WHEREAS: The increasing rate and number of climate-related disasters affecting society is causing alarms to be raised within the executive, legislative and judicial branches of government, making the corporate sector's contribution to climate mitigation a significant policy issue;

The Commodity Futures Trading Commission's Climate Related Risk Subcommittee recently issued a report finding that climate change poses a significant risk to, and could impair the productive capacity of, the U.S. economy;

Shareholders are increasingly concerned about material climate risk to both their companies and their portfolios and seek clear and consistent disclosures from the companies in which they invest;

In response to material climate risk, the steering committee of the Climate Action 100+ initiative (CA100+), a coalition of more than 500 investors with over $47 trillion in assets, issued a Net Zero Company Benchmark (Benchmark) calling on the largest carbon emitting companies – including our Company – to work toward reducing greenhouse gas (GHG) emissions to net zero, improving climate governance, and providing specific climate related financial disclosures;

BlackRock notes that investment flows into "sustainable" and climate aligned assets will drive long term outperformance relative to companies perceived as having weaker sustainability characteristics;

A core indicator of company alignment with the Paris Agreement's 1.5 degree goal is Indicator 8.2, which seeks disclosure on whether the Company's CEO's remuneration arrangements specifically incorporate climate change performance in determining performance-linked compensation ("Executive Renumeration Indicator");

Criteria of this indicator include: The company's CEO and/or at least one other senior executive's remuneration arrangements specifically incorporate climate change performance as a KPI determining performance-linked compensation (reference to 'ESG' or 'sustainability performance' are insufficient). Also, that the company's CEO and/or at least one other senior executive's remuneration arrangements incorporate progress towards achieving the company's GHG reduction targets as a KPI determining performance-linked compensation (requires meeting relevant long, medium, and short term targets for Scope 1 – 3 emissions, consistent with net zero emissions by 2050 or sooner).

While Valero has set near term GHG reduction targets, it has not reported a renumeration structure that links progress toward achieving such targets with compensation awards – a governance best practice for reducing climate risk. Since executive compensation is an effective way to incentivize achievement of performance targets, disclosing any relevant metrics can assure investors that management is effectively setting and implementing policies aligned with achieving Paris goals.

BE IT RESOLVED: Shareholders request the Board of Directors issue a report, at reasonable expense and excluding confidential information, evaluating and disclosing if and how the company has met the criteria of the Executive Renumeration Indicator, or whether it intends to revise its policies to be fully responsive to such Indicator.

SUPPORTING STATEMENT: Proponents suggest, at Company discretion, the report also include any rationale for a decision not to set and disclose metrics in line with the Executive Renumeration Indicator.