection and preventive maintenance. We will continue to assess existing programs against expectations defined in CTEMS.





HARTLEY

ALBERT CITY

FORT DODGE

JEAN GAULIN
(QUEBEC)

CANADA

PERU

LIMA

WELCOME

CHARLES CITY

JEFFERSON

MONTREAL

LAKOTA

RIGA

BLUFFTON

UNITED STATES

UNITED KINGDOM

IRELAND

BLOOMINGBURG

PEMBROKE

LONDON

LINDEN

MOUNT VERNON

MEMPHIS

SAN ANTONIO

ST. CHARLES
MERAUX

PORT ARTHUR

HOUSTON

TEXAS CITY

BILL GREEHEY
(CORPUS CHRISTI
EAST AND WEST)

MEXICO CITY

MEXICO

- WHOLESALE MARKETING PRESENCE
- BRANDED WHOLESALE PRESENCE
- 15 VALERO REFINERIES
- 14 VALERO ETHANOL PLANTS
- ★ VALERO OFFICES
- ◆ RENEWABLE DIESEL PLANT
- VALERO TERMINALS
- PIPELINES
- PAYMENT SERVICE CENTER
- ⚙️ SUNRAY WIND
- ⚙️ 4 COGENERATION UNITS (EXISTING/UNDER CONSTRUCTION)

Environmental, Social and Governance (ESG)

Valero's executive management team and board of directors are committed to ongoing engagement with stakeholders. We believe that proactive and consistent dialogue with stakeholders helps us address their environmental, social and governance priorities while enhancing our business.



The **LaBranche Wetlands** in Louisiana was the site of a major volunteer tree-planting event of Valero's nearby St. Charles refinery in 2018. See page 28.



The **Valero Jean Gaulin Refinery** marine terminal in Lévis, Quebec, displays giant frescoes on two tanks depicting a historic image of the nearby St. Lawrence River, developed in cooperation with the local community.

With the oversight of the Nominating/Governance and Public Policy Committee of our board of directors, Valero's executive management team assesses and manages a number of risks, including climate-related risks and opportunities, through an interdisciplinary approach that coordinates the views of our commercial, operational, regulatory, legal and government affairs groups into long-term strategic planning.

In 2018, as part of our engagement with stockholders, we incorporated their views and input as follows:

- We published our "Review of Climate-Related Risks and Opportunities," which concluded that our strategy is durable under both strong and constrained demand conditions, as set forth under recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).
- We amended the charter of the Nominating/Governance and Public Policy Committee of our board of directors to strengthen oversight of climate-related risks and opportunities.

To read our "Review of Climate-Related Risks and Opportunities," go to www.valero.com/en-us/AboutValero/CorporateResponsibility.

In accordance with our Guiding Principles on **safety and environmental stewardship**, Valero remains focused on being the safest and most reliable operator in our industry, with environmentally responsible operations.

14 ethanol plants



World's 2nd largest renewable diesel producer



Reduced GHG emissions



Significant investment in **renewables**:

Total ethanol investment \$1.7 billion
Total renewable diesel investment \$1.8 billion*

21% **reduction in greenhouse gas emissions** since 2010

Continuous **reduction in energy use**

Continuous **decline in environmental events**, including flaring, criteria air emissions and reportable wastewater discharge events

An **industry safety** leader

*Joint venture total, invested and committed

Reflecting our Guiding Principles on **community and employees**, we are widely recognized as an outstanding corporate citizen and employer.

Employees are our greatest asset



High **employee volunteerism** and **record donations** and **fundraising**

Recognized as one of **America's best large employers** by Forbes magazine

Focus on **diversity, inclusion** and **talent development**

Member of the Civic 50 list of America's **most community-minded major companies** by Points of Light

\$55.6 million generated for charities in 2018

In **governance**, Valero is fueled by integrity, adhering to the highest standards of ethical conduct and corporate responsibility. We work every day to exhibit exemplary performance, deliver long-term value to our stockholders and seize opportunities for constant improvement.

Independent and diverse board of directors

Board committee provides **oversight of climate-related risks**

+ Safety





Safety is our foundation for success.

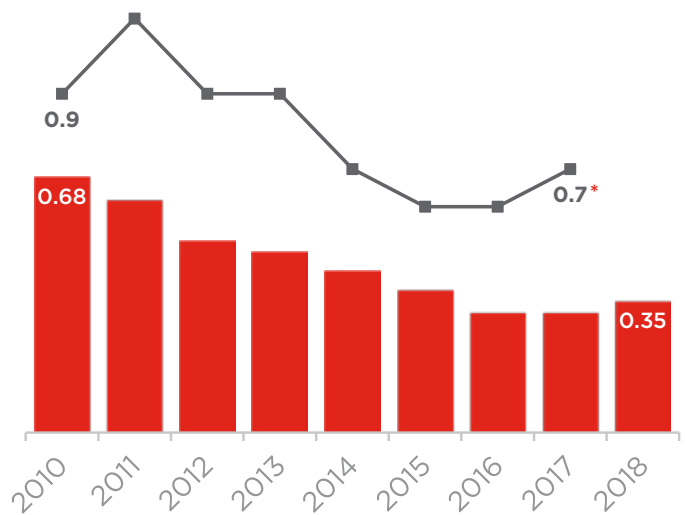
We are focused on being the **safest operator** in our industry, as we provide **reliable** and **affordable** transportation fuels and petrochemical feedstocks for the modern world. That is why we have committed approximately **\$1.5 billion** for each of 2019 and 2020 in **capital expenditures**, which includes outlays to sustain our operations, and investments in **safety** and **reliability**.

In 2018, our combined refinery employee and contractor Total Recordable Incidence Rate, or TRIR, stood at **0.35** incidents per 200,000 working hours – half the industry average, and far lower than many other industries.

49% ↓ reduction in TRIR since 2010

Personnel Safety

(Recordable injuries per 200,000 working hours, refinery combined employee and contractor)



■ Refining Industry Employees (U.S. Bureau of Labor Statistics)

* most-recent year available

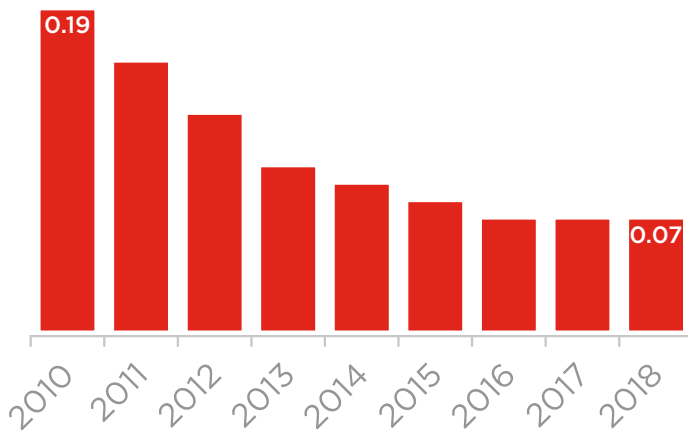
PROCESS SAFETY AND RELIABILITY

Valero once again achieved high refinery utilization rates, resulting from another excellent performance in process safety and reliability, which are **imperative for sustainability** and environmentally responsible operations.

Our investments in reliability, along with our program of **comprehensive reliability assessments** and proprietary management systems, have contributed to **steady operations excellence in process safety**.

Process Safety Event Rates

(Three-year rolling averages of PSE Tier 1* events per 200,000 working hours, rounded)



*Tier 1, as defined within American Petroleum Institute Recommended Practice 754



63% ↓ reduction

in Tier 1 Process Safety Events
since 2010

Mechanical availability – the percentage of time our units are available to operate, and a key indicator of reliability – is projected to be in the first-quartile (top 25 percent) of the industry. Our 97.2% mechanical availability in 2018 reflected our ability to **avoid unplanned downtime** and successfully execute planned and unplanned refinery maintenance.

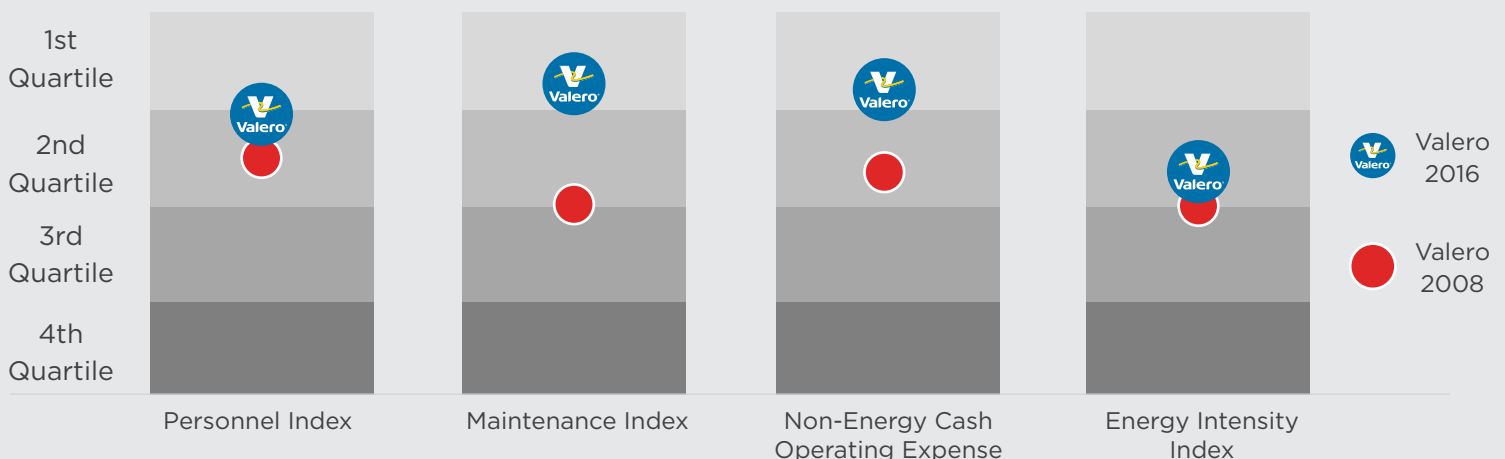
Overall **97.2%** mechanical availability, top quartile of the industry

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



Investments in Reliability Contribute to Operations Excellence

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



(Valero's U.S. refining system performance as a group compared to individual refinery quartile performance standings, 2008 compared with 2016, latest data available; statistics from Solomon Associates and Valero)



Refining Best Practices Reflected in Ethanol's STAR Metric

Valero's ethanol segment announced a new program in 2018 called the STAR (Safety Tracking and Recognition) Metric that takes into account our refining leading safety record and best practices and recognizes top performers among our ethanol plants.

