

SANFORD J. LEWIS, ATTORNEY

January 22, 2021
Via electronic mail

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Shareholder Proposal to Valero Energy Corporation Regarding Climate Change and Senior Executive Remuneration on Behalf of Booth Investments LLC and The Thornhill Company

Ladies and Gentlemen:

Booth Investments LLC and The Thornhill Company (the “Proponents”) are beneficial owners of common stock of Valero Energy Corporation (the “Company”) and have submitted a shareholder proposal (the “Proposal”) to the Company. I have been asked by the Proponents to respond to the letter dated December 22, 2020 (“Company Letter”) sent to the Securities and Exchange Commission by Richard J. Walsh. In that letter, the Company contends that the Proposal may be excluded from the Company’s 2021 proxy statement.

Viewing the Proposal, as well as the letter sent by the Company, the Proposal is not excludable under Rule 14a-8 and must be included in the Company’s 2021 proxy materials. A copy of this letter is being emailed concurrently to Richard J. Walsh.

Summary

In this time of climate crisis, with little to no mandatory state or federal reporting requirements, investors have undertaken a private ordering effort through the CA 100+ to develop material benchmarks, and to engage companies with disparate and often inadequate reporting. These investors are appropriately working with their companies by flagging areas of climate risk within portfolios, and engaging and encouraging lagging companies like Valero to consider integrating remuneration, and other factors directly linked to climate change, into their disclosures. These climate-related disclosure criteria, when implemented, helps decrease climate risk for companies while creating clarity and comparability around a complicated subject matter for investors.

The Company Letter asserts that the proposal is substantially implemented. For a company to meet its burden of proving substantial implementation under Rule 14a-8(i)(10), the company actions **must meet the guidelines and essential purpose of the Proposal**. The Proposal asks the Company to issue a report evaluating and disclosing if and how the company has met the specific criteria of the Executive Remuneration Indicator of the CA100+ Benchmark (“Benchmark”) to specifically link executive remuneration with clear climate goals and progress toward meeting those goals, or whether it intends to revise its policies to be fully responsive to such Indicator. The company alleges incorrectly that general, non-climate specific criteria should be considered to meet the essential purpose of the Proposal, and fails to discuss whether it intends to revise its compensation criteria to better comply with the benchmark. As such, the Company actions are not responsive to the proposal.

The Company Letter describes its current compensation program, which links generalized ESG factors to executive compensation and *theoretically* could lead to GHG reductions, but does not cite to a single factor linking executive remuneration decisions specifically to climate goals or actions as set forth in the CA 100+ executive compensation Indicator. The link between the Company’s current compensation

PO Box 231 Amherst, MA 01004-0231 • sanfordlewis@strategiccounsel.net • 413 549-7333

program and climate change is so attenuated that it does not meet the essential purpose of the Proposal and nor the guidelines of the included Indicator, which require specific incorporation of climate change performance and of progress toward GHG targets.

Thus, even if the company's existing description of the current executive remuneration package is informative, it does not substantially implement the proposal. The proposal asks the company to evaluate whether its current practice is consistent with the benchmark and, if not, to disclose whether the company intends to revise its policies to be fully responsive to the CA 100+ executive remuneration Indicator. The Company's disclosures do not demonstrate that its existing remuneration framework is compliant, nor does it discuss whether the company intends to revise remuneration policies to align with the benchmark. The Company has fulfilled neither the guidelines nor essential purpose of the proposal and therefore the Proposal is not excludable under Rule 14a-8(i)(10).

The Company also argues for exclusion on the basis of micromanagement/ordinary business under Rule 14a-8(i)(7). To the contrary, the Proposal is in the form prescribed by the Staff to avoid micromanagement, asking only for an evaluation by the company of if and how it will align executive remuneration with the benchmark. It does not dictate minutia, mandate how or what actions or methods the Company must use, or predetermine what outcome must occur, but only asks the company to provide information that is responsive to investment community focus and guidelines. Further, to the extent the Proposal outlines specific information that a large segment of investors seek, this is not binding on the company; the proposal simply provides an opportunity for the board and management to disclose their own plans and actions with reference to the market's benchmark. Thus, the proposal does not constrain management's discretion, other than to provide evaluation and disclosure, which is not micromanagement.

The executive compensation inquiry of the proposal, furthermore, is appropriately targeted toward senior executives' compensation frameworks, and therefore does not constitute ordinary business.

Finally, the Company Letter asserts that the Proposal is excludable due to lack of proof of continuous ownership of the shares for a year. While in the proof of ownership document the Charles Schwab representative¹ made an error in substituting the word "since" for the word "prior to", the documentation also stated the fact that the shares were held for a year continuously and thus, in its full context, the proof of ownership is sufficient to deny exclusion. The corrected proof of ownership is enclosed with this reply. We note that the Staff has previously stated that companies should not rely on overly technical bases for exclusion, and urge that a balanced approach to proof of ownership should be made by looking to the full circumstances to determine the validity of proof.²

² This is underscored by the fact that the same error was made multiple times in ownership letters emanating from Charles Schwab on behalf of multiple small investors due to a misstatement in the company's form ownership letter. This ongoing problem was fixed systemically only after many attempts to resolve. *See* letter from Sanford Lewis to Staff dated January 14, 2021.

PROPOSAL

Whereas: The increasing rate and number of climate-related disasters affecting society is causing alarms to be raised within the executive, legislative³ and judicial⁴ 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 report⁵ 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;⁶

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;^{7, 8}

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 Remuneration 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,⁹ it has not reported a remuneration 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

³https://www.govtrack.us/congress/bills/subjects/climate_change_and_greenhouse_gases/6040#sort=-introduced_date

⁴ <https://www.nature.com/articles/d41586-020-00175-5>

⁵<https://www.cftc.gov/sites/default/files/2020-09/9-9-20%20Report%20of%20the%20Subcommittee%20on%20Climate-Related%20Market%20Risk%20-%20Managing%20Climate%20Risk%20in%20the%20U.S.%20Financial%20System%20for%20posting.pdf>

⁶ <https://climateaction100.wpcomstaging.com/wp-content/uploads/2020/11/FINAL-CA100-Master-Indicators.pdf>

⁷ <https://www.blackrock.com/corporate/literature/whitepaper/bii-portfolio-perspectives-february-2020.pdf>

⁸ <https://www.morningstar.com/articles/994219/sustainable-funds-continue-to-rake-in-assets-during-the-second-quarter>

⁹ https://s23.g4cdn.com/587626645/files/doc_presentations/2020/12/Valero-ESG-Presentation-Nov-2020.pdf

performance targets, disclosing any relevant metrics can assure investors that management is effectively setting and implementing policies aligned with achieving Paris goals.

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 Remuneration 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 Remuneration Indicator.

ANALYSIS

I. The Company has not substantially implemented the Proposal.

The Company Letter asserts that the proposal is substantially implemented and excludable under Rule 14a-8(i)(10). In order for a Company to meet its burden of proving substantial implementation pursuant to Rule 14a-8(i)(10), the actions in question must compare favorably with the guidelines and essential purpose of the Proposal. The Staff has noted that a determination that a company has substantially implemented a proposal depends upon whether a company's particular policies, practices, and procedures compare favorably with the guidelines of the proposal. *Texaco, Inc.* (Mar. 28, 1991). Substantial implementation under Rule 14a-8(i)(10) requires a company's actions to have satisfactorily addressed *both* the proposal's guidelines and its essential objective. See, e.g., *Exelon Corp.* (Feb. 26, 2010). Thus, when a company can demonstrate that it has already taken actions that meet most of the guidelines of a proposal and meet the proposal's essential purpose, the Staff has concurred that the proposal has been "substantially implemented." In the current instance, the Company has substantially fulfilled *neither* the guidelines nor the essential purpose of the Proposal, and therefore the Proposal cannot be excluded.

Essential objective

The Company Letter misconstrues the essential objective of the proposal as: To "obtain a report on the extent to which Valero has established a remuneration structure that incorporates climate change performance and reduction in GHG emissions in determining performance-linked compensation."

In fact, the essential objective of the proposal is to encourage the company to evaluate and disclose the extent to which its existing remuneration structure is consistent with the CA 100+ executive remuneration benchmark, and, if not, to evaluate and disclose whether it intends to revise its executive remuneration to be consistent with the benchmark, which sets forth remuneration criteria to which a large segment of investors look in assessing whether a company is reducing material climate risk.

Analysis of Company disclosures against the guidelines of the Proposal

The 2020 Proxy Statement

Nowhere in the Proxy disclosures of the company is there any reference to "the extent to which Valero has established a remuneration structure that incorporates climate change performance and reduction in GHG emissions in determining performance-linked compensation." Nor does the Company provide any evaluation of whether it intends to alter executive remuneration to integrate such a requirement.

One must drill down deeply in the Company's programs to find where and how climate change might end up reflected in executive remuneration. There are no specific links. Instead, the Company cites to the Compensation Discussion and Analysis (CD&A) portion of the Proxy which lists the components of executive compensation as annual salary, annual incentive bonus, and long-term incentives. The Company asserts that disclosures regarding the annual bonus, which accounts for 15-18% of NEO pay, satisfies the Proposal. The no-action letter first attempts to argue that the request is met because 13.3% of the total bonus plan is linked to a Health, Safety and Environmental component which is broken down into 14 metrics. An examination of the 14 metrics, however, reveals nothing specifically connected to climate change. These components comprise "environmental scorecard incidents, process safety incidents, reportable spills, environmental management system scores, and health & safety management system

scores.” Any investor would recognize these indicators as standard OSHA and EPA compliance check-offs, which can be entirely unrelated to climate change. If greenhouse gas emissions are included within these 14 indicators, the Company does not make that case.

Another 20% of the bonus plan consists of 5 qualitative “Strategic Performance Goals,” one of which is “Environmental, Social and Governance (ESG) Efforts & Improvement.” Within this category are five sub-goals, including “Environmental Stewardship” and “Sustainability.” These terms are so inclusive and vague that they could mean anything. As stated in the Proposal, Indicator 8.2 specifically states that “reference to ‘ESG’ or ‘sustainability performance’ are insufficient. Terms such as “climate change” or “greenhouse gas emissions reduction” are nowhere to be seen anywhere in the description of the bonus plan.

Valero’s ESG Presentation

The Company claims that its ESG Presentation provides the missing link for incorporation of climate change into performance-linked compensation. Slide 9 of the Presentation states that the Company has set emissions reduction and offset targets, including a Scope 1 and 2 intensity reduction target for 2025, a Scope 1 and 2 absolute emissions reduction target for 2025, and various offset targets for 2025. Achievement of these targets is *not* specifically linked to compensation.

The Company attempts to manufacture a link between these goals and executive compensation through its “All-Employee Bonus Program” which incentivizes general environmental stewardship and sustainability objectives, and certain Health, Safety, and Environmental metrics. To make this argument, the company refers to Slide 61 of the Presentation -- a single sentence, on a single slide, entitled: “Incentivizes GHG Emissions Reduction and Offset Targets.” Referring to Slide 61, the Company attempts to manufacture a linkage that exists nowhere else in Valero’s metrics or disclosures arguing that: “Reaching GHG emissions reduction and offset targets is linked to refining efficiencies and offsets generated by low-carbon fuels.” Still, as noted on this slide, the “[b]onus metrics associated with this effort” refers the reader back to the 2020 Proxy Statement.¹⁰

There is a further issue that Staff must consider in its determination of substantial implementation. The second prong of Benchmark Indicator 8.2 seeks disclosures indicating that company “remuneration arrangements incorporate progress towards achieving the company’s relevant GHG reduction targets. The Benchmark indicators refer to Scope 1, 2 and 3 reduction targets over long-term, medium-term and short-term time frames, respectively. Valero’s emissions reduction targets only cover Scope 1 and 2 emissions, and only in a short-term time frame. Since it is not possible for Valero to incentivize the achievement of targets the Company has not set, it is not possible to argue that Valero is incentivizing the achievement of the full range of targets described in Climate Action 100+ Benchmark Indicator 8.2.

The Company’s argument amounts to the idea that investors can somehow discern the extent to which the company’s current executive compensation metrics may link to climate by drilling down through the Company’s various documents. The Company has not provided its own evaluation of consistency, nor an evaluation as to whether it will revise the compensation metrics to specifically link executive compensation to climate change as requested in the proposal. As such, it has not substantially implemented the proposal.¹¹

¹⁰ “See Valero’s 2020 Proxy Statement for a complete description of our annual bonus plan.”

