Whereas
In 2018, the Intergovernmental Panel on Climate Change (IPCC) advised that net greenhouse gas (GHG) emissions must fall 45 percent by 2030 and reach net zero by 2050 to limit warming below 1.5 degrees Celsius and prevent the worst consequences of climate change.

Absent such deep emissions reductions, the IPCC (2021) projects continued increases in global surface temperatures, sea levels, extreme weather events, forest fires, and agricultural losses. Environmental changes will, in turn, increase physical and systemic risks for investors and companies, including supply chain dislocations, reduced resource availability, lost productivity, commodity price volatility, and physical infrastructure damage that could, in turn, compel new regulations and transition costs.

As the largest independent petroleum refiner in the world, Valero Energy Company ("Valero") is highly exposed to climate risks. While Valero has adopted short-term GHG reduction measures, the Company has not committed to reduce emissions in line with the goals of Paris Agreement, nor do its goals cover scope 3 emissions in its supply chain or from use of its products. More ambitious action is necessary to address the Company's full climate impact, its physical risks, and the transition risks associated with a global shift from a fossil fuel-based economy.

Valero is falling behind peer companies in curbing its GHG emissions. Phillips 66 recently set a target for its scope 3 emissions. Marathon Petroleum is reporting its scope 3 emissions, has set midterm emissions targets, and is aligning its capital spending with a planned transition to lower carbon fuels. Royal Dutch Shell, BP, and Equinor are examples of oil and gas companies that have announced ambitious targets to reduce emissions and align their capital spending and business activities with the net zero goals of the Paris Agreement.

Valero maintains that it leads the industry in producing low-carbon renewable fuels. Ramping up the scale, pace and rigor of its climate-related initiatives could unlock opportunities for growth in new products such as aviation biofuels and help the company to avoid investing in assets that will lose value as the global economy transitions away from fossil fuel-based transportation fuels over the coming decades.

Resolved
Shareholders request Valero issue a report within a year, and annually thereafter, at reasonable expense and excluding confidential information, that discloses near- and long-term GHG gas reduction targets aligned with the Paris Agreement's goal of maintaining global temperature rise at 1.5 degrees Celsius, and a plan to achieve them. Reporting should cover the company's full range of operational and supply chain emissions.

Supporting Statement
In assessing targets, we recommend, at management's discretion:

- Taking into consideration approaches used by groups like the Science Based Targets initiative;
- Developing a low carbon transition plan showing evidence of implementation to meet Valero's goals;
- Considering support targets for renewable energy, energy efficiency, alternative fuels production and other measures deemed appropriate by management; and
- Committing to reduce local community health impacts from cumulative operational emissions.