The program tracks results in five key areas: **Process Safety, Reliability, Environmental, Rail Safety, and Policy and Procedure Compliance.**

Plants achieving no incidents in all five areas are recognized each quarter – with plants going four consecutive quarters without an incident earning a Super STAR award.

“Maintaining a safe work environment includes, but goes well beyond, the absence of recordable injuries,” said Darrin Baron, Vice President-Renewables Plant Operations. “Protecting our No. 1 asset, our employees, is what this metric is all about. This is why we started this metric and why we strive to be perfect every day.”

“Protecting our No. 1 asset, our employees, is what this metric is all about.”

At Valero, we take pride in our safety record and continue to aim for exceptional performance.

3 years **without an employee recordable injury** through 2018, the **St. Charles refinery** in earning the Valero Chairman's Safety Award

2 years **without a contractor recordable injury** through 2018, the **St. Charles refinery** in earning the Valero Chairman's Safety Award

ZERO **employee or contractor injuries in 2018**, the **Charles City ethanol plant** in earning the Valero Chairman's Renewables Plant Excellence Award



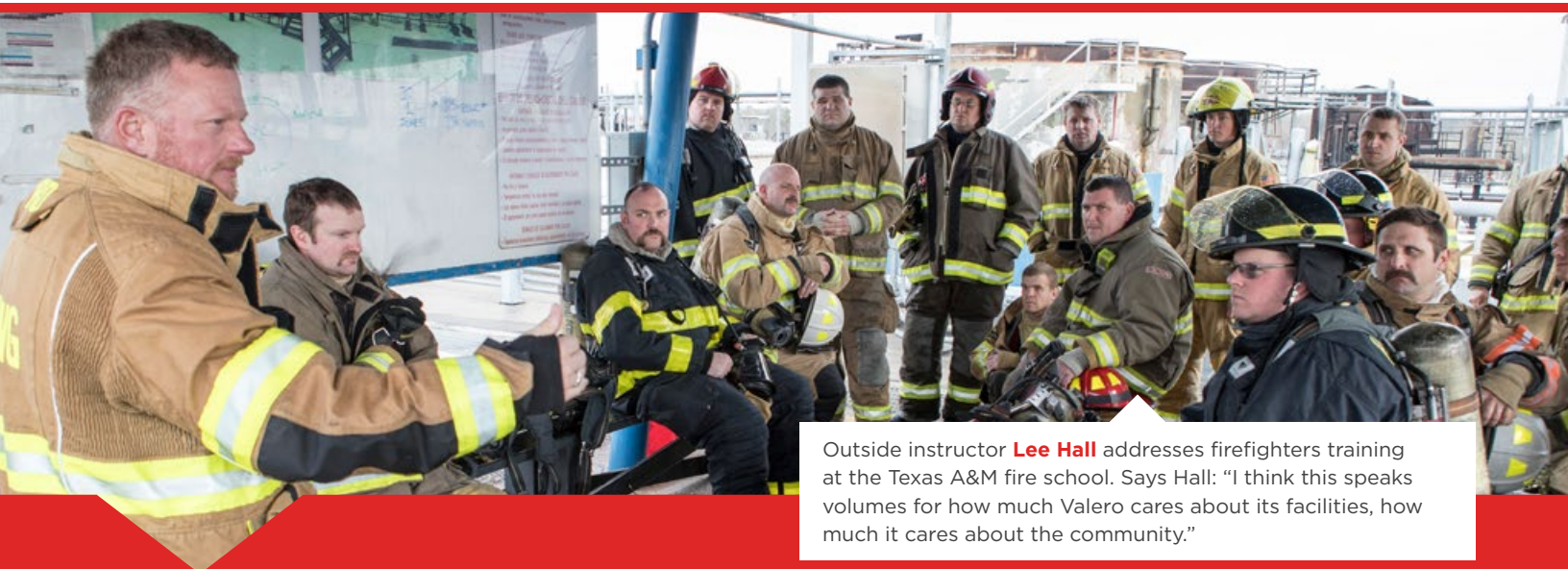
Employees and guests gather for a celebration recognizing the **Charles City** plant as the first Super STAR award-winner.

SAFETY HIGHLIGHTS

10 refineries approved as **Voluntary Protection Program (VPP) Star Sites**, OSHA's highest plant-safety designation, the **most of any refiner**

3 asphalt terminals approved as **VPP Star Sites**

5 facilities earning safety awards from American Fuel & Petrochemical Manufacturers (AFPM) in 2018, including Elite Silver Safety Awards to the **McKee refinery** and **Wilmington asphalt plant** for performance in top 5% of AFPM member companies



Outside instructor **Lee Hall** addresses firefighters training at the Texas A&M fire school. Says Hall: “I think this speaks volumes for how much Valero cares about its facilities, how much it cares about the community.”

Valero Takes Local Firefighters to Texas A&M Fire School

Josh Daugherty, a rural volunteer firefighter, didn't know what to think when told that Valero, new owners of the ethanol plant in **Bluffton**, Indiana, wanted to send him to a world-renowned fire-training school at Texas A&M University.

“I about fell out of my chair,” he said, laughing. “I was ecstatic. We would not be able to afford these opportunities without the help Valero is providing.”

Daugherty, who works for a crop seed research company, was one of 28 firefighters – two serving each of Valero's 14 ethanol plants – selected to attend the training, underscoring the company's **close relationship with outside emergency response personnel.**

Some attending the training are Valero employees, most work in trades from farm services to law enforcement, but all serve with local municipal or volunteer fire departments. Valero's petroleum refineries have emergency response teams. But while

its much-smaller ethanol plants have employees trained in emergency response, local fire departments would assist in rare cases of serious emergencies.

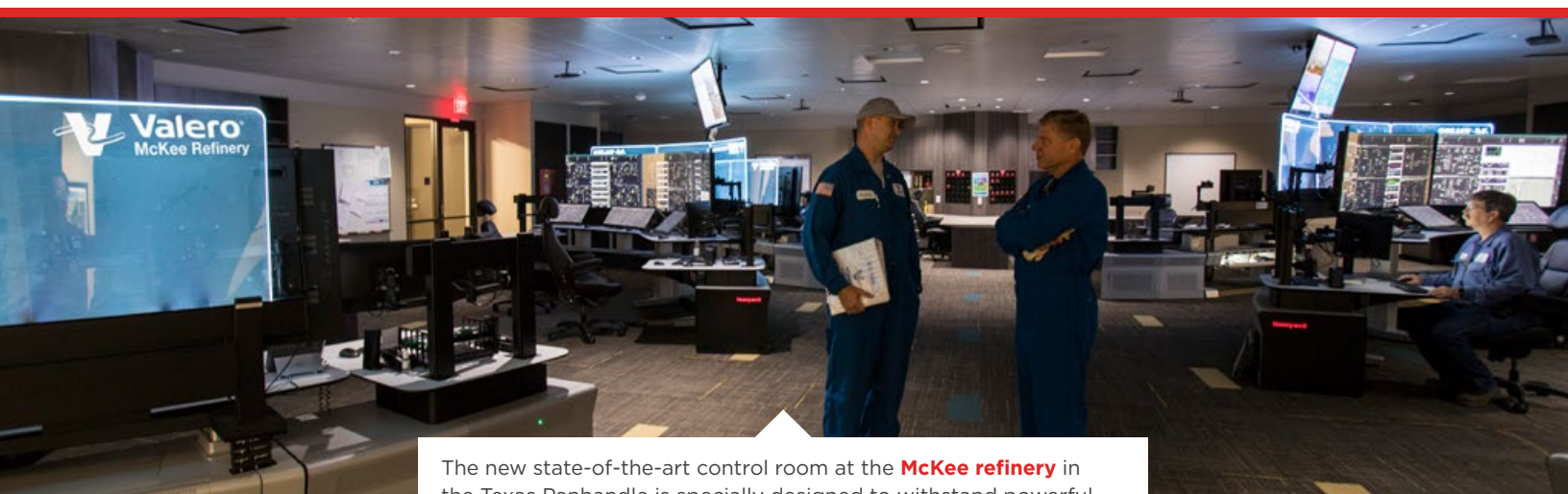
“Our relationships with these local firefighters are critical, so that they will know how to respond to situations that could arise in industrial settings,” said George Shawver, Valero Director-Health, Safety and Emergency Preparedness.

“When I get back, I plan to set up some realistic training so, that way, I can pass on what I've learned here and make sure all my officers are on the same page,” said Mike Norman, fire chief for Riga Township in Michigan, and a full-time federal police officer. Valero bought ethanol plants in **Bluffton** and **Riga**, and **Lakota**, Iowa, in 2018.

Trainees practiced fighting fire on simulated but highly realistic industrial units at the school. An instructor drilled them to think several steps ahead, which he likened to playing chess as opposed to checkers.

“I'm grateful to be able to experience this,” Daugherty said. “I've learned an awful lot.”

“Our relationships with these local firefighters are critical, so that they will know how to respond to situations that could arise in industrial settings.”



The new state-of-the-art control room at the **McKee refinery** in the Texas Panhandle is specially designed to withstand powerful tornadoes.