¹¹ The Company letter also references its Stewardship and Responsibility Report, in which it reports its approach to addressing climate change and its progress in reaching GHG emissions reduction targets. While this information is important and useful generally, there is not a single word in the Report regarding how executive remuneration

When a proposal asks a company to take actions to align executive compensation with particular outcomes, general statements that provide an attenuated argument that their actions *conceivably* address the issues requested do not justify finding substantial implementation of the proposal. Numerous staff precedents demonstrate that Staff applies a fairly rigorous analysis to substantial implementation assertions, so as to allow shareholders to raise issues of executive compensation links in a manner that either puts the issue to a vote, or provides a demonstration that the issues are indeed addressed specifically by the company.

As one example, in *Bristol-Myers Squibb Company* (March 16, 2018), the Proposal urged the Compensation and Management Development Committee to report annually on the extent to which risks related to public concern over drug pricing strategies were integrated into the Company's incentive compensation policies, plans and programs for senior executives. The company unsuccessfully attempted to claim that its long-term performance program adequately linked to the impact of drug pricing, but the lack of a clear link led the proponent to note:

Nothing in the disclosure explains how a long-term incentive program that uses both revenue and operating margin as metrics incorporates public concern over high drug prices, especially given that revenue is also a metric for the short-term incentive program. Lower stock prices can result from many factors--the proxy emphasizes the impact of the failed 2017 trial, for instance--and there is no explanation of the relationship between higher drug prices and a lower stock price.

A proposal at XPO Logistics (April 4, 2019) asked the Board of Directors to strengthen XPO's prevention of workplace sexual harassment by formalizing the Board's oversight responsibility, aligning senior executive compensation incentives, reviewing (and if necessary overseeing revision of) company policies, and reporting to shareholders on actions taken. The company claimed that its existing policies, including existing incentives that included clawbacks for various forms of violations constituted substantial implementation, but the lack of specificity in addressing prevention of sexual harassment linking to senior executive compensation led to the Staff's conclusion that it was not substantially implemented.

At *TJX Companies* (April 9, 2020) the proposal requested that the Executive Compensation Committee of the Board of Directors take into consideration the pay grades and/or salary ranges of all classifications of Company employees when setting target amounts for CEO compensation. The proponent demonstrated that in the vague disclosures of the company, including in the proxy statement's Compensation Discussion and Analysis "employee pay grades and salary ranges are not explicitly discussed at all, let alone seen playing an important role. The company's vague references to "internal consistency with our broad-based practices and programs" and the adoption and enforcement of codes of conduct barring sexual harassment did not justify the conclusion that the proposal was substantially implemented.

At Applied Materials Inc. (December 17, 2020) the proposal recommended that the company improve the executive compensation program and policy to include CEO pay ratio and other factors. The supporting statement noted that the company's executive compensation program/policy does not consider any social and economic factors such as the CEO pay ratio. The company asserted its deep commitment to sustainability, and through a convoluted discussion, how sustainability factors may factor into CEO compensation. Again, the attenuated connection between company programs on sustainability and executive compensation led the staff to reject the claim of substantial implementation.

incentivizes the achievement of these targets.

In *Biogen Inc.* (March 16, 2018), the proposal urged the compensation committee to report annually on the extent to which risks related to public concern over drug pricing strategies are integrated into the company's incentive compensation policies, plans and programs for senior executives. The company contended that the general proxy statement disclosure about compensation metrics and compensation risk substantially implemented the Proposal. The proponent noted: "None of that disclosure makes reference to drug pricing, though. Biogen seems to be asking shareholders to infer that pricing is not integrated into senior executive incentive compensation arrangements or that it is incorporated but not discussed in the Compensation Discussion and Analysis section of the proxy statement because it does not create a "material risk." That does not constitute substantial implementation of a proposal that requests affirmative reporting on whether and how pricing-related risks are reflected in senior executive compensation arrangements." The Staff rejected the substantial implementation claim, noting as it should in the present instance that "it does not appear that the Company's public disclosures compare favorably with the guidelines of the Proposal."

Similarly, in a case cited by the company, where exclusion was allowed, the specificity of company action leading to a substantial implementation determination was clear. At *Dunkin' Brands Groups, Inc.* (avail. Mar. 6, 2019), the proposal sought a report on the feasibility of integrating sustainability metrics into the company's executive compensation plans, and the company's argument demonstrated that in fact, the company had been applying sustainability criteria to particular executives through personal goals integrated into compensation, including finalizing foam cup replacement for Dunkin' Donuts "as a Personal goal in 2017 for its Chairman and Chief Executive Officer and its President, (Dunkin' Donuts U.S. and Canada), and had established that in 2018 each of its named executive officers had a Personal goal of actively supporting diversity and inclusion throughout the Company. No such actual linkages are demonstrated here.

Additional precedents

As demonstrated in **O'Reilly Automotive** (February 14, 2020, chart decision), and a line of prior cases, generalized reporting by a company in the issue area sought by proponents is not sufficient to meet clearly defined disclosure requests made by shareholders. In *O'Reilly*, the Company argued that it had substantially implemented the requested human capital management disclosure despite not having met the specific elements of the Sustainability Accounting Standards Board (SASB) material disclosures sought by Proponent. Despite the company's similar argument to those made here by the Company, that its disclosures met the essential purpose of the proposal, Staff disagreed that O'Reilly's sustainability disclosures substantially implemented the request, given the investor-material disclosures sought by the proposal. Underscoring this fact, the Proposal went on to receive the support of 66% of O'Reilly's investors.

The CA 100+ Benchmark, like SASB standards, set forth a series of climate-related disclosures that shareholders view as material with regard to climate risk reduction. Both are voluntary efforts supported by a wide range of investors with significant assets under management. Both also call for material sustainability disclosure that investors can use to create comparability among varied investments.

The CA 100+ benchmarks are supported by an organization of 545 global investors responsible for more than \$52 trillion in assets under management across 33 markets. The CA 100+ investors include numerous US-based public pension funds, as well as large asset managers such as BlackRock.¹² These investors are entitled to file a "comply or explain" form of proposal for a clearly stated benchmark. Yet the company

¹² https://www.climateaction100.org/whos-involved/investors/?investor_topic=united-states

has neither complied nor explained and thus cannot be said to have complied with this inquiry.

Other Staff decisions have confirmed that general disclosure of information that does not address the key objectives of the proposal is not sufficient to demonstrate substantial implementation. *See, e.g., Southern Company* (March 16, 2011) (proposal requesting a report on the company's efforts, above and beyond current compliance, to reduce environmental and health hazards associated with coal combustion waste was not substantially implemented by existing report on coal combustion byproducts or other disclosures associated with the impacts of coal where reports did not provide the specific information requested in the proposal); *3M Company* (March 2, 2005) (proposal seeking actions relating to eleven principles relating to human and labor rights in China was not substantially implemented despite fact that company had its own set of comprehensive policies and guidelines on these issues); *ConocoPhillips* (January 31, 2011) (the proposal's objective that the company prepare a report on public safety, including "the Board's oversight of" a variety of related issues, was not substantially implemented where company had taken a significant number of steps to reduce the risk of accidents and reported to stockholders and the public, but only made passing reference to the Board's role in this area).

In contrast, in *Entergy Corporation* (February 14, 2014) and *Duke Energy Corporation* (February 1, 2012), the Proposals sought "assessments of actions the Company could undertake" to reduce greenhouse gas emissions or report on how companies were responding to regulatory, competitive, and public pressure to reduce greenhouse gas emissions. The key objective of these proposals was the release of information and the companies in each case had already disclosed the requested information through a variety of means, including disclosing information on their websites and various reports. As detailed above, that scenario is different from the current Proposal where there is a clear, specific objective requested by the Proposal that has not been implemented by the Company.

Partial fulfillment of a proposal does not substantially implement a proposal if the actions do not compare favorably with the guidelines of the proposal

The requirement to fulfill the guidelines of the proposal is a rigorous evaluation. It does not require the company to fulfill every item specified in a proposal exactly as requested, but it necessitates a set of actions that are materially equivalent to the proposal's request. Therefore, a company can do extensive reporting related to an issue and still not be considered to substantially implement a proposal seeking a report, even on the same topic, if the actions of the company do not effectively meet most of the guidelines of the proposal.

For example, the Staff has previously found that companies who take some measures to reduce existing adverse environmental impacts, have not met the guidelines of proposals requesting a company to quantify those environmental impacts, or to step up the effort consistent with peers or societal needs or expectations. In *First Energy Corp.* (March 4, 2015), the proposal requested that the company establish quantitative targets for reducing carbon dioxide emissions. Although the company had taken various actions to reduce carbon emissions, it had not established quantitative goals reducing those emissions, and therefore the proposal was found by the Staff to not be substantially implemented. Similarly, at *Exxon Mobil* (March 13, 2015), a proposal seeking reporting, using specific quantitative indicators, of the results of the company's policies and practices to minimize the adverse environmental and community impacts from the company's hydraulic fracturing operations was not fulfilled by the company's narrative reporting of its various environmental measures.

When a set of recommended requirements are requested in a proposal, the analysis of substantial implementation looks to the set of requirements and whether they have been fulfilled. Therefore even

where a company has provided certain quantitative information consistent with the request of the proposal, a failure to substantially fulfil the guidelines AND the purpose will bar exclusion. In *Lowe's Companies, Inc.* (March 10, 2017), a case directly on point, a proposal requesting the company produce a report assessing the climate benefits and feasibility of adopting quantitative targets for increasing its renewable energy sourcing and/or production was not found by the Staff to be substantially implemented where the company reported various quantified sustainability goals such as improving efficiency, reducing waste and carbon emissions, and increasing tons of waste per haul. In *Dominion Resources, Inc.* (February 11, 2014), requesting the board adopt quantitative goals for reducing total greenhouse-gas emissions from company's products and operations was found by Staff to not be substantially implemented by the company's reports containing only quantified renewable energy goals. In *CBS Corporation* (March 1, 2016), requesting the company adopt quantitative goals for greenhouse gas emissions taking into account the Intergovernmental Panel on Climate Change was found by Staff to not be substantially implemented by existing company reports on environmental initiatives, including a quantified decrease in emissions activities, and quantified savings in electricity costs and kilowatt hours. Similarly, in *Abbott Laboratories* (February 8, 2012) and an array of similar decisions, partial disclosure of policies and lobbying expenditure disclosures to government agencies did not substantially implement the specific guidelines of lobbying disclosure proposal.

In *Chesapeake Company* (April 13, 2010), Chesapeake asserted its extensive web publications on hydraulic fracturing constituted "substantial implementation" of the proposal. Despite a volume of writing by the company on hydraulic fracturing, the proposal was not substantially implemented. Staff found that, while some of the company's disclosure addressed the general topic of the proposal, it was not enough to meet the Proposal's guidelines.

II. The Proposal may not be excluded under Rule 14a-8(i)(7) where it exclusively addresses matters related to the significant policy issue of climate change and does not micromanage.

The Proposal is not excludable under Rule 14a-8(i)(7) because it directly and solely focuses on a significant policy issue facing the Company and the economy: climate change. The proposal focuses on an essential aspect of this issue for shareholders -- whether or not executive compensation systems of the company will be effectively configured to meet investor benchmarks for effective response to the critically important issue of climate change. The executive compensation aspect of the proposal is focused on senior executive compensation and does not address ordinary business, nor does the proposal micromanage in telling the Company how to address climate change or what or how to link executive compensation to climate action.

The proposal does not address ordinary business

Staff Legal Bulletin 14 J noted that the Staff may concur in the exclusion of proposals that "while styled as senior executive and/or director compensation proposals, have...as their underlying concern ordinary business matters." The meaning of this language was tested in prior no action requests where registrants argued, as the present company does here, that the compensation issues involved in a proposal are of a general nature that are applicable to all employees and that it is ordinary business to attempt to focus them on senior executives. But the Staff evaluates the language of proposals carefully and where proposals are clearly directed toward senior executives' incentives these arguments are rejected. Thus a request for an annual report on the extent to which risks related to public concern over drug pricing policies are integrated into senior executive incentive compensation policy plans and programs have been upheld. *Bristol-Myers Squibb Company* (March 16, 2018) and (March 8, 2019), *Pfizer Inc.* (February 28, 2019), *Johnson & Johnson* (February 28, 2019) (rejecting ordinary business and micromanagement and noting that the proposal "focuses on the performance measures used to determine awards for senior executives

and on the Company's drug pricing strategy, which appear to be significant issues for the Company.”)

In *New York Community Bancorp* (April 11, 2019), the Staff rejected an ordinary business claim where a proposal recommended that the board adopt a policy that no equity compensation grant may be made to a senior executive at a time when the Company's common stock has a market price that is lower than the grant date market price (taking into account stock dividends and stock splits) of any prior equity compensation grants to such individual. The Staff noted that a proposal focused on policies for granting equity compensation awards to senior executives transcends ordinary business matters. The Staff wrote: “Although we note your representation that equity compensation awards are broadly available to the Company's general workforce, you have not demonstrated that the senior executives' eligibility to receive equity compensation awards does not implicate significant compensation matters.”

