



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

January 2, 2026

Jude A. Dworaczyk  
Valero Energy Corporation

Re: Valero Energy Corporation (the "Company")  
Incoming Letter dated December 23, 2025

Dear Jude A. Dworaczyk:

This letter is in response to your correspondence concerning the shareholder proposal (the "Proposal") submitted to the Company by the Vermont Pension Investment Commission for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders.

The Company represents that it has a reasonable basis to exclude the Proposal. Based solely on that representation, we will not object if the Company excludes the Proposal from its proxy materials.

Copies of all of the correspondence on which this response is based will be made available on our website.

Sincerely,

Division of Corporation Finance  
Office of Chief Counsel

cc: Maureen O'Brien  
Segal Marco Advisors



**Jude A. Dworaczyk**  
Corporate Secretary and  
SEC Counsel

December 23, 2025

VIA STAFF ONLINE FORM

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

Re: Notice of Intent to Exclude Stockholder  
Proposal Submitted by the Vermont Pension  
Investment Commission

Ladies and Gentlemen:

This letter is submitted by Valero Energy Corporation (the “**Company**” or “**Valero**”), pursuant to Rule 14a-8(j) promulgated under the Securities Exchange Act of 1934, as amended. The Company hereby notifies the Staff of the Division of Corporation Finance (the “**Staff**”) of the U.S. Securities and Exchange Commission (the “**Commission**”) that it intends to omit from its proxy materials for the Company’s 2026 Annual Meeting of Stockholders (the “**2026 Annual Meeting**”) the stockholder proposal and supporting statement (the “**Proposal**”) submitted by the Vermont Pension Investment Commission (the “**Proponent**”) based upon the reasons set forth below. A copy of the Proposal is attached hereto as Exhibit A.

Valero currently intends to file its 2026 definitive proxy materials on or about March 19, 2026. In accordance with the Staff announcement published on November 7, 2023, the Company is submitting this letter electronically to the Staff through the online stockholder proposal form. Pursuant to Rule 14a-8(j), (i) the Company is submitting this letter no later than 80 calendar days before the Company intends to file its definitive proxy statement and form of proxy with the Commission, and (ii) the Company is simultaneously sending a copy of this letter and its attachments to the Proponent.

In accordance with the Staff announcement published on November 17, 2025, the Company represents without qualification that it has a reasonable basis to exclude the Proposal, based on the provisions of Rule 14a-8, prior published guidance and/or judicial decisions,

pursuant to Rule 14a-8(i)(7) because the Proposal deals with matters relating to the Company's ordinary business operations and impermissibly seeks to micromanage the Company.

Rule 14a-8(i)(7) permits the exclusion of a stockholder proposal if it "deals with a matter relating to the company's ordinary business operations." As set out in Securities Exchange Act Release No. 34-40018 (May 21, 1998), there are two "central considerations" underlying the ordinary business exclusion. One is that certain 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 stockholder oversight. The other relates to the degree that a proposal seeks to impermissibly "micro-manage" the company by probing too deeply into matters of a complex nature upon which stockholders, as a group, would not be in a position to make an informed judgment. The Commission has also made clear that a stockholder proposal being framed in the form of a request for the Company to issue a report or provide disclosure does not change the nature of the proposal for purposes of Rule 14a-8(i)(7).

The Proposal relates to the Company's ordinary business matters because it relates to the Company's accounting and financial disclosure practices. The Staff has consistently concurred that proposals relating to a company's accounting judgments and conclusions concern the company's ordinary course business operations and are therefore excludable.<sup>1</sup> Here, the Proposal requests that the Company provide disclosure regarding the estimated magnitude of its off-balance sheet asset retirement obligations ("ARO"). However, that concept is incongruous with Valero's accounting conclusion, which is required by a proper application of Generally Accepted Accounting Principles ("GAAP") (as set forth in Accounting Standards Codification Topic 410, *Asset Retirement and Environmental Obligations*), that the underlying assets have indeterminate lives. The accounting position that is required by the Proposal would result in a misleading disclosure to stockholders and would be inappropriate (even as a supplement to the Company's GAAP disclosures). For example, the "Basis for Conclusions" section of FAS 143 explains that the Financial Accounting Standards Board considered requiring disclosure of "other measures of liability for asset retirement obligations," as requested by the Proposal, but concluded that such disclosure would be "inappropriate" even as supplemental disclosures.<sup>2</sup> Valero's accounting judgments reflect the day-to-day business experience of Valero's management relating to, and Valero's independent auditors' well-developed and deep knowledge of, the use, complexity, resilience, location, cost structure, margin capture, and maintenance of Valero's assets, among a variety of other factors relevant to