EMERGENCY PREPAREDNESS AND RESPONSE

Valero evaluates and prepares for physical risks to its facilities from natural disasters and other threats, and works to **mitigate risks to its people, assets, surrounding communities and the environment.**

To reduce physical risks, we construct new infrastructure at raised elevation to protect from flooding, and design new refinery control rooms and employee shelters to withstand powerful tornadoes. Our Gulf Coast refining facilities were designed to weather severe hurricane forces.

Even so, Valero has developed a consistent **companywide emergency management process** designed to identify and address the risks posed to our operations and our people. Our emergency preparedness and response program actively engages facility and corporate employees and leadership, to identify risks and implement long-term solutions.

The effort provides for **emergency response plans** at each facility to comply with all local, state and federal regulations; **qualified response teams** and relationships with **outside response personnel**; regular **drills and assessments**; critical **capital resources**; and use of **emerging technologies.**

With climate-related risks such as hurricanes, we use a **sophisticated hurricane preparedness program** to promote the safety and reliability of our assets and the safety of our people.

This involves both pre-hurricane-season measures, as well as a five-phase process designed to monitor conditions from the time hurricanes develop across the Atlantic and provide adequate time and resources for our facilities and employees to safely and responsibly prepare for any incoming storms.



Environment





We are committed stewards of the environment.

Valero has made major **capital investments** in its operations to improve environmental performance – from renewable diesel to installation of cogeneration and flare-gas recovery systems, and even wind energy that powers a refinery.

Continuous improvements in **process safety** and equipment **reliability** have driven down environmental events to record lows.

Valero has dramatically reduced environmental incidents, criteria emissions, flaring events and energy use.

We target **best-in-class environmental performance** through an emphasis on reliability and operational excellence, and investments in renewable energy. And our employees participate in a variety of environmental stewardship efforts.

68% ↓ **refining**
reduction in environmental incidents* since 2007

91% ↓ **ethanol**
reduction in environmental incidents* since 2010

*Valero “scorecard” events, internal tracking of emission, flaring, spill and wastewater incidents

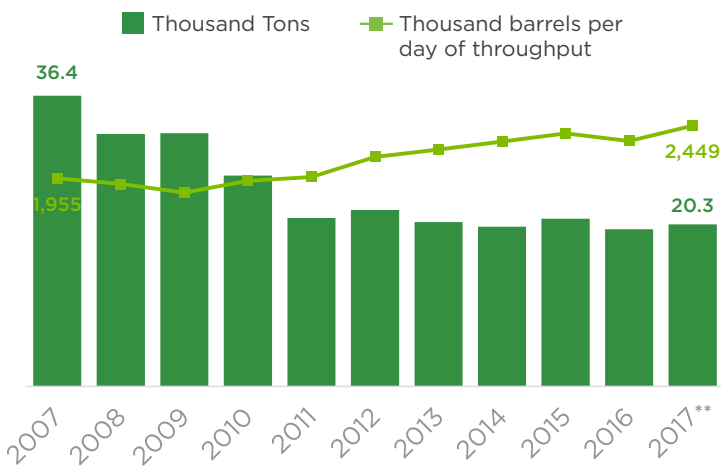
CRITERIA EMISSIONS

Even as Valero has boosted U.S. refinery throughput capacity, criteria emissions* have dropped. Throughput refers to processing of crude oil and other feedstocks.

Since 2007, for Valero U.S. refineries**

25% ↑ increase in **throughput capacity**

Criteria Air Emissions*



*including carbon monoxide, lead, nitrogen oxides, particulate matter, ground-level ozone and sulfur dioxide, U.S. refineries only
 **most-recent emissions data available at year-end 2018

44% ↓ reduction in **criteria emissions**

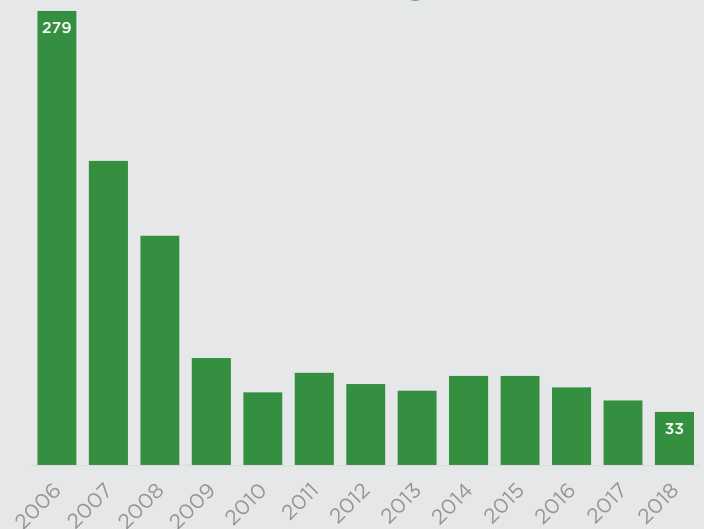
FLARING

Flares are used to safely combust gases that otherwise would be emitted during outages or other events. But Valero has **taken aggressive steps to reduce** the need for flaring, by **avoiding outages** and **improving reliability**.

Valero also has reduced flaring by improving flare-gas combustion efficiency, installing instruments to assist in controlling flare-gas flow and composition, and **reusing recovered gas for energy**.

88% ↓ total flaring events since 2006 reduction in

Annual Flaring Events



99% flaring-free refinery operations



ENERGY CONSERVATION

Continuous improvement in energy conservation drives efficient performance.

Valero's refineries have achieved a

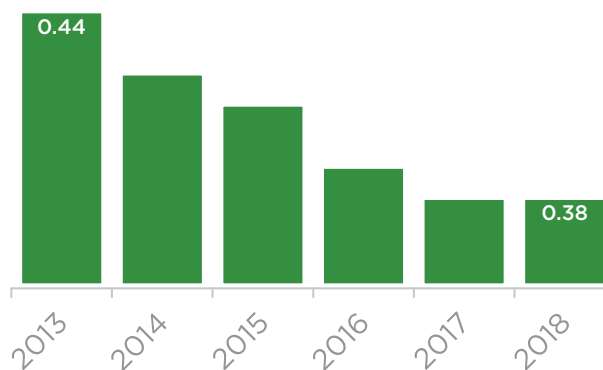
14% ↓ **energy use**
since 2013
reduction in

In 2018, Valero maintained its **record-low energy use**. The company's comprehensive energy stewardship program has sharply focused on improvements in process operations.

More than 99% of the electricity used at Valero's Jean Gaulin refinery in Canada comes from renewable sources – mainly hydropower, with small portions from wind, biomass and biogas. Valero also has cogeneration plants and a wind farm to power refineries.

Refining Total Energy Use

(Million Btu per barrel of throughput, rounded)



GREENHOUSE GAS EMISSIONS

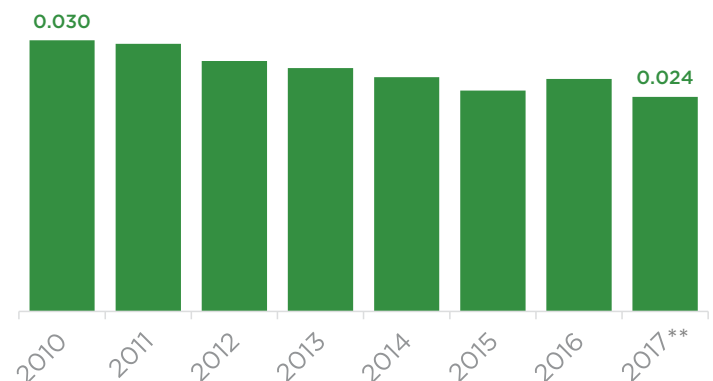
Through the use of new technologies and improved operations, we have continuously decreased refinery greenhouse gas emissions despite an increase in throughput capacity.

21% ↓ **greenhouse gas emissions**
since 2010
reduction in

We track and publicly disclose our greenhouse gas emissions and closely follow regulatory developments. Over the years, those emissions from our refineries have declined through companywide initiatives as well as facility-specific solutions.

Refining Greenhouse Gas Emissions*

(Tons of carbon dioxide equivalent per barrel of throughput, rounded)



*U.S. refineries only

**most-recent data available at year-end 2018

COGENERATION

As cogeneration systems produce electricity and steam for refinery operations, fueled by natural gas, they boost power and environmental performance, and reduce operating expenses.

They also help relieve the local power grid.

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



saving power for
~100,000 homes.



Valero has invested in cogeneration systems at refineries in Wilmington and Benicia (California), Port Arthur (Texas) and Pembroke (United Kingdom).

WASTEWATER MANAGEMENT

Our manufacturing operations generate process water along with stormwater that we treat, if needed, before discharge or reuse. Accordingly, each of our refineries has a wastewater treatment plant that is **comparable to, or even more complex than, those operated by most cities.**

These plants are operated by personnel trained and skilled in wastewater management and treatment. Valero uses specialized bacteria that naturally digest oil and waste streams. A corporate wastewater technology adviser works with each plant to ensure our systems are designed and operated to the highest standards.

We have significantly reduced our reportable wastewater discharge events.

61% ↓

reduction in reportable
wastewater discharge events since 2007





Valero Three Rivers Refinery personnel oversee a hay farm that's irrigated with treated wastewater from the refinery through center-pivot sprinkler systems.

Three Rivers Refinery Finds Green Solution with Treated Wastewater

The Valero Three Rivers Refinery in Texas has mastered a safe and efficient way of disposing of treated wastewater from the plant while also giving back to the ecosystem naturally.

The refinery pipes the treated wastewater to **1,438** acres of nearby, privately owned farm land for irrigation, producing **3,000** bales of hay annually for farms and ranches. Much of the hay Valero produces goes to the storied King Ranch in South Texas.

The project is in keeping with Valero's overall efforts to reuse treated water, and also is effective in helping combat regional drought conditions.

"Each year, we have a new harvest of eco-friendly hay grown only with the treated water," said Sergio Vera, who oversees the project as a Senior

Environmental Specialist at the refinery. "It's a project we are very proud of, and everyone here feels good knowing that the water is being used in a safe and productive way."