Similarly in *Verizon Communications Inc.* (February 14, 2019), the proposal requested that the Human Resources Committee of the Board of Directors publish a report assessing the feasibility of integrating cyber security and data privacy performance measures into the Company's executive compensation program which it described in its annual proxy materials. The Staff found that the Proposal transcends ordinary business because it focuses on the performance measures used by the Human Resources Committee to determine the value of the compensation awards of the named executive officers as disclosed in the Company's proxy materials.

The proposal does not micromanage

The Commission, in the preamble to the 1998 Release, made it clear that where large differences are at stake as between the actions sought by a proposal and actions taken by the company, and where the proposal contains only reasonable details and methods, the proposal is not excludable as micromanagement. These factors apply to the Proposal.

The Proposal is consistent with a recent Staff decision in *Anadarko* (March 4, 2019) and Staff Legal Bulletin 14K¹³ in which a proposal directed toward an oil and gas company was found to not constitute micromanagement when it asked the company to describe “if and how” it plans to “reduce its total contribution to climate change and align its operations with the Paris agreement's goal of maintaining global temperatures well below 2°C.” The Staff found the proposal was not excludable under Rule 14a-8(i)(7) noting that “it deferred to management's discretion to consider if and how the company plans to reduce its carbon footprint and asked the company to consider the relative benefits and drawbacks of several actions.”

As written, the Proposal here provides an opportunity for the board and management to explain their own plans and actions in reference to the CA 100+ benchmark. Thus, unlike the precedents cited by the Company, the present Proposal does not constrain management's discretion in any way; it only asks the company to evaluate whether or not the company's compensation system currently fulfills the benchmark and whether it plans to revise compensation systems to better comport with those benchmarks.

III. The proof of ownership issues raised by the Company do not justify exclusion of the proposal.

The Company Letter finally asserts that proof of ownership was inadequate to document continuous holding of the requisite shares for the required holding period. As documented in a letter sent recently to Staff, the financial custodian Charles Schwab made a clerical and semantic error in a number of requested proof of ownership letters this season, due to a faulty proof of ownership template that substituted the

¹³ <https://www.sec.gov/corpfin/staff-legal-bulletin-14k-shareholder-proposals>

word “since” for “prior to” when referring to the holding period.¹⁴ The Schwab template letters accurately state that the proponent held the shares continuously for at least one year, but added an erroneous “since” instead of “prior to” when referring to the holding period, implying that the proponent held the shares for a month or less.

This was done, in this case, despite Proponent having submitted an accurate template for the custodian to follow.

This problem has affected numerous shareholder proposals and proponents this season. The problem has now been resolved, but in many cases the change to ownership letters was made only after the deficiency period had run, despite the fact that proponents have held ownership of the requisite number of shares for the requisite period of time.

The final, corrected proof of ownership letter is enclosed to demonstrate that the Proponent has owned the requisite number of shares for the requisite period. In light of the Schwab structural failure, and the good-faith efforts of Proponents to document proof of ownership, we urge the Staff to recognize the error, and to exercise reasonable discretion in construing proof of continuous ownership under Rule 14a-8(b). Shareholder proposals such as this one, reflecting the interest and wishes of a substantial portion of the market seeking effective climate accountability, should not be easily disposed by such a clerical error.

We hope that the Staff will not penalize multiple proponents by excluding proposals based on an error committed by Charles Schwab staff.

The Staff has made it clear in Staff Legal Bulletin 14K that overly technical interpretations of proof of ownership are inappropriate under the rule. The Staff noted:

This season, we observed that some companies applied an overly technical reading of proof of ownership letters as a means to exclude a proposal. We generally do not find such argument persuasive.

The combination of the filing and authorization letters, the fund Schwab letter and corrected letters, can be understood to suffice to have reasonably documented the share ownership, such that exclusion on the basis of Rule 14a-8(f)(1) and Rule 14a-8(b) is unnecessary.

The purpose of Rule 14a-8 is to facilitate a process by which shareholders raise important public policy concerns with their companies. Stifling this voice due to actions by outside parties, over which Proponents had no control, does not serve the interests of shareholders or companies. The ownership of the shares for over a year is not in question, so the Proposal should be allowed to proceed to a vote.

¹⁴ Sanford J. Lewis letter, dated January 14, 2021. This letter has affected numerous shareholder proposals and proponents this season. The problem has now been resolved, but in many cases the change was made after the deficiency period had run, despite the fact that proponents had held ownership of the requisite number of shares for the requisite period of time.

CONCLUSION

Based on the foregoing, we believe the Company has provided no basis for the conclusion that the Proposal is excludable from the 2021 proxy statement pursuant to Rule 14a-8.¹⁵ As such, we respectfully request that the Staff inform the company that it is denying the no action letter request. If you have any questions, please contact me at 413 549-7333 or sanfordlewis@strategiccounsel.net.

Sincerely,



Sanford Lewis

cc:

Richard J. Walsh
Danielle Fugere

¹⁵ In addition, we urge the Staff to consider the impetus of the January 20, 2021 Executive Order of President Joseph Biden on Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis. The president has noted, among other things, that it is the policy of the current administration to hold polluters accountable and to reduce greenhouse gas emissions and has directed all executive departments and agencies to immediately review and, as appropriate and consistent with applicable law, take action to address the promulgation of Federal regulations and other actions during the last four years that conflict with these important national objectives, and to immediately commence work to confront the climate crisis. Deciding against exclusion of the present proposal on any of the purported bases provides just such an opportunity.



January 22, 2021

Booth Investments LLC
1901 Harrison St Ste 1580
Oakland, CA 94612
UNITED STATES

Account number ending in:

Questions: Contact your advisor or
call Schwab Alliance at
1-800-515-2157.

As requested, we're confirming a stock holding in your account.

Dear Corwin Booth, Julianne Knell, Peter Tymstra, Christopher Booth, Douglas Booth and Carolyn Mcfarland,

As requested, we're writing to confirm that the above account holds in trust 206 shares of VALERO ENERGY CORP VLO common stock. These shares have been held in the account continuously for at least one year since November 20, 2019.

These shares are held at Depository Trust Company under Charles Schwab & Co., Inc., which serves as custodian for the account.

Thank you for choosing Schwab. If you have questions, please contact your advisor or Schwab Alliance at 1-800-515-2157. We appreciate your business and look forward to serving you in the future.

Sincerely,

Rod Hampton

Rod Hampton
Sr. Specialist
Managed & Advised Account Solutions,

Independent investment advisors are not owned by, affiliated with, or supervised by Charles Schwab & Co., Inc. ("Schwab").



January 13, 2021

The Thornhill Company
1901 Harrison Street Ste 1580
Oakland, CA 94612
UNITED STATES

Account number ending in:

Questions: Contact your advisor or
call Schwab Alliance at
1-800-515-2157.

As requested, we're confirming a stock holding in your account.

Dear Corwin Booth, Julianne Knell, Peter Tymstra, Christopher Booth, Douglas Booth and Carolyn Mcfarland,

As requested, we're writing to confirm that the above account holds in trust 384 shares of VALERO ENERGY CORP VLO common stock. These shares have been held in the account continuously for at least one year since November 20, 2019.

These shares are held at Depository Trust Company under Charles Schwab & Co., Inc., which serves as custodian for the account.

Thank you for choosing Schwab. If you have questions, please contact your advisor or Schwab Alliance at 1-800-515-2157. We appreciate your business and look forward to serving you in the future.

Sincerely,

Rod Hampton

Rod Hampton
Sr. Specialist
Managed & Advised Account Solutions,

Independent investment advisors are not owned by, affiliated with, or supervised by Charles Schwab & Co., Inc. ("Schwab").

SANFORD J. LEWIS, ATTORNEY

January 14, 2021

Via electronic mail
Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549
Re: Proof of Ownership Letters and Charles Schwab

Ladies and Gentlemen:

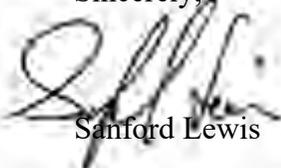
I am writing to inform the Staff of a structural problem emanating from Charles Schwab that has affected numerous shareholder proposals and proponents this season. Proponents affected have included my clients and others.

It appears that in providing proof of ownership, Charles Schwab representatives have used a faulty proof of ownership template, substituting the word "since" for "prior to" when referring to the holding period. Although the Schwab letters state that the proponent has held the shares for at least a year, the failure in wording suggests that the proponent has held the shares for a month or less. This has now resulted in numerous no action requests asserting that the proponent had not demonstrated that the shares had been held for at least a year.

The proponents are in the process of correcting this problem with Charles Schwab and obtaining corrected proof of ownership letters. In light of this structural failure at Charles Schwab, and the good-faith efforts of opponents to document proof of ownership, we urge the Staff to recognize the error, and to exercise reasonable discretion in construing proof of continuous ownership under Rule 14a-8(b).

We hope that the Staff will not penalize multiple proponents by excluding proposals based on an error committed by Charles Schwab staff.

Sincerely,



Sanford Lewis

cc: Charles Schwab



Richard J. Walsh
Senior Vice President and General Counsel
Valero Energy Corporation

December 22, 2020

By email to shareholderproposals@sec.gov

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

RE: Valero Energy Corporation 2021 Annual Meeting of Stockholders
Proposal of Booth Investments LLC and The Thornhill Company

Ladies and Gentlemen:

We are submitting this letter on behalf of Valero Energy Corporation, a Delaware corporation (“Valero”), pursuant to Rule 14a-8(j) under the Securities and Exchange Act of 1934, as amended (the “Exchange Act”). Valero is seeking to omit a shareholder proposal and supporting statement (the “Proposal”) that it received from As You Sow on behalf of Booth Investments LLC, and co-filed by The Thornhill Company (collectively, the “Proponents”), from inclusion in the proxy materials to be distributed by Valero in connection with its 2021 annual meeting of stockholders (the “2021 proxy materials”). Copies of the Proposal and related relevant correspondence received from the Proponents are attached hereto as Exhibit A. For the reasons stated below, we respectfully request that the Staff of the Division of Corporation Finance (the “Staff”) of the U.S. Securities and Exchange Commission (the “Commission”) not recommend action against Valero if Valero omits the Proposal from the 2021 proxy materials.

Valero currently intends to file its 2021 definitive proxy materials on or about March 18, 2021. In accordance with Staff Legal Bulletin No. 14D (Nov. 7, 2008), we are emailing this letter and its attachments to the Staff at shareholderproposals@sec.gov. A copy of this letter and its attachments are also being sent to the Proponents as notice of Valero’s intent to omit the Proposal from the 2021 proxy materials. We will promptly forward to the Proponents any response received from the Staff to this request that the Staff transmits by email or fax only to Valero. Further, we take this opportunity to remind the Proponents that under the applicable rules, if the Proponents submit correspondence to the Staff regarding the Proposal, a copy of that correspondence should be concurrently furnished to the undersigned on behalf of Valero.

One Valero Way, San Antonio, TX 78249
(210) 345-2000, rich.walsh@valero.com

The Proposal

The text of the resolution in the Proposal states: “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 Remuneration Indicator, or whether it intends to revise its policies to be fully responsive to such indicator.”

Bases for Exclusion

For the reasons described in this letter, we respectfully request that the Staff concur in Valero’s view that it may exclude the Proposal from the 2021 proxy materials pursuant to:

- Rule 14a-8(i)(10) because Valero has substantially implemented the Proposal;
- Rule 14a-8(i)(7) because it deals with a matter relating to Valero’s ordinary business operations; and
- Rule 14a-8(b) and Rule 14a-8(f)(1) because the Proponents failed to establish the requisite eligibility to submit the Proposal.

Analysis

Rule 14a-8(i)(10) – Substantial Implementation

The Proposal is properly excludable from the 2021 proxy materials because Valero has substantially implemented the Proposal, as Valero has addressed the underlying concerns and satisfied the essential objective of the Proposal, even if the Proposal has not been implemented exactly as proposed by the Proponent. Valero’s existing disclosure in, among other things, its proxy statement for its 2020 Annual Meeting of Shareholders (the “2020 Proxy Statement”), its November 2020 ESG Presentation and its June 2020 Stewardship and Responsibility Report satisfies the Proposal’s underlying concern and essential objective of obtaining a report on the extent to which Valero’s remuneration structure “specifically incorporates performance regarding climate change and greenhouse gas reductions targets in determining compensation.” *Supporting Statement*. Even if the Proposal were to be considered or adopted by Valero, there would be scant additional information for Valero to disclose given its existing policies, practices, and public disclosures. Therefore, Valero has substantially implemented the Proposal.

