



California Voluntary Carbon Markets Disclosure (AB 1305)

This disclosure was created to comply with the Voluntary Carbon Markets Disclosure Act (Assembly Bill 1305), codified at California Health and Safety Code Part 10 Section 44475, on behalf of the Valero family of companies, to the extent they do business in California or otherwise make claims subject to AB 1305.

OUR BUSINESS

We are 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 own 15 petroleum refineries located in the U.S., Canada, and the U.K. with a combined throughput capacity of approximately 3.2 million barrels per day (BPD). We are a joint venture member in Diamond Green Diesel Holdings LLC (DGD), which owns two renewable diesel plants located in the Gulf Coast region of the U.S. with a combined production capacity of approximately 1.2 billion gallons per year, and we own 12 ethanol plants located in the Mid-Continent region of the U.S. with a combined production capacity of approximately 1.6 billion gallons per year. We manage our operations through our Refining, Renewable Diesel, and Ethanol segments. See “OUR OPERATIONS” in our annual report on Form 10-K for the year ended December 31, 2022 for additional information about the operations, products, and properties of each of our reportable segments.

OUR COMPREHENSIVE LIQUID FUELS STRATEGY

Overview

We strive to manage our business to responsibly meet the world’s growing demand for reliable and affordable energy. We believe that liquid transportation fuels—both petroleum-based and low-carbon—help meet that demand, and we expect that they will continue to be an essential source of transportation fuels well into the future. We expect that low-carbon liquid fuels will continue to be a growing part of the energy mix, and we have made multibillion-dollar investments to develop and grow our low-carbon renewable diesel and ethanol businesses, as described under “OUR OPERATIONS — Renewable Diesel,” and “—Ethanol.” in our annual report on Form 10-K for the year ended December 31, 2022. These businesses have made us one of the world’s largest low-carbon fuels producers and have helped governments across the world achieve their greenhouse gas (GHG) emissions reduction targets, and we continue to seek low-carbon fuel opportunities.

Regulations, Policies, and Standards Driving Low-Carbon Fuel Demand

Governments across the world have issued, or are considering issuing, low-carbon fuel regulations, policies, and standards to help reduce GHG emissions and increase the percentage of low-carbon fuels in the transportation fuel mix. These regulations, policies, and standards include, but are not limited to, the RFS, LCFS, CFR, and similar programs (collectively, the Renewable and Low-Carbon Fuel Programs). These programs are defined and discussed below under “U.S. Environmental Protection Agency (EPA)

Renewable Fuel Standard (RFS) Program,” “California Low Carbon Fuel Standard (LCFS),” and “Canada Clean Fuel Regulations (CFR).” We believe that our ability to supply these low-carbon fuels can play an important role in helping achieve GHG emissions reduction targets in a reliable manner. The U.S., California, and Canada low-carbon fuel regulations, policies, and standards discussed below currently have the most significant impact on our business. However, other municipal, state, and national governments across the world, have issued, or are considering issuing, similar low-carbon fuel regulations, policies, and standards.

U.S. Environmental Protection Agency (EPA) Renewable Fuel Standard (RFS) Program

The EPA created the RFS program pursuant to the Energy Policy Act of 2005 and the Energy Independence and Security Act of 2007. Under the RFS program, by November 30 of each year, the EPA is required to set annual quotas for the volume of renewable fuels that must be blended into petroleum-based transportation fuels consumed in the U.S. in the following compliance year. The quotas are set by class of renewable fuel (i.e., biomass-based diesel, cellulosic biofuel, advanced biofuel, and total renewable fuel) and are collectively referred to as the renewable volume obligation (RVO). The RVO must be met by obligated parties, who are the producers and importers of the petroleum-based transportation fuels consumed in the U.S. Obligated parties demonstrate compliance annually by retiring the appropriate number of renewable identification numbers (RINs) associated with each class of renewable fuel to satisfy their RVO. A RIN is effectively a compliance credit that is assigned to each gallon of qualifying renewable fuel produced in, or imported into, the U.S. RINs are obtained by blending those renewable fuels into petroleum-based transportation fuels, and obligated parties can also achieve compliance by purchasing RINs in the open market.

We are an obligated party under this program and our Refining segment incurs obligations as a result of being a producer and importer of petroleum-based transportation fuels consumed in the U.S., but we also generate RINs under this program as a result of being a producer of qualifying renewable fuels through our Renewable Diesel and Ethanol segments. In this way, the renewable diesel and ethanol produced by Valero correspond to, and serve as a compliance method with regard to, our RVO as mandated by the RFS regulatory program.