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<sup>1</sup> See, e.g., *Potomac Electric Power Co.* (Mar. 1, 1991) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting disclosure of a "contingent liability account," noting that the proposal relates to ordinary business matters "(i.e., the accounting policies and practices of the Company)"); *Otter Tail Corp.* (Jan. 13, 2004) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting the publication in the company's annual report of all goodwill impairment filings made with various agencies and an external report reviewing all accounting records regarding acquisitions in the past 13 years, noting that the proposal relates to ordinary business operations "(i.e., review of the choice of accounting methods)"); *The Mead Corp.* (Jan. 31, 2001) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on liability projection methodology and risk evaluation as relating to ordinary business operations); and *AmerInst Insurance Group Ltd.* (Apr. 14, 2005) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting disclosure of the accounting, each calendar quarter, of the line items of "Operating and Management" expenses, noting that the proposal relates to ordinary business operations "(i.e., presentation of financial information)").

<sup>2</sup> Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations* (pre-codification literature).

accounting for AROs. It would be both impractical and inappropriate to involve stockholders in these accounting judgments.

Notably, the Proposal does not focus on any significant policy issue that would transcend the Company's ordinary business operations. While the supporting statement makes reference to risk oversight and accountability, the Proposal's central focus is the accounting of AROs—a matter that fundamentally concerns, and requires day-to-day familiarity with, Valero's ordinary business, as discussed above.

Moreover, the Proposal seeks to impermissibly micromanage the Company. In fact, the Proposal has the same purpose as a proposal previously submitted to the Company by the State of New Jersey Common Pension Fund D for inclusion in its proxy materials for its 2023 Annual Meeting of Stockholders (the "**2023 Proposal**"). The 2023 Proposal likewise requested that the Company's Board of Directors provide a report disclosing the undiscounted expected value to settle obligations for AROs with indeterminate settlement dates. The Company submitted a no-action letter requesting that the Staff concur with the omission of the 2023 Proposal based upon Rule 14a-8(i)(7). The Staff granted no-action relief, stating: "[t]here appears to be some basis for your view that the Company may exclude the Proposal" because "the Proposal micromanages the Company."<sup>3</sup> This is consistent with the Commission's guidance that the determination regarding the excludability of a proposal is based upon the "level of prescriptiveness" and that a proposal, regardless of its precatory nature, that prescribes "methods for implementing complex policies . . . may run afoul of micromanagement."<sup>4</sup>

We note that the purpose of the 2023 Proposal and the current Proposal are each based on a recurring topic that over the past few years has been unsuccessfully driven by many of the same non-governmental groups seeking to advance their own climate agendas by micromanaging the Company. For example, in response to our request to the Staff seeking to exclude the 2023 Proposal, Ceres Inc. ("**CERES**")<sup>5</sup> submitted a response letter to the Staff unsuccessfully arguing that the 2023 Proposal should not be excluded<sup>6</sup>. Here, the Proponent's own website<sup>7</sup> admits that its engagement partnerships and coalitions include both CERES and Climate Action 100+, which CERES helps coordinate<sup>8</sup>. On October 23, 2025, Climate Action 100+ issued an alert with respect to the Company's ARO disclosures highlighting many of the

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<sup>3</sup> *Valero Energy Corporation* (Mar. 20, 2023), available at <https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2023/njcpfvalero032023-14a8.pdf>. The Staff also concurred with another company's exclusion of a similar proposal requiring a report to disclose asset retirement obligations with indeterminable settlement dates. *See Phillips 66* (Mar. 20, 2023).

<sup>4</sup> *See* Staff Legal Bulletin No. 14K (Oct. 16, 2019), available at: <https://www.sec.gov/rules-regulations/staff-guidance/staff-legal-bulletins/staff-legal-bulletin-14k-shareholder-proposals>.