Rule 14a-8(i)(10) permits a company to exclude a shareholder proposal if the company has already substantially implemented the proposal. The Commission adopted the “substantially implemented” standard in 1983 after determining that the “previous formalistic application” of the rule defeated its purpose, which is to “avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management.” *See* 1983 Release and Exchange Act Release No. 34-12598 (July 7, 1976). Accordingly, the actions requested by a

proposal need not be “fully effected” provided that they have been “substantially implemented” by the company. *See* 1983 Release.

Applying this standard, the Staff has consistently permitted the exclusion of a proposal under Rule 14a-8(i)(10) when it has determined that the company’s policies, practices and procedures or public disclosures compare favorably with the guidelines of the proposal. *See, e.g., Devon Energy Corporation* (Apr. 1, 2020); *Exxon Mobil Corporation* (Mar. 20, 2020); *Visa, Inc.* (Oct. 11, 2019); *AutoZone, Inc.* (Oct. 9, 2019); *United Cont’l Holdings, Inc.* (Apr. 13, 2018); *eBay Inc.* (Mar. 29, 2018); *Kewaunee Scientific Corp.* (May 31, 2017); *Wal-Mart Stores, Inc.* (Mar. 16, 2017); *Dominion Resources, Inc.* (Feb. 9, 2016).

In addition, the Staff has permitted exclusion under Rule 14a-8(i)(10) where a company already addressed the underlying concerns and satisfied the essential objectives of the proposal, even if the proposal had not been implemented exactly as proposed by the proponent. In *Hess Corporation* (Apr. 11, 2019), for example, the proposal requested that the company issue a report on how it can reduce its carbon footprint in alignment with greenhouse gas (“GHG”) reductions. The company argued, among other things, that its sustainability report and response to the CDP climate change survey, both available on the company’s website, substantially implemented the proposal. Although the materials referred to by the company covered most, but not all, of the issues raised by the proposal, the Staff concluded that the company’s public disclosures “[c]ompared favorably with the guidelines of the [p]roposal” and that the company had therefore substantially implemented the proposal. *See also, e.g., Exxon Mobil Corp.* (Apr. 3, 2019) (same); *PNM Resources, Inc.* (Mar. 6, 2020) (permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting a report describing the company’s risks in relation to the global response to climate change, where the company’s disclosures disclosed potential risks associated with its assets, including its natural gas generation assets); *Dunkin’ Brands Group, Inc.* (Mar. 6, 2019) (permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting a report on the feasibility of integrating sustainability metrics into the performance quotas of senior executives of the company’s compensation plans, where the company already integrated sustainability goals and metrics into its executive compensation program and provided disclosure regarding these matters in its annual proxy statement, as well as its biannual CSR report); *MGM Resorts Int’l* (Feb. 28, 2012) (permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting a report on the company’s sustainability policies and performance and recommending the use of the Governance Reporting Initiative Sustainability Guidelines, where the company published an annual sustainability report that did not use the Governance Reporting Initiative Sustainability Guidelines or include all of the topics covered therein); *Wal-Mart Stores, Inc.* (Mar. 30, 2010) (permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting that the company adopt six principles for national and international action to stop global warming, where the company published a report that set forth only four principles that covered most, but not all, of the issues raised by the proposal); *Alcoa Inc.* (Feb. 3, 2009) (permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting a report that describes how the company’s actions to reduce its impact on global climate change may have altered the current and future global climate, where the company published general reports on climate change, sustainability and emissions data on its website).

Furthermore, when a company has already acted favorably on an issue addressed in a shareholder proposal, Rule 14a-8(i)(10) provides that the company is not required to ask its shareholders to vote on that same issue. In this regard, the Staff has permitted exclusions of proposals under Rule 14a-8(i)(10) that pertained to executive compensation where the company addressed each element requested in the proposal. For example, in *Dunkin' Brands Group, Inc.* (Mar. 6, 2019), the Staff concurred that, on the basis of Rule 14a-8(i)(10), a proposal requesting a report on the feasibility of integrating sustainability metrics into the performance quotas of senior executives of the company's compensation plans could be excluded because the company already provided, in its proxy statement and biannual CSR report, that sustainability goals are included in the performance metrics used in its executive compensation program. *See also, e.g., Wal-Mart Stores, Inc.* (Mar. 25, 2015) (permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting inclusion of "employee engagement" as a metric in determining senior executives' incentive compensation could be excluded because the company already provided, in its proxy statement, that each executive officer's compensation under its annual incentive plan could be reduced by up to 15% based on the extent to which he or she contributed to diversity and inclusion); *General Electric Co.* (Jan. 23, 2010) (permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting that the board explore with certain executive officers the renunciation of stock option grants where the board had already conducted discussions with the executive officers on that topic); *AutoNation Inc.* (Feb. 16, 2005) (permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting the company's board to submit to a shareholder vote all equity compensation plans and amendments to add shares to those plans that would result in material potential dilution because it was substantially implemented by a board policy requiring a shareholder vote on most, but not all, forms of company stock plans).

In this instance, Valero has substantially implemented the Proposal. The Proposal requests only a disclosure regarding if and how Valero has met the criteria of the Executive Remuneration Indicator. Valero's disclosures already accomplish the substance of this request. The Executive Remuneration Indicator (the "Indicator") is an indicator included in The Climate Action 100+ Net-Zero Company Benchmark disclosure framework, which purports to "assess companies' alignment with ten indicators that together reflect the key commitment priorities of the Climate Action 100+ Initiative."¹ The Indicator requires that (i) "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)" and (ii) "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." Accordingly, the essential objective of the Proposal is to obtain a report on the extent to which

¹ The Climate Action 100+ Net-Zero Company Benchmark is available at:
<https://climateaction100.wpcomstaging.com/wp-content/uploads/2020/11/FINAL-VERSION-CA100-Master-Indicators.pdf>

Valero has established a remuneration structure that incorporates climate change performance and reduction in GHG emissions in determining performance-linked compensation.

Valero already discloses the extent to which performance regarding climate change and GHG reductions targets is a factor in its incentive-based executive compensation structure. The Compensation Discussion and Analysis section of Valero's 2020 Proxy Statement discusses the criteria that the Compensation Committee of Valero's Board of Directors considers in determining bonuses for executive officers under the company's Annual Incentive Bonus Program (the "Bonus Program"), including Valero's "Strategic Company Performance Goals," which carries a 20% weighting, and "Operational Performance Goals," which carries a 40% weighting. The 2020 Proxy Statement explains that the Strategic Company Performance Goals are comprised of several specific strategic areas and sub-components, including Environmental, Social and Governance ("ESG") Efforts and Improvement, which in turn consists of objectives related to, among others, environmental stewardship and sustainability. The Operational Performance Goals consist of a Health, Safety and Environmental component, itself having a 13.33% weighting in the Bonus Program criteria and consisting of 14 separately weighted metrics.

The environmental stewardship and sustainability objectives, as well as the Health, Safety and Environmental metrics are not mere "reference to ESG or sustainability performance" but expressly connected in Valero's public materials to Valero's "GHG emissions reduction and offset targets." Valero's ESG Presentation, published in the ESG section of Valero's investor website, explains that achieving "GHG emissions reduction and offset targets is linked to refining efficiencies and offsets generated by low-carbon fuels" and that those efforts are incentivized through the environmental stewardship and sustainability objectives and Health, Safety and Environmental metrics that are components of the Bonus Program.² As such, as requested by the Proposal, Valero's public reports and materials regarding its Bonus Program do not make mere general reference to "ESG" or "sustainability performance" but explain that "GHG emissions reduction and offset targets" specifically are incentivized by aspects of the Bonus Program.

Moreover, the ESG Presentation provides a detailed examination of Valero's comprehensive approach to ESG, including consideration of renewable fuels, GHG emissions, energy efficiency, climate risk, water management, and recycling processes. *See Exhibit E.* The Stewardship and Responsibility Report provides even more information on Valero's ESG goals, including Valero's approach to addressing climate change and its progress in reaching GHG emissions reduction targets.³ ESG is, in turn, a component of Valero's Bonus Program.

² Slides 9 and 60 – 62 of the ESG Presentation are attached hereto as Exhibit E. The full ESG Presentation is available at: https://s23.q4cdn.com/587626645/files/doc_presentations/2020/12/Valero-ESG-Presentation-Nov-2020.pdf

³ Pages 28 – 34 of the Stewardship and Responsibility Report are attached hereto as Exhibit F. The full Stewardship and Responsibility Report is available at: https://s23.q4cdn.com/587626645/files/doc_downloads/esg_reports/2019-Valero_Stewardship-and-Responsibility_Report_Web.2.pdf

Given Valero's detailed public materials, which describe the extent to which its incentive-based executive compensation structure incorporates performance regarding climate change and GHG reductions targets, Valero has satisfied the Proposal's essential objective. Even if the Proposal were to be considered or adopted by Valero, there would be scant additional information for Valero to disclose given its existing policies, practices, and public disclosures. Therefore, even though the Proposal may not be implemented exactly as proposed by the Proponents, Valero believes that, as in *Hess* and *Exxon Mobil* (Mar. 20, 2020), its policies and public disclosures compare favorably with those requested by the Proposal.

Accordingly, consistent with the precedent described above, Valero believes that the Proposal may be excluded from the 2021 proxy materials pursuant to Rule 14a-8(i)(10) as substantially implemented.

Rule 14a-8(i)(7) – Ordinary Business Operations

The Proposal is also excludable from the 2021 proxy materials because it seeks to micromanage Valero in relation to matters squarely within the realm of ordinary business operations best overseen by management. Rule 14a-8(i)(7) permits a company to exclude a shareholder proposal if the proposal deals with a matter relating to the company's ordinary business operations. The general policy underlying the "ordinary business" exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at annual shareholders meetings." Exchange Act Release No. 34-40018 (May 21, 1998). This general policy reflects two central considerations: (i) "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight," and (ii) the "degree to which the proposal seeks to 'micromanage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment."

In Staff Legal Bulletin 14J (Nov. 1, 2017) ("SLB 14J"), the Staff explained that the exclusion based on micromanagement "also applies to proposals that call for a study or report" and further stated that it "would, consistent with Commission guidance, consider the underlying substance of the matters addressed by the study or report" to determine whether a proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies. Furthermore, according to the Staff Legal Bulletin No. 14K (Oct. 16, 2019) ("SLB 14K"), "when analyzing a proposal to determine the underlying concern or central purpose of any proposal," the Staff looks "not only to the resolved clause but to the proposal in its entirety." Therefore, "if a supporting statement modifies or re-focuses the intent of the resolved clause, or effectively requires some action in order to achieve the proposal's central purpose as set forth in the resolved clause," the Staff "takes that into account in determining whether the proposal seeks to micromanage the company." The Staff has consistently agreed that proposals attempting to micromanage a company by probing too deeply into matters of a complex nature upon which shareholders, as a group, are not in a position to make an informed judgment are excludable under

Rule 14a-8(i)(7). *See Exxon Mobil Corp.* (Apr. 2, 2019) (permitting exclusion under Rule 14a-8(i)(7) on basis of micromanagement of a proposal requesting an annual reporting from 2020 to include disclosure of short-, medium- and long-term GHG targets aligned with the GHG reduction goals established by the Paris Climate Agreement to keep the increase in global average temperature to well below 2 degrees Celsius and to pursue efforts to limit the increase to 1.5 degrees Celsius, noting that the proposal seeks to impose specific methods for implementing complex policies in place of the ongoing judgments of management as overseen by its board of directors); *Devon Energy Corp.* (Mar. 4, 2019) (same); *JP Morgan Chase & Co.* (Mar. 30, 2018) (permitting exclusion under Rule 14a-8(i)(7) on the basis of micromanagement of a proposal requesting a report on the reputational, financial, and climate risks associated with project and corporate lending, underwriting, advising and investing on tar sands projects); and *Amazon.com, Inc.* (Mar. 6, 2018) (permitting exclusion under Rule 14a-8(i)(7) on the basis of micromanagement of a proposal requesting a report evaluating the potential to achieve net-zero GHG emissions by a certain future target date).

While the Staff confirmed in SLB 14J, that proposals that focus on significant aspects of senior executive and/or director compensation generally are not excludable under Rule 14a-8(i)(7), the Staff also noted that it will concur in the exclusion of proposals that “while styled as senior executive and/or director compensation proposals, have...as their underlying concern ordinary business matters.” In addition, the Staff further clarified in SLB 14J that for “[p]roposals where the focus is on aspects of compensation that are available or apply to senior executive officers, directors, and the general workforce...[c]ompanies may generally rely on Rule 14a-8(i)(7) to omit the proposal from their proxy materials.”