The idea for the project came about in the early 1980s. Refinery wastewater is treated through an on-site wastewater treatment plant, filtering material that could impact the hay. The processed water is sent through a 10-inch pipe to a **224-acre reservoir** at the irrigation site located three miles north of the refinery.

The water then is pumped to one of five center-pivot irrigation systems. The long, A-shaped structures with sprinklers crawl gradually in circles around a center point to cover the grassland.

The hay is suitable for cattle, horses, hogs and goats. And the conditions at Three Rivers happen to be just right, with ample farmland and favorable weather conditions year-round.

"It really is a brilliant system," Vera said. "It's better for the environment and economical."

"It's a project we are very proud of, and everyone here feels good knowing that the water is being used in a safe and productive way."

SUNRAY WIND

Completed in 2009 at an investment of **\$80 million**, Valero's wind farm, known as Sunray Wind, includes 33 wind turbines generating enough electricity to power the adjacent McKee refinery in the Texas Panhandle under optimal wind conditions.

Sunray Wind reduces the refinery's dependence on energy produced from conventional power plants, which release thousands of tons of air emissions and consume millions of gallons of water each year. In addition, the wind farm reduces operating expenses.

The project won a **Texas Environmental Excellence Award from the Texas Commission on Environmental Quality** in 2013.

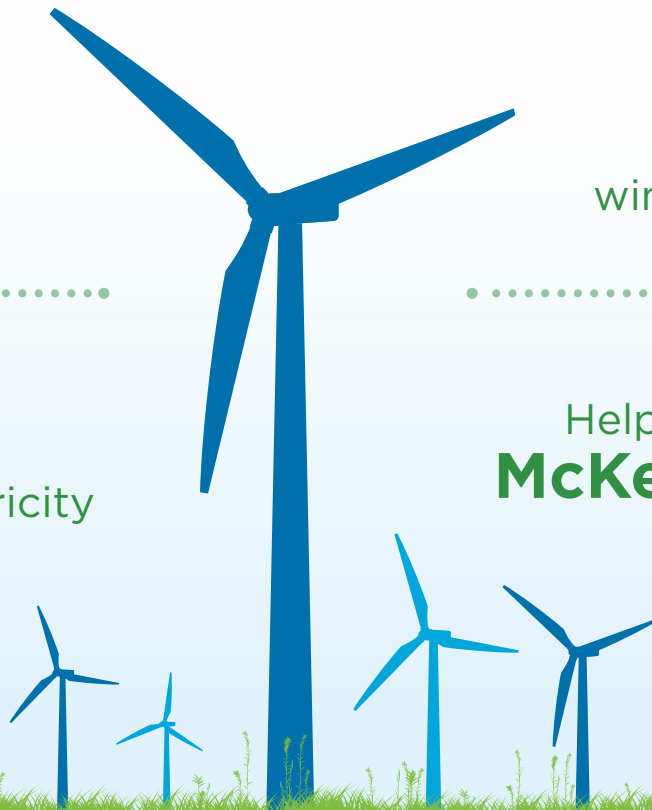


250
feet tall

33
wind turbines

50
megawatts of electricity

Helps power the
McKee refinery



RENEWABLE DIESEL

Up to
80% ↓ reduction
 in
greenhouse gas emissions,
 versus traditional diesel



A ground-level view of our **renewable diesel plant** is shown shortly after its 2018 expansion.

Renewable Diesel is Valero's Low-carbon Centerpiece

Valero has allocated **nearly \$1 billion** in low-carbon growth capital for its share of Diamond Green Diesel, the world's second-largest renewable diesel producer, in a 50/50 joint venture with Darling Ingredients Inc.

“If you're trying to meet a low-carbon mandate, we think that renewable diesel is the best fuel out there.”

Strategically located next to our St. Charles refinery in Louisiana to capture synergies and gain access to export markets, the Diamond Green Diesel plant produces renewable diesel fuel from **recycled animal fats, used cooking oil and inedible corn oil.**

A major expansion is underway to more than double annual capacity to 675 million gallons from 275 million gallons, by late 2021. This represents an investment of \$550 million from Valero – on top of about \$350 million in growth capital to date.

Renewable diesel fuel can cut greenhouse gas emissions by up to **80%**, compared with traditional diesel. But unlike biodiesel, which primarily is made from soybean oil, renewable diesel is **100% compatible** with existing engines, can be transported through traditional diesel pipelines and is not susceptible to freezing temperatures and separation during storage.

“We actually plug into the existing infrastructure that the industry uses already,” said Clay Bryant, Diamond Green Diesel's Commercial Manager.

Diamond Green Diesel's fuel is sold primarily into the large **California** on-road diesel fuel market for Low Carbon Fuel Standard compliance. Significant volume also goes to **Canadian** and **European** customers for compliance with their respective low-carbon fuel requirements.

Said Martin Parrish, Valero Senior Vice President-Alternative Fuels: “If you're trying to meet a low-carbon mandate, we think that renewable diesel is the best fuel out there.”

ETHANOL

In 2009, Valero became the first traditional petroleum refiner to enter large-scale ethanol production. Further expanding our **renewable strategy**, we acquired three plants in 2018, becoming the world's second-largest corn ethanol producer, investing \$1.7 billion in the segment to date.

Ethanol is a **clean-burning**, high-octane renewable fuel produced by fermenting processed corn starch with yeast, and is blended with gasoline. After ethanol is removed from fermented corn mash, distillers grains are produced as valuable livestock feed.

The entire kernel of corn is processed into products with **little liquid or solid waste**. And, after applying best operational practices from our refining business, we are the low-cost operator in the industry, with plants acquired at **35%** of replacement cost and operating better than pre-acquisition performance. Production and logistics assets position Valero well to support export growth. In fact, in 2018, we accounted for more than **22%** of U.S. ethanol exports.

EPA EFFICIENT PRODUCER PROGRAM

Six of our 14 ethanol plants are recognized under the Efficient Producer Program of the U.S. Environmental Protection Agency for superior process efficiency – through reduced on-site energy consumption, increased fuel output and/or use of biomass or biogas from certain sources to reduce process energy greenhouse gas emissions.

Three more plants are expected to be recognized in 2019.



Recognized



Pending



OUR LARGEST PLANTS ANNUALLY PROCESS

49 million bushels of corn, into



140 million gallons of ethanol



368,000
tons of distillers grains

RECYCLING PROCESSES

Valero employs a number of recycling processes that benefit the environment. For example, refineries recover usable oil from waste materials and reprocess remaining oily solids into high-value fuel through a method called “coker injection,” avoiding generation and disposal of wastes. In 2018:

6.9 million gallons

of usable oil recovered

10,391 dry tons of material reprocessed,
a **95%** increase from 2013

We recycle material recovered from tank cleaning for use by cement kilns in their processes. The material otherwise would be incinerated and sent to landfills. In 2018:

608 tons of ash to landfills avoided

203,000 gallons of waste-derived fuel
sent to cement kilns,
displacing **1,216 tons** of coal

26,842 tons
of ash avoided since 2013

Valero also recycles spent refining catalyst material that otherwise would be disposed in landfills. The recovered metals are regenerated for use as catalyst or as raw materials by other manufacturers. In 2018:

14.4 million pounds
of spent refining catalyst recycled



Valero Restores Critical Wetlands with Annual Tree-planting

Valero's work with the Lake Pontchartrain Basin Foundation near the company's St. Charles refinery in Louisiana serves as a strong demonstration of its **environmental engagement**, with broad social impact.

For more than 10 years, Valero has partnered with the foundation, which serves areas in Louisiana like the LaBranche Wetlands where there are multiple hurricane protection levees.

Valero has assisted the foundation on multiple tree-planting projects, including in 2018 when a group of Valero volunteers helped plant approximately **500 cypress trees** in the LaBranche Wetlands. Restoring the swamp in front of the levees with tree-planting is **important in protecting the area from hurricanes**.

For the past three years, Valero employees have taken part in tree-planting in the area with a total of about **2,000 trees** bolstering wetlands.

Dr. John Lopez, Coastal Sustainability Program Director for the nonprofit foundation, said the group works with a lot of different industries, but Valero "stands out. Their employees care about this area just like we do."

For the latest project, Valero also donated funds to help cover supplies, airboat rental (the only way to get around) and other costs relating to planting and monitoring growth of the trees.

"Being **environmentally friendly** is part of Valero's mission," said Taryn Rogers, Lead Community Relations Specialist for the St. Charles refinery. "When we heard about the project, we just couldn't wait to get involved."



St. Charles refinery volunteers plant cypress trees in the vast **LaBranche Wetlands**.



“Valero ... stands out.
Their employees care about
this area just like we do.”





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 and the Valero Energy Foundation are committed to improving the quality of life in communities where we live and work.

We are proud that Valero has been named to the Civic 50 list by Points of Light as one of America's most community-minded companies – the top energy company on the list – each time since 2013.



By channeling our charitable actions into **education, health care, basic needs** and **civic programs**, we work to make a positive impact in our communities.



United Way Day of Caring

The 2018 headquarters United Way Day of Caring event at San Antonio homeless shelter Haven for Hope drew 300 Valero Volunteers who provided \$95,000 worth of labor to beautify the grounds. Valero additionally presented a check for \$45,000 benefiting the shelter.

CHARITABLE GIVING

\$55.6 million



total generated
for worthy
charities through
direct donations
or **fundraising**
in 2018



Valero continues to be a **strong supporter** of United Way.

We are a Pacesetter organization and among **the largest corporate contributors** to United Way chapters throughout our communities.