<sup>5</sup> As per the "About Us" section of its website, CERES is "a nonprofit advocacy organization working to accelerate the transition to a cleaner, more just, and resilient world. We make the business case for action on the most pressing sustainability challenges facing our economy today: climate change, water scarcity and pollution, and nature and biodiversity loss. With data-driven research and expert analysis, we inspire investors and companies to act on these global challenges and advocate for market and policy solutions", available at: [https://www.ceres.org/about?utm\\_medium=paid&utm\\_source=bing&utm\\_campaign=ceres\\_evergreen\\_keywords&utm\\_term=bing&utm\\_source=bing](https://www.ceres.org/about?utm_medium=paid&utm_source=bing&utm_campaign=ceres_evergreen_keywords&utm_term=bing&utm_source=bing).

<sup>6</sup> *See* Letter from Sanford Lewis & Associates, on behalf of Ceres Inc., to the U.S. Securities and Exchange Commission, dated as of February 3, 2023.

<sup>7</sup> *See* <https://vpic.vermont.gov/vpic-engagement-partnerships-and-coalitions>.

<sup>8</sup> *See* <https://www.climateaction100.org/about/>.

same points mentioned in the Proposal.<sup>9</sup> As such, we view the current Proposal as an extension of the attempts over the past several years by a group of non-governmental organizations who are unsatisfied with the current GAAP accounting framework and seeking to use the Commission's stockholder proposal process as an alternative means to accomplish their unique climate agendas through micromanagement of the Company's proper accounting determinations under GAAP.

The Company's exclusion of the Proposal on the basis of Rule 14a-8(i)(7) in no way limits the Company's view of the deficiencies in the Proposal or the excludability of the Proposal on other grounds under Rule 14a-8.

\* \* \*

On the basis of the Company's unqualified representation, the Company respectfully requests that the Staff respond with a letter indicating that the Staff will not object to the Company's omission of the Proposal from its proxy materials for the 2026 Annual Meeting under Rule 14a-8(i)(7). If you have any questions or would like any additional information regarding the foregoing, please do not hesitate to contact us at the email address and telephone number appearing on the first page of this letter. Thank you for your prompt attention to this matter.

Very truly yours,



Jude A. Dworaczyk

cc: Katie Green, Vermont Pension Investment Commission  
Maureen O'Brien, Segal Marco Advisors  
Jacob A. Kling, Wachtell, Lipton, Rosen & Katz  
Matthew T. Carpenter, Wachtell, Lipton, Rosen & Katz  
Loren Braswell, Wachtell, Lipton, Rosen & Katz

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<sup>9</sup> See <https://www.climateaction100.org/news/valero-records-new-asset-retirement-obligations-investors-require-long-term-transparency-across-the-sector-in-the-u-s/>.

**Exhibit A**

THOMAS GOLONKA  
VPIC CHAIR



KIMBERLY GLEASON  
VPIC VICE-CHAIR

STATE OF VERMONT  
VERMONT PENSION INVESTMENT COMMISSION

November 13, 2025

Via regular mail and email: [REDACTED]

Jude A. Dworaczyk  
Corporate Secretary and SEC Counsel  
Valero Energy Corporation  
One Valero Way  
San Antonio, TX, 78249

RE: Shareholder Proposal Submission for 2025 Stockholder's Meeting

Dear Jude A. Dworaczyk:

In my capacity as Deputy Chief Investment Officer of the Vermont Pension Investment Commission (the "Fund"), I write to give notice that pursuant to the 2025 proxy statement of Valero Energy Corporation (the "Company"), the Fund intends to present the attached proposal (the "Proposal") at the 2026 annual meeting of shareholders (the "Annual Meeting"). The Fund requests that the Company include the Proposal in the Company's proxy statement for the Annual Meeting. Please note the Vermont Pension Investment Commission is the lead filer on this proposal.


A letter from the Fund's custodian documenting the Fund's continuous ownership of the requisite amount of the Company's stock is being sent separately. The Fund also intends to continue its ownership of at least the minimum number of shares required by the SEC regulations through the date of the Annual Meeting. I represent that the Fund or its agent intends to appear in person or by proxy at the Annual Meeting to present the attached Proposal. I declare the Fund has no "material interest" other than that believed to be shared by stockholders of the Company generally.

Fund representatives are available to meet with the Company in person or via teleconference on December 2, 2025, between 1:00 p.m. - 2:00 p.m. CT, or December 3, 2025, between 11:00 p.m. - 1:00 p.m. CT.

