



TESORO CORPORATION

PAID SICK  
LEAVE PROGRAM

SUMMARY DESCRIPTION

*As of January 1, 2017*

This Summary Description outlines the major features of the Tesoro Paid Sick Leave Program. If you have questions regarding your coverage under the Paid Sick Leave Program, contact your HR Business Partner/Manager or the Corporate Benefits Department at [satbenefits@tsocorp.com](mailto:satbenefits@tsocorp.com).

This document describes the Tesoro Paid Sick Leave Program as of January 1, 2017. This Program is available to eligible Tesoro employees on the U.S. payroll working in states or municipal areas where there is mandated paid sick leave, including California and Washington DC.

The Company reserves the right to interpret and administer the Tesoro Paid Sick Leave Program consistent with its intent and provisions.

## CONTENTS

PARTICIPATION .....	3
ENROLLMENT .....	3
COST .....	3
ANNUAL GRANT OF PAID SICK LEAVE BENEFITS.....	3
ADMINISTRATION .....	3
USAGE .....	4
APPLYING FOR BENEFITS.....	4
PROTECTION FROM RETALIATION .....	4
EVENTS AFFECTING COVERAGE .....	4
AMENDMENT OR TERMINATION.....	5
ADDITIONAL INFORMATION .....	5
QUESTIONS .....	5
APPENDIX A.....	6
APPENDIX B.....	8

**The Tesoro Paid Sick Leave Program provides you with certain paid leave benefits to obtain care for you or your qualifying family member’s existing health conditions or preventive care, and in the event of domestic violence, sexual assault or stalking.**

## PARTICIPATION

You are eligible to participate in the Tesoro Paid Sick Leave Program if you are a Tesoro employee working in a location with mandated paid sick leave under state or municipal legislation. This includes full-time, part-time and temporary employees working in the State of California or in Washington DC.

## ENROLLMENT

If you are eligible to participate in this Program, you are automatically enrolled as of the date you are first eligible to participate.

## COST

The Company pays the entire cost of the paid leave benefits under this Program.

## ANNUAL GRANT OF PAID SICK LEAVE BENEFITS

### California Employees

Eligible employees are credited with three (3) days of paid sick leave upon becoming eligible for participation in this Program and, thereafter, at the beginning of each successive calendar year, provided that they work at least 30 days in California in the applicable calendar year. You may use up to three (3) days of paid sick leave in each calendar year (or, for the year including your employment commencement date, the remaining portion of the calendar year). Unused paid leave does not carry over to the next calendar year.

**NOTE:** Employees working in certain California locations may be eligible for different paid sick leave benefits under applicable local ordinances. Refer to attached appendices for California city-specific information. If applicable, you will receive the greater of the benefits provided in this Section or under applicable local ordinances; there is no duplication of benefits.

### Washington DC Employees

Eligible employees are credited with seven (7) days of paid sick leave upon becoming eligible for participation in this Program and, thereafter, at the beginning of each successive calendar year. You may use up to seven (7) days of paid sick leave in each calendar year (or, for the year including your employment commencement date, the remaining portion of the calendar year). Normally, unused paid leave would be carried over from year to year; however, because you are credited under this Program with the maximum amount of paid sick leave as of the first day of each calendar year, there is no carryover of your unused paid leave.

In addition to the covered family members set forth in the Usage section below, Washington DC Employees may also use their paid sick time for parents of their spouse, the spouse of their children and siblings and a person with whom the employee shares or has shared, for not less than the preceding 12 months, a mutual residence and with whom the employee maintains a committed relationship as defined in the ordinance,

Washington DC Employees may use paid sick leave in the event of domestic violence, sexual assault or stalking committed against any covered person, In addition to the reasons described in the Usage section below.

Washington DC Employees may be asked to provide documentation supporting their use of paid sick leave for paid sick leave absences of three (3) or more consecutive work days.

## ADMINISTRATION

Benefits, while expressed in days, are administered in hours based on your normal work schedule. Benefits are paid as 100% of your regular base pay or equivalent or rate required by applicable law for the workweek in which the employee takes paid sick time. The benefit hours paid under this Program do not generally count towards hours worked in a day or in a week (unless required by wage and hour laws, labor agreement or local practice).