11% increase
from previous year



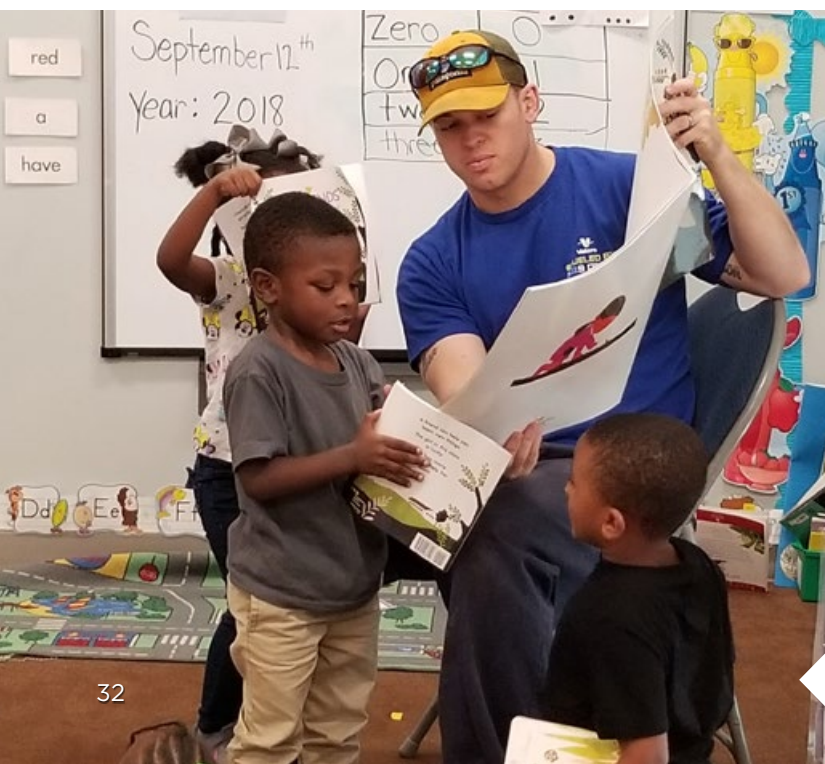
\$14.7 million in U.S. employee pledges, projected company match and fundraising, for donations in 2019

\$1,138 in employee U.S. per-capita pledges

\$870,000*

Canada company and employee gifts to Centraide/United Way

*Converted from Canadian dollars



Employees at the **Memphis refinery** take part in a United Way Day of Caring at a local school.

More than **\$12.5 million** raised in 2018

from Valero Texas Open, plus Benefit for Children events companywide

The **Valero Texas Open** plus **Benefit for Children** golf tournaments or sporting clays events in the **United States**, **Canada** and the **United Kingdom** support charities where Valero has major operations. As Valero invests in community initiatives that have strategic and sustainable impact, the company made a major statement in extending its title sponsorship of the combined Valero Texas Open and

Benefit for Children in the U.S. another 10 years, through 2028. Employees help select the community charities to receive funding. The event is among the largest fundraisers on the PGA Tour, raising **\$12 million** in 2018 in net proceeds to children's and other charities. Separate Benefit for Children events in Canada and the U.K. added another **\$577,000**.



500+
charities

~900
employee
volunteers



\$138
million
total through 2018

~10
thousand
volunteer hours

Valero Senior Vice President-Alternative Fuels **Martin Parrish**, Company Chair of the 2018 Valero Texas Open and Benefit for Children, appears with tourney champion Andrew Landry and deserving children.

\$340
thousand*

raised by Benefit for Children in Canada in 2018

\$5
million*

total raised for children's charities throughout Quebec, Ontario and the Atlantic provinces over 14 years

\$237
thousand*

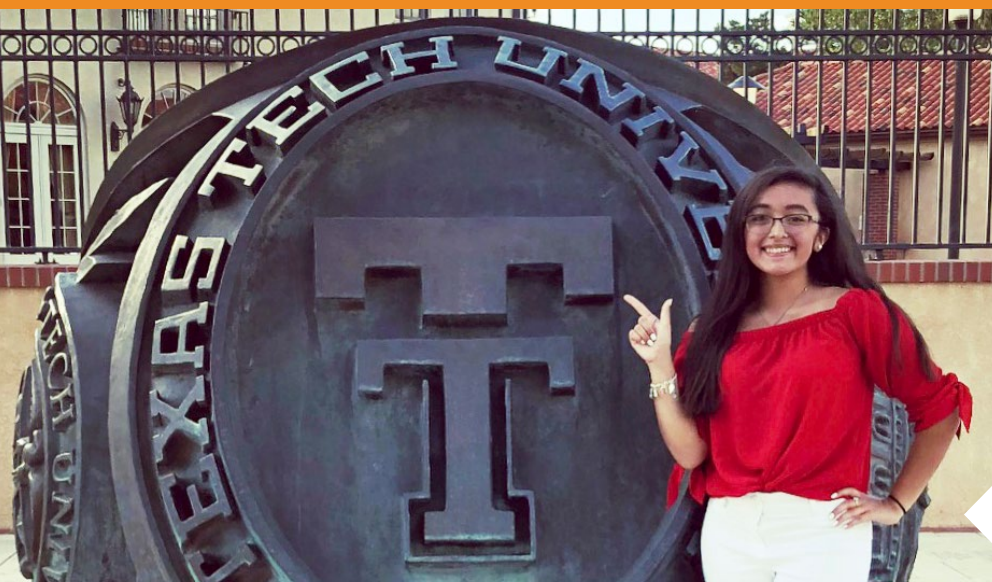
raised by the Valero Benefit for Children Golf Classic in the U.K. in 2018

\$890
thousand*

total raised for children's charities in the U.K. over 5 years

*Converted from Canadian dollars

*Converted from pounds



“I am beyond grateful to Valero for investing so much support in making sure students like myself know the educational options that are out there.”

Jennifer Fuentes is a first-generation student at Texas Tech University, thanks in large part to a grant from the Valero Energy Foundation.

Valero Grant Making College Possible for Economically Disadvantaged Students

Growing up in one of San Antonio’s most impoverished neighborhoods, Jennifer Fuentes thought college was out of reach.

Then came a landmark five-year, \$8.4 million grant from the Valero Energy Foundation to the San Antonio Independent School District that enabled her to become the first of 10 siblings to attend college. Not only that, but graduates of her former district now are enrolling in college at an increasing rate that is projected to exceed the state average for economically disadvantaged students.

Valero’s grant is going to the SAISD Foundation to fund the district’s **“Pipeline for College Success”** program.

The program gave Fuentes, a student at Texas Tech University, exposure to college through a Spring Break trip while still in high school, help in applying for and getting accepted into college and even continuing support from district personnel.

“I am beyond grateful to Valero for investing so much support in making sure students like myself know the educational options that are out there,” Fuentes said.

The program provides two full-time “college-bound advisors” at seven district high schools to work with the students. Fuentes attended the Spring Break College Tour of colleges and universities in the Midwest, which, she said, “made college comfortable – not as scary. It made college real for me.”

In all, 470 SAISD students participated in college tours during the 2017-2018 school year.

Fuentes worked tirelessly with advisors to submit her financial aid and college applications, navigate and secure scholarship opportunities and apply for student loans. In addition, the advisors guided her to attend a program at Texas Tech for first-generation college students, helping her build a network of fellow students.

But support hasn’t ended there. She still receives calls and visits from advisors – and even care packages from Valero employees. “Knowing that there is continuous support from Valero for other students like me means so much,” she said.

VOLUNTEERISM

Valero has maintained employee-led Volunteer Councils at each of its locations since 1983, building strong bonds with many local civic organizations and charities where Valero has a presence.

Volunteering remains a vital aspect of Valero's culture, with activities ranging from support of food banks and organizations like Habitat for Humanity to service on nonprofit boards.



150,000 volunteer hours
companywide in 2018

.....
~\$3.6 million saved out-of-pocket labor costs

~**240** Valero employees serving
on ~**330** nonprofit or civic boards



.....
600,000+ pounds of food or monetary food
equivalents to food banks companywide in 2018



2.9 million pounds of food
or monetary food equivalents
to the San Antonio Food Bank
since 2008

.....
~\$1.6 million donated, and **20**
homes built, for Habitat for Humanity
families across the U.S. since 2008



Three Rivers refinery employees and families participate in a "Paint the Park" volunteer event at a local park.



VALERO'S FOUR PILLARS OF SUPPORT

Valero and the Valero Energy Foundation fund nonprofit agencies that serve predominantly disadvantaged children and families within four areas. In 2018, we provided the direct monetary support below and on the next page.



\$8.9
million

39%

Education

Valero is a strong advocate of education and contributes to programs, agencies or organizations that share the same focus.

Recipients include **Communities in Schools, Big Brothers Big Sisters, Solano Community College Educational Foundation, Boys & Girls Clubs, Fayette County Board of Developmental Disabilities, Boy and Girl Scouts** and many others.



\$6.5
million

28%

Health Care

We provide support to various health care providers and health-related programs and services, with major gifts going to children's hospitals and university medical centers.

Recipients include the **Gulf Coast Health Center-Westside Clinic, CHRISTUS Foundation for HealthCare, American Cancer Society, American Heart Association, Ronald McDonald House, ChildSafe, United Cerebral Palsy of the North Bay** and many others.

\$23 million

in total donations in 2018



\$4.8
million

21%

Basic Needs

Valero gives assistance to agencies that provide basic needs of life, including shelter, food and clothing necessary for the development of a strong community. Support for emergency services, children's homes and area food banks are just a few examples of this support.

Recipients include **American Red Cross, San Antonio Food Bank, Feed the Needy, Amarillo Wesley Community Center, Ark Assessment Center and Emergency Shelter for Youth, Lafayette Transitional Housing** and many others.



\$2.7
million

12%

Civic

We support environmental initiatives - such as conservation programs for disadvantaged youth and protection of native wildlife and habitats - and civic programs and the arts in our communities, including partnerships with art, history and children's museums, as well as digital media in schools.

Recipients include the Valero Endowment for the **San Antonio Zoological Society, Hancock Whitney Zoo-To-Do, Audubon Nature Institute, Coastal Bend Wildlife Habitat Education Program, Nebraska Community Foundation, the Los Angeles Symphony** and many others.