**Representation – Important Notice**

**Please be advised that we will hereafter be using a representative regarding the management of this proposal. Please send a copy of any correspondence regarding this proposal including deficiency notices, no action requests or engagement scheduling to Maureen O'Brien, [REDACTED] or [REDACTED]. I authorize the representative to speak on my behalf, negotiate withdrawal of the proposal and engage with the company and its representatives.**

Sincerely,



Katie Green  
Deputy Chief Investment Officer  
Vermont Pension Investment Commission

## Disclosure of Off-Balance Sheet Asset Retirement Obligations

**Resolved:** Given the volatility in energy markets, shifting regulatory landscapes, and the risks of climate change, shareholders request that Valero Energy Corporation (“Valero”) provide disclosure, at reasonable cost and omitting proprietary information, regarding the estimated magnitude of its off-balance sheet asset retirement obligations (AROs).

### Supporting Statement:

In April 2025, Valero announced its intent to idle, restructure, or cease operations at its Benicia Refinery in California by April 2026, triggering a combined pre-tax impairment charge of \$1.1 billion for its Benicia and Wilmington facilities. This charge included \$337 million in newly recognized asset retirement obligations (AROs).<sup>1</sup> This disclosure stands in stark contrast to Valero’s prior Form 10-K filing, which stated that the company could not reasonably estimate the fair value of AROs for its California refineries due to “indeterminate” asset lives.<sup>2</sup>

This abrupt shift raises serious concerns about the adequacy of board and Audit Committee oversight of financial reporting and risk disclosure. Investors rely on consistent and transparent accounting to assess long-term liabilities and capital allocation risks. The failure to recognize material AROs until a strategic exit was announced suggests that Valero’s financial statements may not have fully reflected known or reasonably estimable obligations.

To enhance transparency and investor confidence, we recommend that Valero consider including ARO estimates in audited financial statements or supplemental disclosures; providing evidence supporting any determination that a reasonable estimate of fair value cannot be made, including why probabilistic approaches or ranges of outcomes were deemed inapplicable; and clarifying the governance and internal controls used to evaluate long-term environmental and regulatory liabilities.

Shareholders must be assured that Valero’s financial disclosures reflect the full scope of its obligations. Improved ARO transparency will support better capital planning, risk management, and alignment with investor expectations.

We appreciate that Valero relies on expert guidance for balance sheet reporting and may argue that the disclosure requested in this proposal goes beyond or is incompatible with such expert guidance. However, accounting firms including Deloitte and PwC have issued guidance that encourages quantifying such liabilities despite the uncertain timeline.<sup>3</sup> Therefore, the decision to avoid reasonably estimating the fair value of AROs for its refineries raises questions. As there is no prohibition on reporting ARO estimates, we ask that Valero do so.

<sup>1</sup> <https://californiaglobe.com/articles/valero-announces-it-will-shut-down-benicia-refinery-april-2026/>  
<https://finance.yahoo.com/news/valero-mulls-shutdown-california-refinery-172708687.html>

<sup>2</sup> <https://www.sec.gov/ix?doc=/Archives/edgar/data/0001035002/000103500225000005/vlo-20241231.htm>

<sup>3</sup> [4.4 Initial Recognition of AROs and ARCs | DART – Deloitte Accounting Research Tool](#); [3.4 Recognition and measurement \(AROs\)](#)

November 13, 2025

Via regular mail and email: [REDACTED]

Jude A. Dworaczyk  
Corporate Secretary and SEC Counsel  
Valero Energy Corporation  
One Valero Way  
San Antonio, TX, 78249

RE: Shareholder Proposal Submission for 2025 Stockholder's Meeting

Dear Jude A. Dworaczyk:

I write concerning a shareholder proposal (the "Proposal") submitted to Valero Energy Corporation (the "Company") by the Vermont Pension Investment Commission (the "Fund").

As custodian of the Vermont Pension Investment Commission, we are writing to report that as of the close of business on November 13, 2025 the Fund held shares of Company stock in our account at Depository Trust Company and registered in its nominee name of Cede & Co.

As of November 13, 2025, The Fund beneficially owned, and had beneficially owned continuously for at least one year, shares worth \$25,000 of Company common stock.

If there are any other questions or concerns regarding this matter, please feel free to contact me at [REDACTED] or [REDACTED].

Sincerely,

BlackRock Institutional Trust Company, N.A.



Donald Perault  
Managing Director