California Low Carbon Fuel Standard (LCFS)

Under California’s Global Warming Solutions Act of 2006, the California Air Resources Board (CARB) was required to undertake a statewide effort to reduce GHG emissions. One of the programs designed to help achieve those reductions is the LCFS program. The LCFS program is designed to reduce GHG emissions by decreasing the carbon intensity (CI) of transportation fuels consumed in the state. Under this program, each fuel is assigned a CI value, which is intended to represent the GHG emissions associated with the feedstocks from which the fuel was produced, the fuel production and distribution activities, and the use of the finished fuel. CIs are determined using a CARB-developed life cycle GHG emissions analysis model, and CI pathways are certified by the CARB after low-carbon fuel producers submit operational data to demonstrate the life cycle GHG emissions. The certified CIs for both low-carbon and petroleum-based fuels are compared to a declining annual benchmark. Fuels below the benchmark generate credits, while fuels above the benchmark generate deficits. The lower the fuel’s CI score compared to the benchmark, the greater number of credits generated. Each producer or importer of fuel must demonstrate that the overall mix of fuels it supplies for use in California meets the CI

benchmarks for each compliance period. A producer or importer with a fuel mix that is above the CI benchmark must purchase LCFS credits sufficient to meet the CI benchmark.

Our Refining segment produces and imports petroleum-based transportation fuels in California and thus must blend low-CI fuels or purchase credits to meet the CI benchmark mandated by the LCFS regulatory program. However, fuels produced by our Renewable Diesel and Ethanol segments have CI scores that are lower than traditional petroleum-based transportation fuels, thereby serving as a compliance method with regard to the CI benchmark, and we benefit from the demand from other regulated entities for these low-carbon products. In addition, the demand for some of these low-carbon transportation fuels tends to drive higher values for those fuels compared to petroleum-based transportation fuels due to their lower CI scores. We seek to pursue opportunities to further lower the CI of many of our products, including our low-carbon fuels.

Canada Clean Fuel Regulations (CFR)

In July 2022, Canada's federal environmental agency issued the CFR program to require primary suppliers of gasoline or diesel that is produced in or imported into Canada to reduce the CI of those products. Annual CI reduction requirements prescribed by the CFR program can be satisfied by using compliance credits that a primary supplier creates (through blending low CI fuels) or that are purchased by them. The obligation to achieve prescribed CI reduction requirements began in July 2023. The CFR program is in addition to Canada's existing provincial programs (such as in Quebec, Ontario, and British Columbia), which require the utilization of low-carbon fuels, and is similar to the LCFS program. As a primary supplier of gasoline and diesel in Canada, our Refining segment is subject to the CFR program requirements and thus must blend low-CI fuels or purchase credits to meet the annual CI reduction requirements. As noted above under "California Low Carbon Fuel Standard (LCFS)," fuels produced by our Renewable Diesel and Ethanol segments have lower CI scores than traditional petroleum-based transportation fuels, thereby serving as a compliance method with regard to the CI reduction requirements mandated by the CFR regulatory program, and we expect to benefit from the increased demand for these low-carbon products as a result of the CFR program.

Disclosure as per the Voluntary Carbon Markets Disclosure Act

In response to Section 1, Part 10, Sections 44475 and 44475.1 of the Voluntary Carbon Markets Disclosure Act (Assembly Bill 1305), we confirm that Valero is not an entity that is currently marketing or selling voluntary carbon offsets within the State of California.

With regards to Sections 44475.1 and 44475.2, as certified by the Renewable and Low-Carbon Fuel Programs described above, Valero does take credit for the life cycle GHG emissions reductions of its Ethanol and Renewable Diesel segments and, the following disclosures include documentation of the claim, GHG emissions targets, methodology, independent third-party verification, and verification that Valero's calculation methodology is science-based and conforms with the acceptable engineering practices.

Valero's GHG Emissions Reduction and Displacement Disclosures

In our corporate GHG emissions disclosures, we have set short- and medium-term targets and a long-term ambition to reduce and displace GHG emissions. Our short-term 2025 target of reducing and displacing the equivalent of 63% of global refinery Scope 1 and 2 emissions relative to a 2011 baseline of