Soup Kitchen a Reflection of Community Caring and Generosity

Two weeks each year, Valero Ardmore Refinery volunteers cook, host and serve meals for needy families and the homeless at the Ardmore Soup Kitchen, downtown in the Oklahoma community.

Throughout each of those weeks, about **40 to 50** refinery employees, family members and friends take part, providing approximately **275 to 450** meals and donating desserts. It has become one of the plant's most valued volunteer events.

For about 10 years, the nonprofit Ardmore Soup Kitchen has consolidated efforts of area businesses, churches and other nonprofits to serve meals to those in need. It is run solely on donations and through volunteers from the southern Oklahoma community.

A different business, church or civic group is assigned on a weekly basis, and each week of the year is filled.

The support reflects the generosity of Ardmore, and of the Valero refinery, which annually contributes **more than half of the funds raised for the local United Way chapter**, said Gino Silvas, Manager-Supply Chain Execution at the refinery and a volunteer who helps coordinate Valero's soup kitchen effort.

He said many of those helped by agencies supported by United Way also frequent the soup kitchen.

"We probably feed every night here at this soup kitchen anywhere from **40 to 60 individuals** who come in," Silvas said. "Many of these individuals may live in a home but can't afford to eat, and some are homeless and don't live in a shelter. Ardmore is a very giving community."



Volunteering at the **Ardmore Soup Kitchen** has become a popular activity for the Valero Ardmore Refinery.



“Many of these individuals may live in a home but can't afford to eat, and some are homeless and don't live in a shelter. Ardmore is a very giving community.”

ECONOMIC SUPPORT

Another way we share our success with the communities where we live and work is through the economic support of being a good employer. **Valero has a significant economic impact on the communities and governments where it operates**, with expenditures multiplying many times over.



~10,000 jobs directly supported, with payroll bolstering local economies

~\$2.5 billion spent annually on maintenance and growth projects, boosting construction and service jobs

~\$4 billion spent annually on refining materials, supplies and services in local communities where we operate

~\$1 billion in average total taxes paid annually



BEING A GOOD NEIGHBOR

Valero takes pride in being a good neighbor and the **first major energy company to adopt a formal Environmental Justice Policy**, initiating a real outreach to fence-line communities.

The company diligently looks for ways **to build relationships with its neighbors**, such as in regular meetings with local community advisory panels (CAP), and expand upon its outreach in an effort to continue improving the quality of life of its communities.

For example, Valero partners with Community In-Power and Development Association Inc. (CIDA), a community environmental justice advocacy organization in **Port Arthur**, Texas, to help **facilitate medical clinics, sponsor minority youth development projects**, and support area renewal projects and efforts to break the cycles of poverty.

In 2018, Valero continued its support of youth mentoring organizations such as the Lion Hearted Boxing Academy in Port Arthur, and broke ground for a new park and community garden there. The West Port Arthur Park and Community Garden later opened, as part of a supplemental environmental project with the Texas Commission on Environmental Quality.



A young boy works out at the Valero-supported **Lion Hearted Boxing Academy**, a Port Arthur youth mentoring organization.

The model one-acre park and garden features 35 raised garden beds “adopted” by local residents, organizations and churches to grow their own produce, as well as a playground and pavilion.

“Once Valero came in, they took a different approach,” said Hilton Kelly, director of CIDA. “They wanted to hear what we had to say. I had the opportunity to meet with some of the Valero top personnel ... and they stepped in, in a big way.”



Valero Volunteers from the Port Arthur refinery assist a budding gardener at the new West Port Arthur Park and Community Garden.

Valero’s Environmental Justice Policy

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

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

Valero fulfills its good-neighbor policy in many ways, whether it's **engaging openly** with fence-line communities about its operations or assisting efforts in areas such as **health, security** and **education**.

- In **Corpus Christi**, Texas, Valero is a principal sponsor of the Long Term Health Workgroup, which reviews air-monitoring data on a monthly basis. Over the past decade, according to workgroup reports, the industry has reduced certain air concentrations by **80%** because of its collective work at



Wilmington refinery volunteers helped build a community garden at a neighborhood YMCA for local residents to enjoy.

“Once Valero came in, they took a different approach. They wanted to hear what we had to say. I had the opportunity to meet with some of the Valero top personnel, and ... they stepped in, in a big way.”

investing in better technology and continuous work with its neighbors.

- The **Benicia** refinery in California keeps a website that displays readings from air-quality sensors along its fence line, showing emissions data in near-real-time for neighbors to stay informed about conditions.
- The Valero Energy Foundation is providing \$1 million to CHRISTUS Foundation for Healthcare for a clinic near our **Houston** refinery that will provide free or low-cost health care for residents of the

adjacent Manchester and other East End neighborhoods. Valero additionally sponsors a “National Night Out” event for the neighborhood that helps promote community awareness and safety, and foster relations between law enforcement and the community.

- Committed to boosting educational opportunities for students in **Houston’s** Manchester and East End, Valero also partners with the YES Prep East End Academy, sponsoring the school’s Science, Technology, Engineering and Mathematics programming, and donating funds for supplies.

The Valero Energy Foundation is providing \$1 million to CHRISTUS Foundation for Healthcare for a clinic near our **Houston refinery**.



Each year, the **St. Charles refinery** in Louisiana hosts a refinery tour for its Community Advisory Panel.





Employees





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

Valero is proud to enlist the world's best and brightest engineers, operators and business professionals to drive **exceptional** results for our company and our industry. As a global leader in refining and renewable products, Valero is dedicated to safety, excellence and accountability at all times.

As an **employer of choice**, Valero is also dedicated to caring for our company's greatest asset – our employees. The **well-being** of every Team Valero member is our highest priority, from overall health and wellness to a challenging, rewarding career.

.....

Forbes

America's

Best Large Employers

.....

Forbes magazine recognized Valero as one of "America's Best Large Employers," and as the highest-ranked independent refiner on the list.

VALERO'S CULTURE IS ROOTED IN SIX KEY VALUES



Safety

Safety is the foundation of success at Valero, and ensures our company's greatest assets - employees - are protected. From exceptional workplace safety to positive health and wellness routines, employees are encouraged to promote and demonstrate their commitment to safety at all times.

1



Accountability

At Valero, employees make a personal choice to take ownership of performance. Creating an environment of accountability not only helps achieve company goals but also results in increased employee performance.

2



Teamwork

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

3



Excellence

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



Do The Right Thing

Valero's commitment to integrity means doing the right thing for the right reason, regardless of the circumstances. Employees are trustworthy and continually set positive examples, which leads to open, honest and sincere communication.



Communities

Promoting Team Valero's involvement in volunteerism supports our company's longstanding commitment and culture of sharing our success with the communities in which we live and work.

FUELING EXCEPTIONAL FUTURES

Team Valero’s deeply rooted culture is a key component of generating incredible results. Valero continually works to cultivate teams that are **inclusive and results-driven**, and celebrate every employee’s strengths and ideas.

To that end, Valero recently launched its “Fueling Exceptional Futures” recruitment brand.



Valero’s **comprehensive employee programs** and services are designed to elevate the employee experience, as talented individuals bring their best to work each day. They foster excellence. They work safely and work hard. They make a difference. And they believe in the power of teamwork.

Find out more, at www.valero.com/Careers.

DIVERSITY AND INCLUSION

Diversity at Valero is more than workforce demographics. Inclusion is more than placing diverse employees on teams. It is the **collection of diverse ideas, perspectives and values** that creates an exceptional employee experience. Valero recognizes the value and benefits of a diverse workforce, and the impact that comes from **truly inclusive teams**. It is more than doing the right thing. Our integrated approach and respect for all viewpoints allows us to build the best teams in the energy industry.

The most meaningful and important way to improve diversity and inclusion at any company is through leadership. From our board of directors to executive management across our great company, this support is visible at Valero. Beyond compliance and beyond metrics, it is a commitment that contributes to a winning team.

To see Valero’s official Diversity & Inclusion statement, visit www.valero.com/Careers.



Valero **exceeds** the U.S. petroleum refining industry demographics for **women and minorities**.*



*Source: as reported by the U.S. Bureau of Labor Statistics.

Women In Our Global Workforce

Workforce	Professional	Supervision
19%	29%	17%



Minorities In Our U.S. Workforce

Workforce	Professional	Supervision
34%	33%	23%

“If we encourage one more girl to choose a career in STEM, then we have accomplished what we set out to do.”

Students participate in the **Valero After School STEM Club** at the Pembroke refinery.



Valero’s STEM Support Aimed at Inclusion, Workforce of the Future

Valero’s support of STEM (Science, Technology, Engineering and Math) programs demonstrates its integration of skill/leadership development, recruiting, diversity and inclusion, and employee engagement.

The company’s University Recruiting, E-Learning and Engineering groups partnered in 2018 to create an inspiring video **highlighting women in engineering at Valero**, as part of its focus on diversity in the workforce.

The video was designed to use in college campus presentations with student organizations such as the Society of Women Engineers, outreach events for high school students and **the encouragement of women to consider STEM majors** and spark interest in the energy industry.