Furthermore, in SLB 14J, the Staff stated that “the availability of certain forms of compensation to senior executives and/or directors that are also broadly available or applicable to the general workforce does not generally raise significant compensation issues that transcend ordinary business matters. In this regard, it is difficult to conclude that a proposal does not relate to a company’s ordinary business when it addresses aspects of compensation that are broadly available or applicable to a company’s general workforce, even when the proposal is framed in terms of the senior executives and/or directors.” In addition, SLB 14J states that “[t]he Division believes that a proposal that addresses senior executive and/or director compensation may be excludable under Rule 14a-8(i)(7) if a primary aspect of the targeted compensation is broadly available or applicable to a company’s general workforce and the company demonstrates that the executives’ or directors’ eligibility to receive the compensation does not implicate significant compensation matters.”

In this case, Valero’s Bonus Program (as described above), applies not only to executive officers, but to all employees. Furthermore, Valero already discloses the fact that the Bonus Program is available to all employees. The ESG Presentation makes clear that the Bonus Program, incorporating climate change performance and progress in GHG reductions targets is an “All-Employee Bonus Program.” *See Exhibit E.* Thus, while the Proposal is focused on senior executives, the targeted compensation structure (*i.e.* the Bonus Program) is applicable to Valero’s

general workforce. Valero's compensation structure, including the Bonus Program and the metrics used to incentivize progress towards Valero's goals, is a product of a thorough decision-making process by the Compensation Committee of Valero's Board of Directors and already disclosed in Valero's public reports.

In addition, SLB 14K noted that the Proposal will be read in its entirety in determining its "underlying concern or central purpose." In this instance, while the Proposal's resolved clause requests a report about "if and how the company has met the criteria of the Executive Remuneration Indicator, or whether it intends to revise its policies to be fully responsive to such Indicator," the Proposal's whereas clause makes clear that the Proposal's central purpose is to "assure investors that management is effectively setting and implementing policies aligned with achieving Paris goals." See Exhibit A. The Proposal also states that "a core indicator of company alignment with the Paris Agreement" is the Executive Remuneration Indicator and as previously discussed, the Proposal and the source of the Indicator, the Climate Action 100+ Net-Zero Company Benchmark, state that meeting the criteria of the Indicator requires setting and meeting certain targets for GHG emissions, consistent with net-zero emissions by 2050 or sooner.

Thus, the Proposal would require specific prerequisite actions of Valero (*i.e.*, setting GHG emission targets in compliance with the Climate Action 100+ Net-Zero Company Benchmark) in order for Valero to achieve the Proposal's central purpose (alignment with the Paris Agreement). Thus, the Proposal takes specific, detailed decision-making out of the hands of management to assess and prescribe the specific strategies, methods, and actions Valero must take. Additionally, the Proposal's criteria for Paris alignment, requiring net zero emissions by 2050 or sooner to be in compliance with the Indicator, is exactly the type of time-bound target that SLB 14K indicated micromanages companies.

Similar to the reference in the resolved clause to "if and how," the illusory flexibility in the Proposal from the suggestion that "at Company discretion, the report also include any rationale for a decision not to set and disclose metrics in line with the Executive Remuneration Indicator," fails to disguise the overly prescriptive and intended nature of the Proposal. Populating the Proposal with "safe" words directly from SLB 14K does not make the Proposal any less prescriptive when analyzed in its entirety, with a focus on the specific directives contained in the Proposal for Valero to meet the Proposal's central purpose. In short, the highly specific actions called for in the entirety of the Proposal undermine the apparently flexible wording used in the "Resolved" clause and place the Proposal squarely back in the realm of micromanagement.

Rule 14a-8(b) and Rule 14a-8(f)(1) – Procedural Defects

Finally, the Proposal is excludable from the 2021 proxy materials because Proponents failed to provide proof of their eligibility to submit the Proposal in compliance with Rule 14a-8.

On November 20, 2020, the Proponents each submitted a copy of the Proposal to Valero via e-mail and mail carrier. See Exhibit A. Neither correspondence included a proof of ownership letter. Valero responded via e-mail with an attached letter (the "Deficiency Notice") on December

1, 2020, informing the Proponents that the submitted materials failed to include sufficient proof of the Proponent's ownership of the Valero's stock under the Exchange Act Rule 14a-8(b)(2) and Staff Guidance. *See Exhibit B.* The Deficiency Notice included detailed instructions on how the Proponents could remedy its deficiency, including that the Proponents would need to provide a statement by the DTC Participant record holder verifying (a) that the DTC Participant is the record holder, (b) the number of shares held in the Proponent's name, and (c) that the Proponent has continuously held the shares for the requisite time period. *See id.* The Deficiency Notice also included a copy of Rule 14a-8 and Staff Legal Bulletin Nos. 14 (July 13, 2001) ("SLB 14"), 14F (Oct. 18, 2011) ("SLB 14F") and 14G (Oct. 16, 2012) ("SLB 14G"). *See id.*

On December 3, 2020, the Proponents confirmed receipt of the Deficiency Notice on December 1, 2020 and informed Valero they would respond to satisfy the deficiencies no later than December 15, 2020. *See Exhibit C.*

On December 15, 2020, the Proponents submitted a proof of ownership statement from Charles Schwab & Co., Inc. (the "DTC Participant") indicating that the Proponents owned the requisite number of Valero securities. *See Exhibit D.* However, the statement (dated December 16, 2020, despite being received on December 15, 2020), reports that the shares had been held "continuously for at least one year since November 20, 2020." The meaning of such statement is not clear, however, because as of the date of the statement (December 16, 2020), only 26 days had elapsed "since November 20, 2020." As such, the statement does not indicate that the Proponents have continuously held the requisite number of Valero securities for at least the one-year period preceding and including the date the proposal was submitted (from November 20, 2019 through November 20, 2020).

Rule 14a-8(b)(1) provides, in part, that "[i]n order to be eligible to submit a proposal, a shareholder must have continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date the shareholder submit[s] the proposal." SLB 14 specifies that when the stockholder is not the registered holder, the stockholder "is responsible for proving his or her eligibility to submit a proposal to the company," which the stockholder may do by one of the two ways provided in Rule 14a-8(b)(2). *See* Section C.1.c., SLB 14.

Further, the Staff has clarified that these proof of ownership letters must come from the "record" holder of the Proponent's shares, and that only DTC participants are viewed as record holders of securities that are deposited at DTC. *See* SLB 14F and SLB 14G. As discussed above, and consistent with this guidance, Valero sent the Deficiency Notice to the Proponents in a timely manner, clearly identifying the deficiency and explaining that it could be corrected by providing verification of ownership from a DTC participant. The Proponents did not provide, as required by SLB 14F, an affirmative verification from the DTC participant within the required 14-day time period that the Proponents continuously held the requisite number of securities for at least one year by the date the Proponents submitted the Proposal.

The Staff has consistently concurred with the exclusion of stockholder proposals based on a proponent's failure to provide satisfactory evidence of eligibility under Rule 14a-8(b) and Rule 14a-8(f)(1) within the required 14-day time period. For example, in *Chubb Limited* (Feb. 13, 2018), the proponent did not submit proof of ownership from a DTC participant following a timely and proper request by the company to furnish such evidence in a timely manner. The Staff concurred with the exclusion of the proposal under Rule 14a-8(b) and Rule 14a-8(f), noting "that the [p]roponent appears to have failed to supply, within 14 days of receipt of the Company's request, documentary support from a DTC participant sufficiently evidencing that he satisfied the minimum ownership requirement for the one-year period as required by Rule 14a-8(b)." *See also FedEx Corp.* (June. 28, 2018) (concurring with the exclusion of a stockholder proposal under Rule 14a-8(b) and Rule 14a-8(f) and noting that "the [p]roponents appear to have failed to supply, within 14 days of receipt of the [c]ompany's request, documentary support sufficiently evidencing that they satisfied the minimum ownership requirement for the one-year period as required by Rule 14a-8(b)"); *AT&T Inc.* (Dec. 2, 2014) (concurring with the exclusion of a stockholder proposal under Rule 14a-8(b) and Rule 14a-8(f) where the proponent failed to provide, in response to two deficiency notices, proof of continuous ownership for the requisite period from any DTC participant); *Johnson & Johnson* (Feb. 23, 2012, *recon. granted* Mar. 2, 2012) (concurring with the exclusion of a stockholder proposal under Rule 14a-8(b) and Rule 14a-8(f) where the proponent failed to provide, in response to a timely deficiency notice, proof of continuous ownership for the requisite period from any DTC participant).

Here, Valero satisfied its obligation under Rule 14a-8 to timely notify the Proponents of its deficiency by providing the Proponents with the Deficiency Notice 11 days after receiving the Proposal. *See* Exhibit B. The Deficiency Notice also included copies of Rule 14a-8, SLB 14, SLB 14F and SLB 14G. *Id.* As with the proposals in the precedents cited above, the Proponents failed to substantiate eligibility to submit the Proposal within the 14-day time period after receiving Valero's timely Deficiency Notice, as required under Rule 14a-8. The Proponents received the Deficiency Notice on December 1, 2020 and failed to provide the required statement from the DTC Participant by December 15, 2020, 14 days after it received the Deficiency Notice. Accordingly, we ask that the Staff concur that Valero may exclude the Proposal under Rule 14a-8(b) and Rule 14a-8(f)(1).

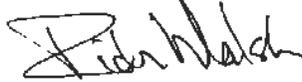
Conclusion

On the basis of the foregoing, Valero respectfully requests that the Staff concur that it will take no action if Valero excludes the Proposal from the 2021 proxy materials. If the Staff disagrees with the conclusions set forth in this letter, or should any additional information be desired in support of Valero's position, we would appreciate the opportunity to confer with the Staff concerning these matters prior to the issuance of the Staff's response.

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
December 22, 2020
Page 11 of 11

If you have any questions with respect to this matter, please do not hesitate to contact me at the email address and telephone number appearing on the first page of this letter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Richard J. Walsh". The signature is written in a cursive, somewhat stylized font.

Richard J. Walsh

cc: Lila Holzman
Energy Program Manager
As You Sow

Gail Follansbee
Coordinator, Shareholder Relations
As You Sow

Exhibit A: Shareholder proposal received from As You Sow on behalf of Booth Investments LLC, and co-filed by The Thornhill Company

Exhibit B: Deficiency Notice

Exhibit C: Response to Deficiency Notice

Exhibit D: Tendered Ownership Reports

Exhibit E: Excerpt of ESG Presentation

Exhibit F: Excerpt of Stewardship and Responsibility Report

Exhibit A

Shareholder Proposal



AS YOU SOW

Bridge Street
San Antonio, TX 78204

VIA COURIER & EMAIL

RECEIVED NOV 20 2020

November 20, 2020

J. Stephen Gilbert
Corporate Secretary
Valero, Inc.
One Valero Way
San Antonio, TX 78249

Dear Mr. Gilbert,

As You Sow is filing a shareholder proposal on behalf of Booth Investments LLC ("Proponent"), a shareholder of Valero for inclusion in Valero's 2021 proxy statement and for consideration by shareholders in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

A letter from the Proponent authorizing *As You Sow* to act on its behalf is enclosed. A representative of the Proponent will attend the stockholder meeting to move the resolution as required.

We are available to discuss this issue and are optimistic that such a discussion could result in resolution of the Proponent's concerns.

To schedule a dialogue, please contact me at lholzman@asyousow.org. Please send all correspondence with a copy to shareholderengagement@asyousow.org.

Sincerely,

Lila Holzman
Energy Program Manager

Enclosures

- Shareholder Proposal
- Shareholder Authorization

cc: investorrelations@valero.com

Whereas: The increasing rate and number of climate-related disasters affecting society is causing alarms to be raised within the executive, legislative¹ and judicial² 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 report³ 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;⁴

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;^{5,6}

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 Remuneration 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,⁷ it has not reported a remuneration 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

¹ https://www.govtrack.us/congress/bills/subjects/climate_change_and_greenhouse_gases/6040#sort=-introduced_date

² <https://www.nature.com/articles/d41586-020-00175-5>

³ <https://www.cftc.gov/sites/default/files/2020-09/9-9-20%20Report%20of%20the%20Subcommittee%20on%20Climate-Related%20Market%20Risk%20-%20Managing%20Climate%20Risk%20in%20the%20U.S.%20Financial%20System%20for%20posting.pdf>

⁴ <https://climateaction100.wpcomstaging.com/wp-content/uploads/2020/11/FINAL-CA100-Master-Indicators.pdf>

⁵ <https://www.blackrock.com/corporate/literature/whitepaper/bii-portfolio-perspectives-february-2020.pdf>

⁶ <https://www.morningstar.com/articles/994219/sustainable-funds-continue-to-rake-in-assets-during-the-second-quarter>

⁷ https://s23.q4cdn.com/587626645/files/doc_presentations/2020/12/Valero-ESG-Presentation-Nov-2020.pdf

achievement of performance targets, disclosing any relevant metrics can assure investors that management is effectively setting and implementing policies aligned with achieving Paris goals.