32.3 million MT CO₂e was achieved ahead of schedule in 2022. A total of 24.2 million MT CO₂e were reduced and displaced in 2022, including absolute reductions of Scope 1 and 2 as well as avoided emissions from the use of low-carbon fuels (above described) that substituted for fuels from other refiners.¹ Valero is also on track to achieve its 2035 medium-term target to reduce and displace 100% of the equivalent of our global refinery Scope 1 and 2 emissions with absolute refining GHG emissions reductions, avoided emissions from the production and blending obligations of low-carbon fuels, and reduction of GHG emissions from carbon capture and sequestration (CCS). For the year 2035, estimated displacements of GHG emissions are calculated using the CI of low-carbon fuels we produce or purchase to comply with the Renewable and Low-Carbon Fuel Programs, and are based on measured and estimated data with respect to the anticipated amount of low-carbon fuels produced, the level of global low-carbon fuels blending and the number of low-carbon fuels credits from low-carbon fuels, using currently available information and our estimations of anticipated carbon intensity as well as CCS projects under evaluation. For the year 2035, targeted absolute reductions of refining Scope 1 and 2 emissions are based on a combination of measured and estimated emissions data using available information, including the anticipated emissions reductions derived from operational improvements (Scope 1) and energy suppliers (Scope 2). Scope 1 and 2 disclosures are based on U.S. 40 CFR Part 98 and the GHG Protocol, respectively. Estimates of avoided GHG emissions from the substitution of petroleum gasoline and diesel with the production of, blending of and credits from low-carbon fuels are based upon a combination of publicly reported low-carbon fuels production volumes of Valero's ethanol and renewable diesel, low-carbon fuel blending of and the number of credits from low-carbon fuels, and the CI's from low-carbon fuels Valero produces and sells or blends as well as from the low-carbon fuels that the company purchases and blends. When calculating the avoided emissions from blending and to avoid double counting, Valero's actual low-carbon fuel production that contributes to its blending obligation is excluded. Carbon intensity estimations for actual progress and future years are based on market-based CI calculations based on the verifications and audits of applicable jurisdictions where these low-carbon fuels are sold and/or two sources of low-carbon life cycle GHG emissions analysis models, CA-GREET3.0 and the Argonne National Laboratory's GREET3.0 2021 (ethanol) and 2019 (biodiesel) models and published papers. Details on Valero's calculation methodology can be found in our latest ESG Report (www.valero.com > *Investors* > *ESG* > *Reports and Presentations*). GHD Services Inc. (GHD) provided independent validation of the 2035 GHG emissions target and also concluded that Valero's calculation methodology is science-based and conforms with the acceptable engineering practices. In addition, Lloyd's Register Quality Assurance, Inc. (LRQA) provided independent assurance statements regarding Valero's Refining, Renewable Diesel and Ethanol Scope 1 and Scope 2 emissions (location- and market-based calculations), and GHD provided a verification statement of the companywide GHG emissions displacement from the production of ethanol and renewable diesel as well as the blending of other low-

¹ Base year refining Scope 1 includes emissions from the 15 refineries in Valero's current portfolio. Sales, acquisitions and closures were accounted for following SASB guidelines in the calculation. Base year refining Scope 2 market-based GHG emissions for purchased electricity and steam were calculated according to the GHG Protocol using EPA-derived steam emissions factors and energy supplier-specific emissions factors. Baseline emissions exclude Scope 1 and 2 related to the ethanol and renewable diesel segments, as these emissions are accounted for in the life cycle CI's of the low-carbon fuels. The accuracy and reliability of the base year and 2022 refining Scope 1 and 2 emissions were verified by LRQA, an independent third-party and an affiliate of Lloyd's Register North America, Inc.

carbon fuels. Verification and validation statements are available on the company's website at www.valero.com > *Investors* > *ESG* > *Other Reports*.

The 2050 long-term ambition to reduce and displace Valero's GHG emissions for Scopes 1, 2, 3 and 4 by more than 45 million MT CO₂e includes absolute refining emissions reductions, avoided emissions from the production and blending obligations of low-carbon fuels, and emissions reductions from CCS and other low-carbon opportunities. Calculations for avoided emissions were informed by the GHG Protocol for Project Accounting and are based upon Valero's total production of, blending of and credits from ethanol, and sales of, blending of and credits from renewable diesel, renewable naphtha, and biodiesel.

As described above and as part of our compliance with the Renewable and Low-Carbon Fuel Programs, our low-carbon fuel products obtained carbon intensity certifications, and verifications are conducted by independent third-parties accredited by the Renewable and Low-Carbon Fuel Programs. In 2022, more than 45 independent verifications by third parties accredited by the Renewable and Low-Carbon Fuel Programs were conducted globally on Valero's low-carbon fuels production, which includes but is not limited to ethanol, cellulosic ethanol, renewable diesel, renewable naphtha and biodiesel.

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