“I love what I do at Valero and hope other women can see the great things they can achieve at Valero through this video,” said Karen Muehlbauer,

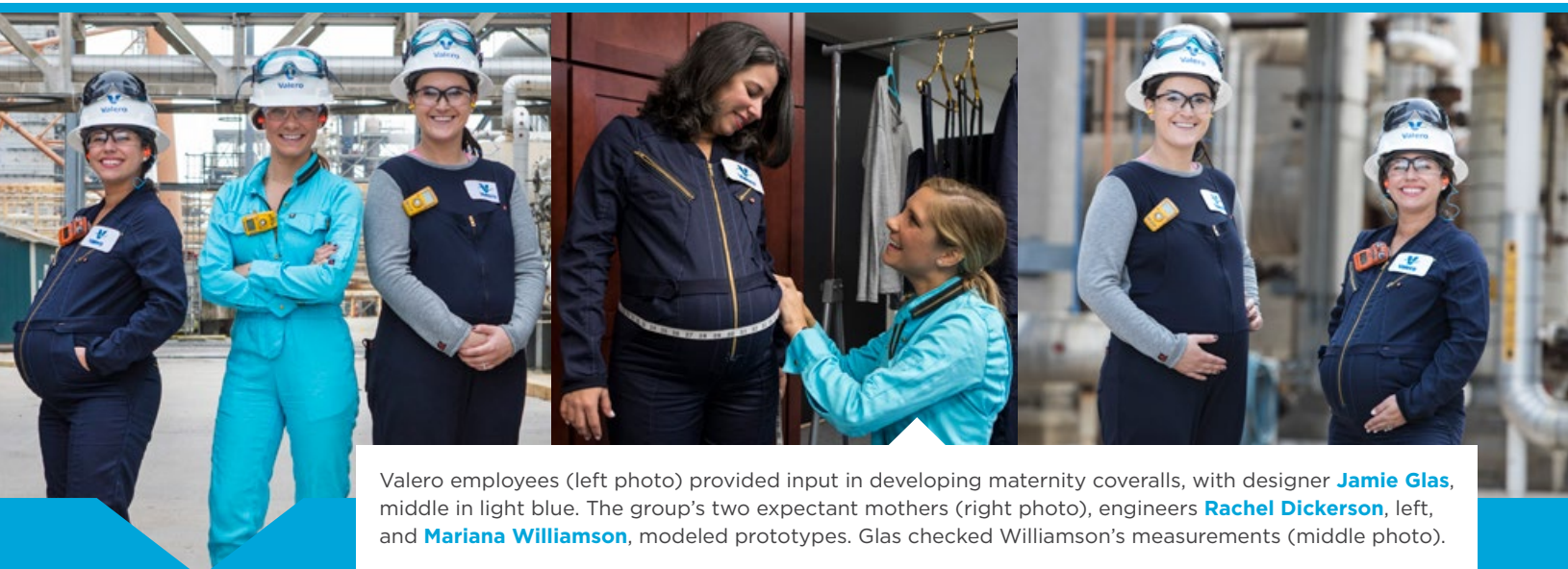
Director-Environmental and Safety Affairs at Valero’s Pembroke refinery in Wales. “Also, if we encourage one more girl to choose a career in STEM, then we have accomplished what we set out to do.”

With an eye toward building Valero’s future workforce, the company is a **strong supporter of STEM events for school children**.

The Pembroke refinery sponsors a Valero After School STEM Club, in conjunction with local colleges, in which ninth-grade students take 10-week sessions at the schools, from electronics to chemistry workshops, and then participate in a “finals day” competition at the refinery.

The Meraux refinery in Louisiana sponsors an Invention Convention, a competition among fifth-graders inventing new items or improving upon existing ones to solve real-life problems.

And Valero supports the CORE4 STEM EXPO for San Antonio inner-city, middle-school students, engaging them in activities including a supply-chain puzzle that shows students the process of refining crude oil to finished product.



Valero employees (left photo) provided input in developing maternity coveralls, with designer **Jamie Glas**, middle in light blue. The group's two expectant mothers (right photo), engineers **Rachel Dickerson**, left, and **Mariana Williamson**, modeled prototypes. Glas checked Williamson's measurements (middle photo).

Maternity Coveralls Project Advances Safety, Excellence for Women in Energy

As part of Valero's commitment to safety and excellence at work, significant resources, training and attention are given to ensure employees have the tools they need to perform well – starting with what they wear.

For women in the industry, particularly expectant mothers, **proper fit and flexibility in protective coveralls go hand-in-hand with safety.** Coveralls that expand easily and properly in the midsection, without compromising fit from head to toe, would ensure comfort and functionality for female operators and engineers at all stages of life.

In the fall of 2018, Valero partnered with Houston-based engineer Jamie Glas of HauteWork to create just that. **This groundbreaking project is fueling important advancements for the industry** while reinforcing Valero's safety and excellence values.

Employee focus groups at Valero's St. Charles and Meraux refineries have created hope that flexible, fit-friendly maternity coveralls soon could expand the limited options available.

"Seeing that Valero is taking the initiative in this is really something I'm proud of," said Rachel Dickerson, Associate Process Engineer at the St. Charles refinery. "This project gives the message that the industry is thinking about us, and does consider our role in the workplace."

Mariana Williamson, Superintendent-Turnaround Planning at Meraux, said her own needs during her pregnancy, plus her engineer's background, stirred her passion for the project.

"It's amazing that Valero is trying to fill this need," Williamson said. "It's a commitment that the company has made toward diversity, and we want to give women the tools they need to be able to carry on their roles in conjunction with their pregnancies."

"**Valero and our entire industry can benefit** from this effort," she said. "No woman in the future will have to even wonder, 'What will I do when I am pregnant? How will I be able to carry on my responsibilities?' I hope our efforts contribute toward that very important solution."

"Seeing that Valero is taking the initiative in this is really something that I'm proud of."

EMPLOYEE AND FAMILY WELLNESS

Exceptional employees deserve equally exceptional support. Total Wellness for employees and families means a commitment to competitive pay, benefits and personal development throughout their careers.

Valero's Total Wellness program begins and ends with employees in mind. Highlights of U.S.-based benefits (subject to availability by work location and eligibility):



- Competitive pay and performance management
- Comprehensive health care and wellness programs
- Comprehensive wellness assessments
- Financial planning and education
- Company 401(k) matching program
- Company-sponsored pension plan
- Discretionary annual bonus award program
- Paid childbirth leave and parental leave
- On-site employee wellness centers
- On-site family wellness clinic
- Tuition reimbursement program
- Fitness center access or stipend
- On-site child care center or subsidy
- Employee recognition programs





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.

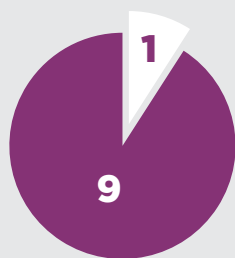
Our strong corporate governance policies and practices provide accountability and responsiveness to our stockholders, employees, neighbors and other stakeholders.

We focus on regulatory compliance and the highest ethical standards. Our **Code of Business Conduct and Ethics** guides employees and directors of Valero to fair, ethical, honest and lawful conduct.

Valero was named one of the **Winning “W” Companies** whose boards are comprised of **20% or more women**, by **2020 Women on Boards**, a nonprofit organization that focuses on raising the number of women board directors. Women comprise **30%** of Valero’s board.

BOARD OF DIRECTORS

9 of 10
members are
independent



3
fully
independent
committees

64
average
age

8
years
average
tenure



3
women
members

**Committees
include:**

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

STRONG CORPORATE GOVERNANCE

From health and safety to confidentiality to proper use of company assets, accurate financial reporting and anti-bribery, our Code of Business Conduct and Ethics and other policies aim to ensure that we maintain the highest standards of ethical behavior.

We also provide employees, directors, business partners and others an anonymous reporting hotline for suspected violations.

Governance policies and committee charters, including the Code; Corporate Governance Guidelines; Policy on Political Contributions, Lobbying and Trade Associations; and other policies and guidelines can be found at our website, www.investorvalero.com/corporate-governance.

DEMONSTRATED STRATEGY FOR VALUE CREATION

Valero focuses on delivering for its stockholders in three key areas:

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



Valero directors included on the 'Women Inc.' list include (left to right) **H. Paulett Eberhart**, **Kimberly S. Greene** and **Deborah Platt Majoras**.

Three Valero Directors Honored by 'Women Inc.' Magazine

Three directors of Valero's board – H. Paulett Eberhart, Kimberly S. Greene and Deborah Platt Majoras – were included on a list of "2018 Most Influential Corporate Board Directors" by "Women Inc." magazine.

information technology, management, accounting, finance and public-company governance.

Greene is Chairman, CEO and President of Southern Company Gas, a subsidiary of Southern Company. She serves on the Valero board's Nominating/Governance and Public Policy Committee, and has contributed energy-business, finance and regulatory business management expertise.

"The '2018 Most Influential Corporate Board Directors' provides an incredible assembly of women who have forged tremendous careers and contribute their experience to the boards of leading public companies and major organizations."

The magazine describes the recognition as a "prestigious listing of female trailblazers active on the boards of global-leading corporations and organizations." It notes that 19% of Fortune 1000 companies comprising the Gender Diversity Index, compiled by 2020 Women on Boards, have 30% or more women board representation, as Valero does.

Eberhart is chair and CEO of HMS Ventures, a privately held business involved with technology services and the acquisition and management of real estate. She is a Certified Public Accountant and serves on other public-company boards. Eberhart is a member of the Valero board's Audit Committee, and has brought expertise in business leadership,

Majoras is Chief Legal Officer and Secretary of The Procter & Gamble Co., and was Chair of the U.S. Federal Trade Commission from 2004 until 2008. She is Chair of the Valero board's Nominating/Governance and Public Policy Committee, and has led the oversight of climate-related risks and opportunities. Majoras has brought to our board public-company leadership and governance, as well as government, regulatory and legal expertise.

"The '2018 Most Influential Corporate Board Directors' provides an incredible assembly of women who have forged tremendous careers and contribute their experience to the boards of leading public companies and major organizations," the magazine concludes.

‘Institutional Investor’ Names Valero ‘Most Honored’; Gorder Top CEO

For a third year in a row, Institutional Investor magazine, one of the most authoritative publications in the investment world, recognized Valero among its **“Most Honored Companies,”** based on results of its “2019 All-America Executive Team” rankings from votes of nearly **3,400** portfolio managers and equity analysts.

In the integrated oil sector, **Joe Gorder**, Valero Chairman, President and CEO, earned Best CEO; **John Locke**, Valero Vice President-Investor Relations, Policy, Strategy and Communications, earned Best IR Professional; and Valero tied for the Best Investor Relations Program.

“A solid management team, clear strategy, superior operational and financial execution and credible messaging all are measures used by Wall Street professionals to describe Valero,” Locke said. “We are very proud to receive this recognition for a third straight year.”