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 Remuneration 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 Remuneration Indicator.

November 20, 2020

Andrew Behar
CEO
As You Sow
2150 Kittredge St., Suite 450
Berkeley, CA 94704

Re: Authorization to File Shareholder Resolution

Dear Mr. Behar,

The undersigned ("Stockholder") authorizes *As You Sow* to file or co-file a shareholder resolution on Stockholder's behalf with the named Company for inclusion in the Company's 2021 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The resolution at issue relates to the below described subject.

Stockholder: Booth Investments, LLC

Company: Valero, Inc.

Subject: Climate disclosures or other measures to reduce GHG emissions

The Stockholder has continuously owned over \$2,000 worth of Company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the Company's annual meeting in 2021.

The Stockholder gives *As You Sow* the authority to address, on the Stockholder's behalf, any and all aspects of the shareholder resolution, including drafting and editing the proposal, representing Stockholder in engagements with the Company, entering into any agreement with the Company, and designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name in relation to the resolution.

The Stockholder further authorizes *As You Sow* to send a letter of support of the resolution on Stockholder's behalf.

Sincerely,



Douglas Booth
Managing Member, Booth Investments



AS YOU SOW

11700 North Loop West
Suite 1000
Houston, TX 77064

18

VIA COURIER & EMAIL

November 20, 2020

RECEIVED NOV 20 2020

J. Stephen Gilbert
Corporate Secretary
Valero, Inc.
One Valero Way
San Antonio, TX 78249

Dear Mr. Gilbert,

As You Sow is co-filing a shareholder proposal on behalf of the following Valero shareholder for action at the next annual meeting of Valero.

- The Thornhill Company

Shareholder is a co-filer of the enclosed proposal with Booth Investments, who is the Proponent of the proposal. *As You Sow* has submitted the enclosed shareholder proposal on behalf of Proponent for inclusion in the 2021 proxy statement in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934. *As You Sow* is authorized to act on The Thornhill Company's behalf with regard to withdrawal of the proposal.

A letter authorizing *As You Sow* to act on the co-filer's behalf is enclosed. A representative of the lead filer will attend the stockholders' meeting to move the resolution as required.

To schedule a dialogue, please contact me at lholzman@asyousow.org. Please send all correspondence with a copy to shareholderengagement@asyousow.org.

Sincerely,

Lila Holzman
Energy Program Manager

Enclosures

- Shareholder Proposal
- Shareholder Authorization

cc: investorrelations@valero.com

Whereas: The increasing rate and number of climate-related disasters affecting society is causing alarms to be raised within the executive, legislative¹ and judicial² 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 report³ 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;⁴

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;^{5,6}

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 Remuneration 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,⁷ it has not reported a remuneration 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

¹ https://www.govtrack.us/congress/bills/subjects/climate_change_and_greenhouse_gases/6040#sort=-introduced_date

² <https://www.nature.com/articles/d41586-020-00175-5>

³ <https://www.cftc.gov/sites/default/files/2020-09/9-9-20%20Report%20of%20the%20Subcommittee%20on%20Climate-Related%20Market%20Risk%20-%20Managing%20Climate%20Risk%20in%20the%20U.S.%20Financial%20System%20for%20posting.pdf>

⁴ <https://climateaction100.wpcomstaging.com/wp-content/uploads/2020/11/FINAL-CA100-Master-Indicators.pdf>

⁵ <https://www.blackrock.com/corporate/literature/whitepaper/bii-portfolio-perspectives-february-2020.pdf>

⁶ <https://www.morningstar.com/articles/994219/sustainable-funds-continue-to-rake-in-assets-during-the-second-quarter>

⁷ https://s23.q4cdn.com/587626645/files/doc_presentations/2020/12/Valero-ESG-Presentation-Nov-2020.pdf

achievement of performance targets, disclosing any relevant metrics can assure investors that management is effectively setting and implementing policies aligned with achieving Paris goals.

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 Remuneration 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 Remuneration Indicator.

November 20, 2020

Andrew Behar
CEO
As You Sow
2150 Kittredge St., Suite 450
Berkeley, CA 94704

Re: Authorization to File Shareholder Resolution

Dear Mr. Behar,

The undersigned ("Stockholder") authorizes *As You Sow* to file or co-file a shareholder resolution on Stockholder's behalf with the named Company for inclusion in the Company's 2021 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The resolution at issue relates to the below described subject.

Stockholder: The Thornhill Company

Company: Valero, Inc.

Subject: Climate disclosures or other measures to reduce GHG emissions

The Stockholder has continuously owned over \$2,000 worth of Company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the Company's annual meeting in 2021.

The Stockholder gives *As You Sow* the authority to address, on the Stockholder's behalf, any and all aspects of the shareholder resolution, including drafting and editing the proposal, representing Stockholder in engagements with the Company, entering into any agreement with the Company, and designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name in relation to the resolution.

The Stockholder further authorizes *As You Sow* to send a letter of support of the resolution on Stockholder's behalf.

Sincerely,



Douglas Booth
Managing Partner, The Thornhill Company

Exhibit B

Deficiency Notice



Richard J. Walsh
Senior Vice President and General Counsel
Valero Energy Corporation

December 1, 2020

VIA EMAIL

lholzman@asyousow.org
shareholderengagement@asyousow.org

Lila Holzman
Energy Program Manager
As You Sow

Re: Stockholder Proposal

Dear Sir or Madam:

This will acknowledge receipt of your letters, dated November 20, 2020, in which you have submitted a stockholder proposal (the "Proposal") from As You Sow on behalf of the Thornhill Company and on behalf of Booth Investments, LLC (each, a "Proponent" and collectively, the "Proponents") in connection with Valero's 2021 annual meeting of stockholders (the "Annual Meeting"). By way of rules adopted pursuant to the Securities Exchange Act of 1934 (as amended, the "Exchange Act"), the U.S. Securities and Exchange Commission (the "SEC") has prescribed certain procedural and eligibility requirements for the submission of proposals to be included in a company's proxy materials. I write to provide notice of a defect in your submissions, as described below.

Pursuant to Exchange Act Rule 14a-8(b), to be eligible to submit a proposal, the Proponent must be a Valero stockholder, either as a registered holder or as a beneficial holder (i.e., a street name holder), and must have continuously held at least \$2,000 in market value or 1% of Valero securities entitled to be voted on the Proposal at the Annual Meeting for at least one year as of the date the Proposal is submitted.

Our records do not indicate that either of the Proponents is a registered holder of Valero's common stock. Exchange Act Rule 14a-8(b)(2) and SEC staff guidance provide that if a Proponent is not a registered holder such Proponent must prove its eligibility by submitting to Valero either:

1. a written statement from the "record" holder of the Proponent's securities (usually a broker or bank) verifying that the Proponent has continuously held the required value or number of securities for at least the one-year period preceding and including the date the proposal was submitted; or

2. a copy of a filed Schedule 13D, Schedule 13G, Form 3, Form 4, Form 5, or amendments to those documents or updated forms, reflecting the Proponent's ownership of the required value or number of securities as of or before the date on which the one-year eligibility period begins and any subsequent amendments reporting a change in ownership level, along with a written statement that the Proponent has owned the required value or number of securities continuously for at least one year as of the date the proposal was submitted.

To date, we have not received sufficient proof of the Proponents' ownership of Valero securities. In order for us to properly consider your request, please provide to us acceptable documentation that each of the Proponents has held the required value or number of securities to submit a proposal continuously for at least the one-year period preceding and including the date the proposal was submitted.

In this regard, I direct your attention to the SEC's Division of Corporation Finance Staff Legal Bulletin No. 14 (at C(1)(c)(1)-(2)), which indicates that, for purposes of Exchange Act Rule 14a-8(b)(2), written statements verifying ownership of securities "must be from the record holder of the shareholder's securities, which is usually a broker or bank."

Please note that most large U.S. brokers and banks deposit their customers' securities with, and hold those securities through, the Depository Trust Company ("DTC"), and the Division of Corporation Finance advises that, for purposes of Exchange Act Rule 14a-8(b)(2)(i), only DTC participants or affiliates of DTC participants "should be viewed as 'record' holders of securities that are deposited at DTC." (Staff Legal Bulletin No. 14F at B(3) and No. 14G at B(1)-(2)) (copies of these and other Staff Legal Bulletins containing useful information for proponents when submitting proof of ownership to companies can be found on the SEC's web site at: <http://www.sec.gov/interp/legal.shtml>). You can confirm whether the applicable Proponent's broker or bank is a DTC participant by asking the broker or bank or by checking DTC's participant list, which is available at <http://www.dtcc.com/~media/Files/Downloads/client-center/DTC/alpha.pdf>

Consistent with the foregoing, if a Proponent intends to demonstrate ownership by submitting a written statement from the "record" holder of such Proponent's securities, please provide to us a written statement from the DTC participant record holder of such Proponent's securities verifying (a) that the DTC participant is the record holder, (b) the number of securities held in such Proponent's name, and (c) that such Proponent has continuously held the required value or number of Valero securities for at least the one-year period preceding and including the date the proposal was submitted.

If the DTC participant that holds a Proponent's securities is not able to confirm individual holdings but is able to confirm the holdings of such Proponent's broker or bank, then such Proponent may satisfy the proof of ownership requirements by obtaining and submitting two proof of ownership statements verifying that, for at least the one-year period preceding and including the date the proposal was submitted, the requisite number of Valero securities were continuously held. The first statement should be from such Proponent's broker

or bank confirming such Proponent's ownership. The second statement should be from the DTC participant confirming the broker or bank's ownership.

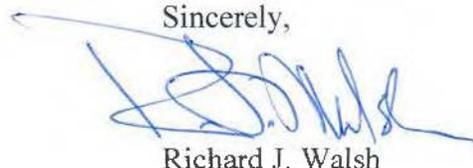
Your response may be sent to my attention at the address above or by email (Rich.Walsh@valero.com). Pursuant to Exchange Act Rule 14a-8(f), your response must be postmarked or transmitted electronically no later than 14 days from the date you receive this letter.

Please note that because your submission has not satisfied the procedural requirements described above, we have not yet determined whether the submissions could be omitted from the Valero proxy statement on other grounds. If you adequately correct the procedural deficiencies within the 14-day time frame, we reserve the right to omit your proposal pursuant to Rule 14a-8 on other valid grounds for such action.

Copies of Exchange Act Rule 14a-8 and Staff Legal Bulletins Nos. 14, 14F and 14G are enclosed for your convenience.

If you have any questions or would like to speak with a representative from Valero about your proposal, please contact me at (210) 345-2604.

Sincerely,

A handwritten signature in blue ink, appearing to read "Richard J. Walsh", is written over a horizontal line. The signature is stylized and cursive.

Richard J. Walsh

Exhibit C

Response to Deficiency Notice

Gilbert, Steve

From: Shareholder Engagement <shareholderengagement@asyousow.org>
Sent: Thursday, December 03, 2020 9:11 AM
To: Gilbert, Steve; Lila Holzman
Cc: Walsh, Richard; Rueda, Giovanna; Torres, Regina
Subject: Re: Shareholder Proposal to Valero - notice of defect

Hi Steve,

Confirming receipt of this notice by email on Tuesday 12/1, and will respond to satisfy the deficiencies no later than Tuesday 12/15.

Best,
Gail

Gail Follansbee (she/her)
Coordinator, Shareholder Relations
As You Sow
2150 Kittredge St., Suite 450
Berkeley, CA 94704
(510) 735 8139 (direct line) ~ (650) 868 9828 (cell)
gail@asyousow.org | www.asyousow.org

From: "Gilbert, Steve" <Steve.Gilbert@valero.com>
Date: Tuesday, December 1, 2020 at 12:19 PM
To: Lila Holzman <lholzman@asyousow.org>, Shareholder Engagement <shareholderengagement@asyousow.org>
Cc: "Walsh, Richard" <Rich.Walsh@valero.com>, "Rueda, Giovanna" <Giovanna.Rueda@valero.com>, "Torres, Regina" <Regina.Torres@valero.com>
Subject: Shareholder Proposal to Valero - notice of defect

Dear Ms. Holzman:

Please note the attached letter and related enclosures.

These are submitted in response to the proposal tendered by As You Sow dated Nov. 20, 2020.

It would be much appreciated if you could please confirm receipt of this email.

Best regards,
Steve

J. Stephen Gilbert
Secretary
Valero family of companies
One Valero Way
San Antonio TX 78249
office: 210.345.2331
steve.gilbert@valero.com

Exhibit D

Tendered Ownership Reports

[REDACTED]

From: Shareholder Engagement [<mailto:shareholderengagement@asyousow.org>]

Sent: Tuesday, December 15, 2020 7:01 PM

To: Gilbert, Steve <Steve.Gilbert@valero.com>; Lila Holzman <lholzman@asyousow.org>

Cc: Walsh, Richard <Rich.Walsh@valero.com>; Rueda, Giovanna <Giovanna.Rueda@valero.com>; Torres, Regina <Regina.Torres@valero.com>

Subject: Re: Shareholder Proposal to Valero - notice of defect

Hello Steve,

Please see attached the Proof of Ownership documentation of Valero Energy Corporation for 206 shares from Booth Investments LLC - lead filer

Also attached is the Proof of Ownership documentation of Valero Energy Corporation for 384 shares from The Thornhill Company – co-filer

Please confirm receipt, and let us know if any deficiencies remain.

Thank you so much,
Gail

Gail Follansbee (she/her)

Coordinator, Shareholder Relations

As You Sow

2150 Kittredge St., Suite 450

Berkeley, CA 94704

(510) 735-8139 (direct line) ~ (650) 868-9828 (cell)

gail@asyousow.org | www.asyousow.org

From: "Gilbert, Steve" <Steve.Gilbert@valero.com>

Date: Tuesday, December 1, 2020 at 12:19 PM

To: Lila Holzman <lholzman@asyousow.org>, Shareholder Engagement <shareholderengagement@asyousow.org>

Cc: "Walsh, Richard" <Rich.Walsh@valero.com>, "Rueda, Giovanna" <Giovanna.Rueda@valero.com>, "Torres, Regina" <Regina.Torres@valero.com>

Subject: Shareholder Proposal to Valero - notice of defect

Dear Ms. Holzman:

Please note the attached letter and related enclosures.

These are submitted in response to the proposal tendered by As You Sow dated Nov. 20, 2020.

It would be much appreciated if you could please confirm receipt of this email.

Best regards,
Steve

J. Stephen Gilbert
Secretary
Valero family of companies
One Valero Way
San Antonio TX 78249
[REDACTED]
steve.gilbert@valero.com



December 16, 2020

Booth Investments LLC
1901 Harrison St Ste 1580
Oakland, CA 94612
UNITED STATES

Account number ending in:

Questions: Contact your advisor or
call Schwab Alliance at
1-800-515-2157.

As requested, we're confirming a stock holding in your account.

Dear Corwin Booth, Julianne Knell, Peter Tymstra, Christopher Booth, Douglas Booth and Carolyn McFarland,

As requested, we're writing to confirm that the above account holds in trust 206 shares of VALERO ENERGY CORP VLO common stock. These shares have been held in the account continuously for at least one year since November 20, 2020.

These shares are held at Depository Trust Company under Charles Schwab & Co., Inc., which serves as custodian for the account.

Thank you for choosing Schwab. If you have questions, please contact your advisor or Schwab Alliance at 1-800-515-2157. We appreciate your business and look forward to serving you in the future.

Sincerely,

Rod Hampton
Sr. Specialist
Managed & Advised Account Solutions,

Independent investment advisors are not owned by, affiliated with, or supervised by Charles Schwab & Co., Inc. ("Schwab").



December 16, 2020

The Thornhill Company
1901 Harrison Street Ste 1580
Oakland, CA 94612
UNITED STATES

Account number ending in:

Questions: Contact your advisor or
call Schwab Alliance at
1-800-515-2157.

As requested, we're confirming a stock holding in your account.

Dear Corwin Booth, Julianne Knell, Peter Tymstra, Christopher Booth, Douglas Booth and Carolyn McFarland,

As requested, we're writing to confirm that the above account holds in trust **384** shares of VALERO ENERGY CORP VLO common stock. These shares have been held in the account continuously for at least one year since November 20, 2020.

These shares are held at Depository Trust Company under Charles Schwab & Co., Inc., which serves as custodian for the account.

Thank you for choosing Schwab. If you have questions, please contact your advisor or Schwab Alliance at 1-800-515-2157. We appreciate your business and look forward to serving you in the future.

Sincerely,

Rod Hampton
Sr. Specialist
Managed & Advised Account Solutions,

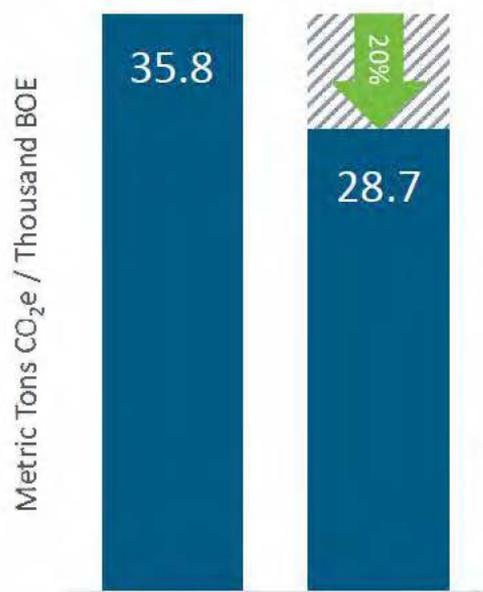
Independent investment advisors are not owned by, affiliated with, or supervised by Charles Schwab & Co., Inc. ("Schwab").

Exhibit E

Excerpt of ESG Presentation

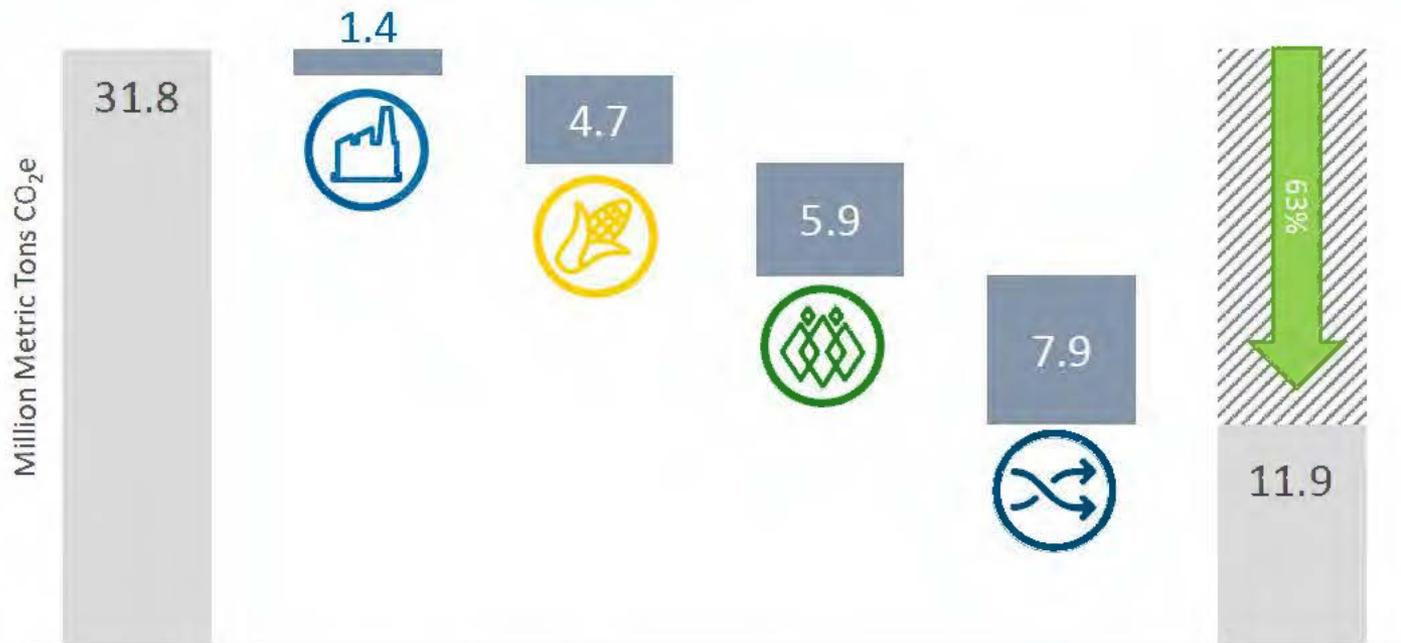
Comprehensive Roadmap to Further Reduce Emissions with Projects in Execution

GHG Emissions Intensity Target (Scope 1 & 2)



2011 Base Year (Scope 1 & 2) 2025 Target (Scope 1 & 2)

Absolute Reductions and Offsets through Existing Board Approved Projects



VLO Refining GHG Emissions in 2011 (Scope 1 & 2) 2011-2025 Absolute Emissions Reduction through Efficiencies (Scope 1 & 2) 2025 GHG Emissions Offset by VLO Ethanol Production 2025 GHG Emissions Offset by VLO Renewable Diesel Production 2025 GHG Emissions Offset by Global Blending of and Credits from Renewable Fuels 2025 VLO Refining GHG Emissions after Reductions & Offsets (Scope 1 & 2)

Targeting to reduce and offset Scope 1 and 2 GHG emissions by **63% through** investments in **Board approved projects**, with the potential to achieve **72% by 2025** with projects subject to Board approval

See slide 63 for notes regarding this slide

All-Employee Bonus Program Includes ESG Factors



Annual Incentive Bonus



See slide 63 for notes regarding this slide

Updated in 2020, the **Strategic Component of the bonus** (evaluated by the Compensation Committee) includes:

- ESG Efforts & Improvement
 - Environmental stewardship
 - Sustainability
 - Diversity and inclusion
 - Compliance
 - Corporate citizenship and community
- Returns to Shareholders
- Disciplined Use of Capital
- Operational Excellence
- Organizational Excellence

Our comprehensive array of strategic initiatives contribute to the overall success of the company each year and support our long-term strategy

All-Employee Bonus Program Incentivizes GHG Emissions Reduction and Offset Targets



Reaching GHG emissions reduction and offset targets is linked to refining efficiencies and offsets generated by low-carbon fuels. Bonus metrics associated with this effort include:

Operational Component:

- **Health, Safety and Environmental metric** consists of 14 separately weighted HSE quantitative metrics across Valero's three business units, including:
 - Environmental Scorecard Incidents
 - Process Safety Incidents
 - Reportable Spills
 - Environmental Management System Scores
 - Health and Safety Management System Scores

Strategic Component :

- ESG Efforts and Improvement
 - Environmental stewardship
 - Sustainability
- Operational excellence
 - Execution of capital projects
 - Margin improvement and market expansion
- Disciplined Use of Capital
 - Balanced utilization of sustaining and growth capital vs. target
- Organizational Excellence
 - Innovation
 - Public Policy

Environmental, Social and Governance



E
Environmental

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



S
Social

- Health and safety
- Working conditions
- Employee benefits
- Diversity and inclusion
- Human rights
- Impact on local communities



G
Governance

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

For more information, please see our Stewardship and Responsibility Report in the ESG section at investorvalero.com

Exhibit F

Excerpt of Stewardship and Responsibility Report

Our innovation efforts have made us the largest producer of renewable fuels in North America.

OUR RENEWABLE FUELS

Valero always has charted its own course, and never has been afraid to lead in innovation. Early on, it meant building the first refinery to make 100% next-generation reformulated gasoline from bottom-of-the-barrel feedstocks.



More recently, it has meant investing more than \$2.7 billion in renewable fuels, and even powering a refinery with a wind farm, the first to do so.

Low-carbon renewable diesel reduces life cycle greenhouse gas emissions up to 80%, compared with traditional diesel. We produce 275 million gallons per year with a planned expansion to 675 million gallons by late 2021.



Renewable diesel reduces life cycle GHG emissions up to 80%

A clean-burning, high-octane renewable fuel, ethanol lowers life cycle greenhouse gas emissions up to 28%, compared to non-blended gasoline. Our combined ethanol production capacity is 1.7 billion gallons per year.



Ethanol lowers life cycle GHG emissions up to 28%

Valero already is the largest renewable fuels producer in North America, and it continues to explore growth opportunities in renewable fuels.

Recently, Valero and its joint venture partner in the production of renewable diesel initiated an advanced engineering and development cost review for a new plant adjacent to Valero's Port

Arthur refinery. If the project is approved as planned, operations could start in 2024, resulting in renewable diesel production capacity of more than 1.1 billion gallons annually.

Combined, our renewable diesel and ethanol reduced more than 6.1 million metric tons of GHG emissions in 2019, compared with standard gasoline or ultra-low-sulfur diesel.



For context, that is more than twice the amount of GHG from all direct fuel use in Washington D.C.

Growing Renewable Fuels

Valero's Renewable Diesel Investment Since 2013*

\$1 billion



Total Ethanol Investment

\$1.7 billion

*Valero's 50% share of joint venture, invested and committed

Valero's refineries have steadily lowered energy use per barrel of throughput since 2008, setting an all-time low in 2019.

CONSERVATION

Compared with our peers, Valero consistently has reported lower operating expenses and better efficiency, and one key to that is **consuming less energy**. Valero's refineries have dramatically lowered energy use since 2008, setting an all-time low per barrel of throughput in 2019.