Institutional Investor asked portfolio managers and equity analysts within securities and research firms to name the best CEOs, CFOs and investor relations programs and professionals at the U.S. companies they cover. Each voted for up to four companies across several performance measures.

Companies that earn two or more top-three appearances in the categories are recognized as a “Most Honored Company.” Out of 1,984 companies in America receiving votes, only 188 were distinguished as “Most Honored.” **Valero was one of only four companies in the integrated oil sector to make the “most honored” list.**

STAKEHOLDER ENGAGEMENT

Our stakeholder engagement efforts involve the following:

- **Ongoing engagement** with stakeholders
- Consistent dialogue providing management and the board of directors with insights on **issues and initiatives** that are **priorities for our stakeholders**
- An **engagement** process following a “review, plan, engage, and analyze and respond” cycle to **build relationships** and **create meaningful engagement**
- Adjusting our engagement process based on **stakeholder needs** and **business strategy**



“A solid management team, clear strategy, superior operational and financial execution and credible messaging all are measures used by Wall Street professionals to describe Valero.”

Institutional Investor

2019 All-America **Executive Team**

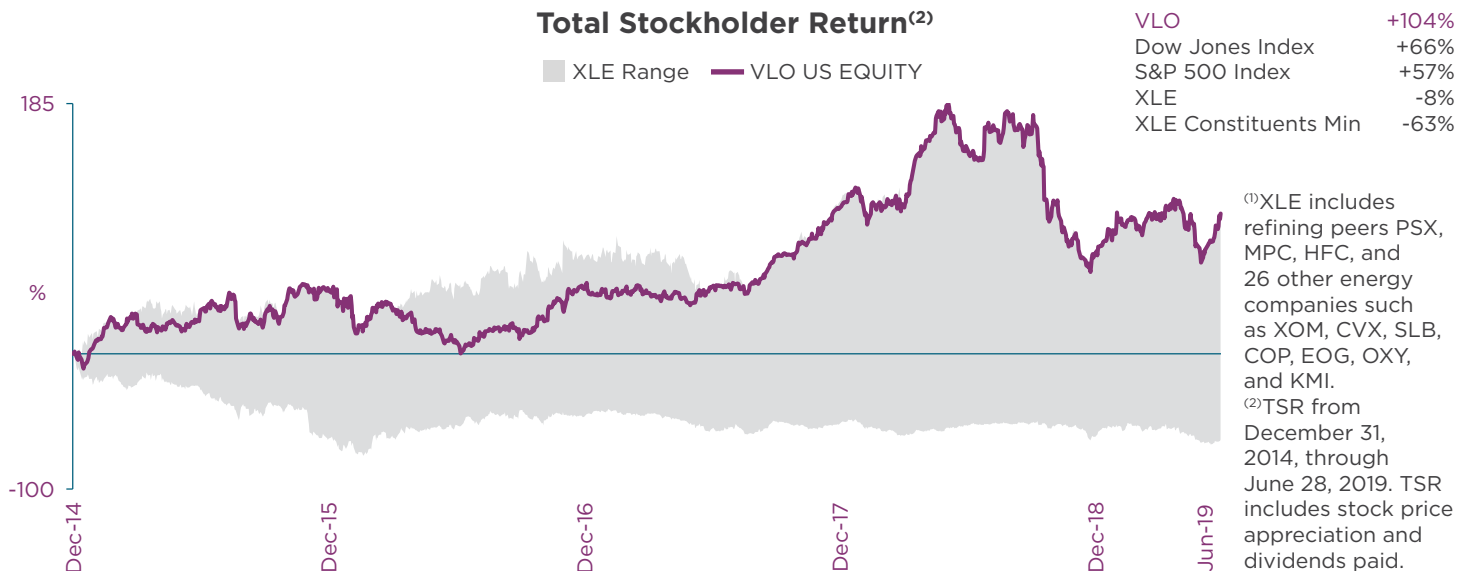


ALIGNMENT OF EXECUTIVE PAY TO COMPANY PERFORMANCE

Valero’s board of directors has designed the executive compensation program to retain and provide incentive to executives, and reward them for superior company performance. The program **aligns the interests of executives and stockholders**, manages risk, balances compensation over short- and long-term periods, and is designed with consideration of best practices in executive compensation.

Valero’s performance and capital allocation decisions have resulted in Valero’s Total Stockholder Return (TSR) **outperforming** the Dow Jones Index, the S&P 500 Index and the XLE Index **over the past five years**.

Outperformed the Dow Jones Index, the S&P 500 Index and all Companies in the XLE⁽¹⁾ Index on TSR Since 2014



History of energy sector and broader market outperformance under current leadership team.

The Social Benefit of Valero's Products

Valero's products reliably and affordably get you where you need to go, but what if you were told they also help feed and clothe the world and clean its water? Or build, power and paint its buildings, scrub and sanitize its surfaces, or provide other everyday items from oral anesthetics to sunscreen?

Beyond fuels like gasoline, diesel and jet fuel that enable millions of people to get to work or school each day, or the asphalt they drive on, Valero's products from the refining process are **building blocks for many other necessities**.

"A lot of people don't stop to think about how all the products we make help make their lives easier, or even better," said Eric Fisher, Vice President-Wholesale Marketing and International Commercial Operations. "Valero makes products that are indispensable to everyday life - even beyond transportation fuels."

For example, sulfur from the Texas City and Houston refineries is used in ammonium sulfate **fertilizer** essential for the growth and development of **food** and **fiber** crops. And Valero provides sulfur to a manufacturer of sodium thiosulfate, which removes nitrates from drinking water. The product helped the city of Houston avoid a boil-water alert during Hurricane Harvey.

Other Valero products go for recreational uses. While the majority of the company's petroleum coke produces **aluminum**, **steel**, **electric power** and **cement**, some helps make **sunscreen**. "Who would have thought we'd be in a product we'd take to the beach?" said Fisher.

"Valero makes products that are indispensable to everyday life - even beyond transportation fuels."

Some of the many necessities possible with Valero's products:

BUILDING PRODUCTS



- Aluminum
- Cement
- Paints and coatings
- Plywood
- Roofing products
- Steel

UTILITIES



- Power generation
- Water treatment

HOUSEHOLD, RECREATIONAL



- Glasses
- Laundry detergents
- Nylon
- Oral anesthetic/analgesic
- Pharmaceutical products
- Polyester fibers
- Rubber running tracks
- Soaps and other cleaning agents
- Sunscreen
- Water bottles

COMMERCIAL



- Adhesives
- Fertilizer
- Fuel additives
- Industrial rubber
- Lubricants
- Printing inks
- Pulp and paper
- Racing fuel
- Sealants
- Specialty greases
- Tires

Summary of Awards

- Moved up two spots to No. 6 in the **Platts Top 250 Global Energy Company Rankings** in 2018 for outstanding global financial and industry performance
- Named each time since 2013 to list of America's 50 most community-minded major companies – **The Civic 50**, an initiative of Points of Light – and the leading company in the energy sector on the list
- Highest-ranked independent refiner on the **Forbes** magazine list of **America's Best Large Employers**
- Institutional Investor magazine's 2019 **All-America Executive Team** awards in the integrated oil sector, including Best CEO overall to Joe Gorder; Best IR Professional to John Locke; and Best Investor Relations Program to Valero (tie), qualifying Valero for the **"Most Honored Companies"** list
- Most refineries (10) approved as **Voluntary Protection Program (VPP) Star Sites**, OSHA's highest plant safety designation, after voluntarily submitting to and passing rigorous safety audits
- Three asphalt terminals approved for **VPP Stars**
- Five safety awards in 2018 from **American Fuel & Petrochemical Manufacturers** (AFPM), including **Elite Silver Safety Awards** to the McKee refinery and the Wilmington asphalt plant
- **Pelican Award**, the highest honor of **the Louisiana Mid-Continent Oil and Gas Association**, to Valero's Louisiana operations (including the St. Charles and Meraux refineries, St. James Asphalt Terminal, Parkway Pipeline and Diamond Green Diesel joint venture), recognizing the company's outstanding achievement in the industry and contributions to the state
- Award for **Exemplary Service in Civil Security** to the Jean Gaulin refinery in Quebec from **Public Safety Canada**, recognizing exceptional achievements in emergency management
- **Corporate Partner of the Year** to the Wilmington refinery from the **Long Beach Rescue Mission**, which serves emergency needs of the hungry and homeless, recognizing Valero's assistance with food-serving and donations
- The **Prix Distinction du Groupe entreprises en santé** (Distinction Award of the Healthy Enterprise Group) in the working environment category to Valero's Canadian operations, from nonprofit *Groupe entreprises en santé*, for innovative programs in health, well-being and productivity in the workplace
- An **Arts & Business Cymru Award**, in the Arts, Business and Young People category, to the Pembroke refinery for its work with the **Royal Welsh College of Music and Drama**, providing for training for financially disadvantaged young people and preparation for higher education
- **Governor's Award for Meritorious Achievement** to the **Welcome** ethanol plant, from the **Minnesota Safety Council**, for safety performance in 2018 that included incidence rates lower than the industry average
- Division leader in 2018 **Corporate Cup** from nonprofit **San Antonio Sports** to Valero's San Antonio operations, for performance in charitable and athletic events
- Eleven **American Inhouse Design Awards** across 11 categories to the Valero Design Services team, from **Graphic Design USA** magazine, recognizing outstanding work by in-house graphic designers and departments

#FUELED BY

Fuel isn't just about driving, but the drive to achieve something great. We're proud to provide products for many of the things you use every day to create, innovate, experience and dream. Because, at Valero, we believe that the thing that you are truly fueled by comes from within.

What are you fueled by? Check out <https://fueledby.com>.

#FUELED BY PASSION



#FUELED BY NEW GROWTH



#FUELED BY ATHLETICS



#FUELED BY LEARNING



#FUELED BY ADVENTURE



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