Also, Valero has implemented a **water security** initiative, which assesses possible threats to our water supply at our locations and puts in place mitigation plans to address them.

Responses have included the use or evaluation of **treated wastewater from municipalities, water reuse and treatment facilities, acquisition of water rights, and desalination plants**. Valero participates in relevant multi-stakeholder initiatives on these and other solutions.

Conserving energy and natural resources is central to our goal of being the best operator in the industry.

Wind

Our McKee refinery in the Texas Panhandle is powered in part by a **wind farm**. Completed in 2009 at an investment of more than **\$80 million**, the facility includes **33 wind turbines** with **50 megawatts** of power-generation capacity.

Since 2009, the wind farm has reduced or avoided



~830,000 tons of carbon dioxide and

~12,250 tons

of sulfur dioxide, nitrogen oxide, carbon monoxide and particulate matter emissions ...

and saved
~700 million gallons
of water



compared with conventional power generation

Hydropower

More than 99% of the electricity used at our refinery in Quebec City comes from renewable sources – mainly hydropower, with small portions from wind, biomass and biogas.



Also, our California refineries have hydropower in their purchased power mix, as well as wind, solar and geothermal.



Cogeneration

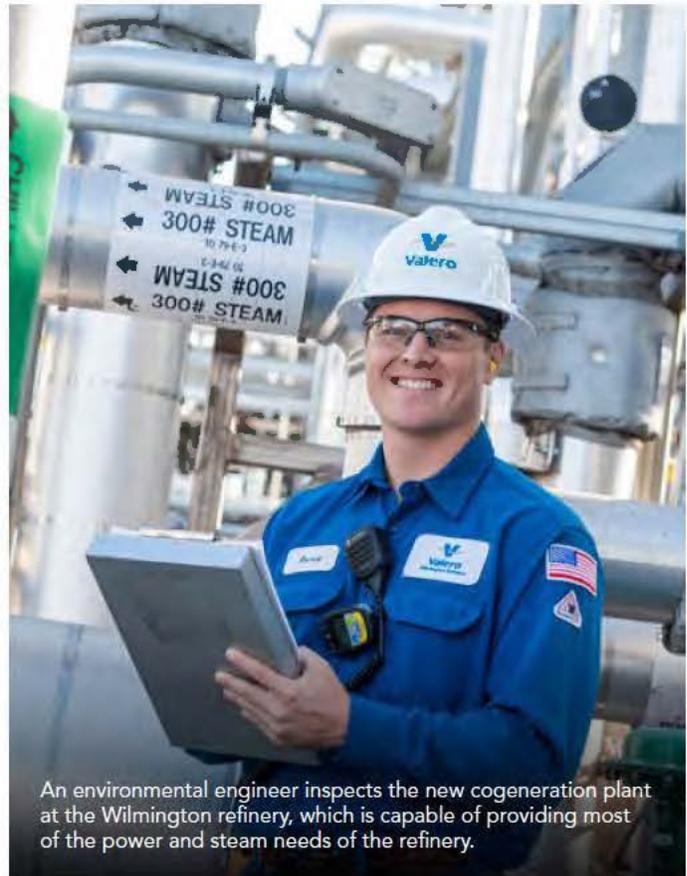
Valero has invested in cogeneration systems that produce both **electricity and thermal energy**, or steam.



Cogeneration systems represent a very efficient way of making power, with the steam recycled back into the refining process for other uses.

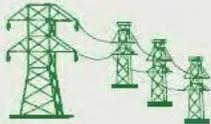
The systems can provide additional power and steam a refinery uses. And they are fueled by **clean natural gas**, which not only is less costly but can help **cut greenhouse gases** by reducing a local authority's need for less environmentally friendly and efficient generation.

Valero has cogeneration systems at refineries in **Wilmington** and **Benicia**, California; and **Port Arthur**, Texas, with one completing construction in **Pembroke**, United Kingdom, in 2021.



An environmental engineer inspects the new cogeneration plant at the Wilmington refinery, which is capable of providing most of the power and steam needs of the refinery.

Combined, our cogeneration systems and expanders offset



~330 megawatts
of electricity

.....
enough to power
.....

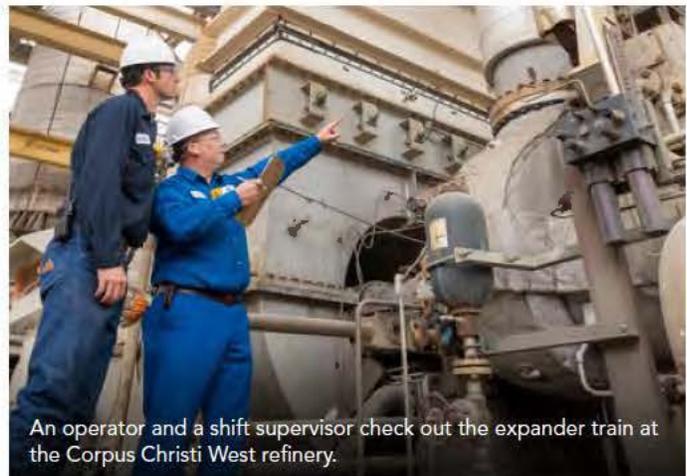


more than
400,000 homes

Expanders

At six of our refineries, we have installed "expanders" on processing units that generate power from exhaust gases. We have the world's largest expander at our Corpus Christi West refinery.

All told, our expanders annually displace more than **600,000 tons** of carbon dioxide that otherwise would be generated by conventional power plants.



An operator and a shift supervisor check out the expander train at the Corpus Christi West refinery.

EPA Efficient Producer Program for Ethanol

Six of our ethanol plants, with three more pending, are recognized under this program for superior process efficiency, including:

- Reduced on-site energy consumption,
- Increased fuel output; or
- Use of biomass or biogas to reduce greenhouse gas emissions.



Recognized



Pending



Our ethanol plants have implemented refining operational best practices in safety, reliability and environmental responsibility.

Valero's Albert City ethanol plant.

Data Verification by Third Parties

Valero uses third parties to conduct environmental verification.

Greenhouse gas emissions from both stationary sources and fuel combustion are independently verified in California and Canada, and refinery emissions are verified in Europe.

Also, we use third-party verification in our fuels program and for components of our environmental excellence program.

We report greenhouse gas emissions, air emissions, flaring events and wastewater discharge events to external agencies, and all data is available for verification.

PERFORMANCE METRICS

74%  refining environmental incidents* since 2008

86%  ethanol environmental incidents* since 2010

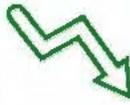
*Valero "scorecard" events, internal tracking of emissions, flaring, spill and wastewater incidents.

Air Emissions

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

Since 2008, for Valero U.S. refineries**

32%  throughput capacity increase in

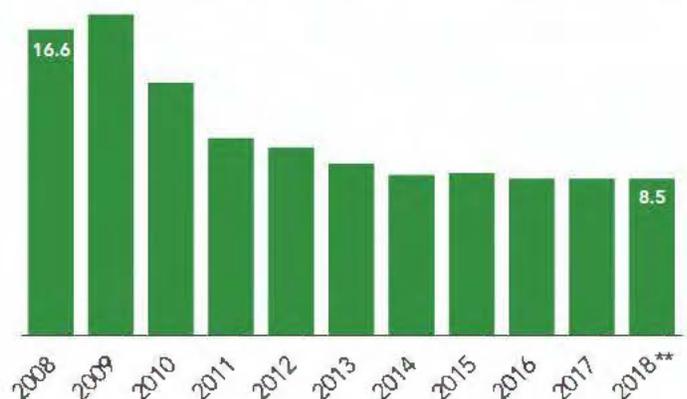
32%  air emissions* reduction in

49%  air emissions intensity reduction in

Air Emissions*
(Thousand tons, rounded)



Air Emissions* Intensity
(Tons per thousand barrels of throughput, rounded)



*criteria emissions, defined by the EPA as carbon monoxide, nitrogen oxides, particulate matter, volatile organic compounds and sulfur dioxide, U.S. refineries only

**through 2018, most-recent emissions data available



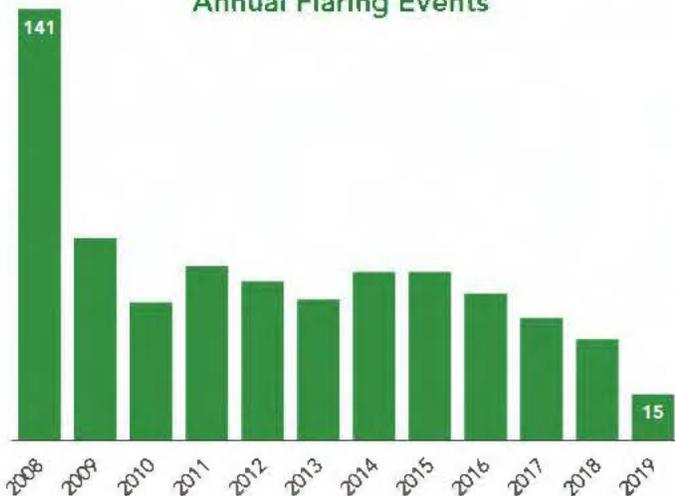
Flaring

Valero has taken aggressive steps to **eliminate the need for flaring**, by avoiding outages and improving reliability.

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

89%  total flaring events, since 2008
reduction in

Annual Flaring Events



99%

flaring-free refinery operations

Energy Efficiency

Continuous improvement in energy conservation drives efficient performance and reduces GHG emissions.

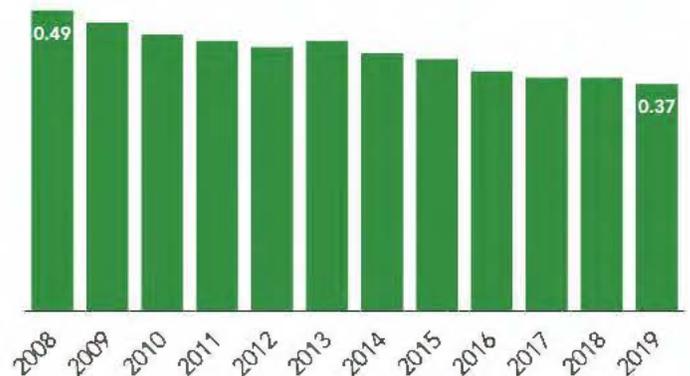
Valero's refineries have achieved a

24%  energy use per barrel, since 2008
reduction in

In 2019, Valero's refineries set a **new record low for energy use per barrel of throughput**. The company's comprehensive energy stewardship program has sharply focused on improvements in process operations, energy conservation and lower operating expenses.

Refining Total Energy Use*

(Million Btu per barrel of throughput, rounded)



*current system of refineries beginning in 2012

Greenhouse Gas Emissions

We have continuously decreased refinery greenhouse gas emissions per barrel of throughput.

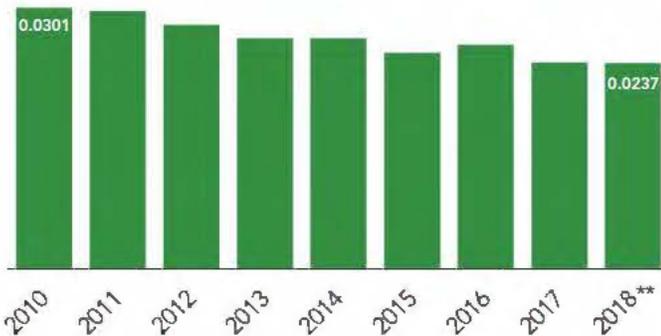
We have accomplished this with **multibillion-dollar investments**, the use of **new technologies**, and the implementation of operational processes that involve **reusing or reducing combustion**.



We track and publicly disclose our greenhouse gas emissions and closely follow regulatory developments.

21% reduction in greenhouse gas emissions per barrel, since 2010

Refining Greenhouse Gas Emissions*
(Tons of carbon dioxide equivalent per barrel of throughput)



*U.S. refineries only; 2010 first reporting year to EPA
**most-recent data available, at year-end 2018

Wastewater Management

Our operations generate process water along with stormwater that we treat, if needed, before discharge or reuse.

Most of our refineries treat their wastewater using advanced biological treatment systems comparable to, or even more complex than, those operated by most cities.

Valero uses specialized bacteria that naturally digest oil and other components in our waste streams.



Water from the Corpus Christi Ship Channel including Valero's discharge is used for habitat tanks at the Texas State Aquarium.

42% reduction in reportable wastewater discharge excursions* since 2008

*unintentional and temporary discharges exceeding regulatory limits

Also, Valero works to reuse treated water, like at our refinery in Three Rivers, where wastewater is treated and sent to nearby hay fields for irrigation.



A center-pivot system irrigates a hay farm near our Three Rivers refinery with treated wastewater from the plant.