## USAGE

You may use paid sick leave for the diagnosis, care or treatment of an existing health condition or to obtain preventive care for a covered person. Preventive care includes annual physicals and flu shots. You may also use paid sick leave for specified purposes if you are a victim of domestic violence, sexual assault, or stalking.

Covered persons include you and your family members. For purposes of this Program, “family members” are defined as follows:

- Your child, including biological, adopted, foster, stepchild, legal ward, or a child to whom the employee stands in loco parentis. The definition of child is applicable regardless of age or dependency status;
- Your spouse;
- Your parent, including biological, adoptive, or foster parent, stepparent, or legal guardian of an employee or the employee's spouse or registered domestic partner, or a person who stood in loco parentis when the employee was a minor child;
- Your registered domestic partner;
- Your grandparent;
- Your grandchild; or
- Your sibling

## APPLYING FOR BENEFITS

Requests for leave under this Program are made through your normal time/absence reporting processes, upon your oral or written request. It is your responsibility to provide reasonable advance notification if your need for sick leave is foreseeable. If your need for sick leave is unforeseeable, you should report your sick leave as soon as practicable.

When requesting paid sick leave benefits, you should specifically report your absence as paid sick leave under this Program, in order to distinguish the absence from other available paid leaves. You must use any sick pay benefits available to you under this program prior to using paid leave under Tesoro's short-term disability programs. You may not request benefits for sick leave under this Program and short-term disability for the same period and receive double pay.

Paid sick leave under this Program can be requested for any increment of hours, subject to a minimum absence of two (2) hours of leave. Once your absence has been properly reported and recorded, you will receive paid sick leave benefits as part of your regular payroll process.

## PROTECTION FROM RETALIATION

Company policy prohibits discrimination and/or retaliation against employees who request or use paid leave for covered reasons.

## EVENTS AFFECTING COVERAGE

### Change in Work Schedule

If your normal work schedule changes during the year, your sick pay benefit may change to reflect the daily hours in your new work schedule, if required by law.

### Layoff or Termination of Employment

Your participation and any sick leave benefits end when your employment terminates. No payout of unused benefits is available to you at separation. If you are rehired to work in California or Washington D.C. within one (1) year of your termination, your accrued unused paid leave will be reinstated.

### Death

Your participation ends as of the date of your death.

## AMENDMENT OR TERMINATION

Tesoro expects to continue providing paid leave benefits as described in this Program, but reserves the right to amend or discontinue any or all parts of this Program, at any time and for any reason, in a manner that meets or exceeds the requirements of applicable State or local paid sick leave legislation.

## ADDITIONAL INFORMATION

The Tesoro Paid Sick Leave Program, including its Appendices, contains benefit provisions designed to comply with State and local paid sick leave mandates including, California's Healthy Workplaces, Healthy Families Act of 2014 (AB 1522) and District of Columbia's Accrued Sick and Safe Leave Act 2008 (SSLA), as amended. The Tesoro Paid Sick Leave Program is not an employee benefit plan covered by ERISA.

## QUESTIONS

If you have questions about your paid leave or other Tesoro employee benefits, contact the Tesoro Employee Service Center at (866) 688-5465 or email the Corporate Benefits Department at [satbenefits@tsocorp.com](mailto:satbenefits@tsocorp.com).

## APPENDIX A

This Appendix A addresses paid leave benefits mandated by the Los Angeles Minimum Wage Ordinance, as codified under Article 7 of Chapter XVIII of the Los Angeles Municipal Code § 187.00 et seq. Tesoro intends to comply with both state and local law and eligible employees will receive the benefits of whichever law is more favorable. The provision of the Program shall apply in all respects except to the extent modified under this Appendix A; provided, however, that this Appendix A shall not result in a duplication of paid leave benefits to Tesoro employees.

### LOS ANGELES PAID LEAVE

Beginning on or after July 1, 2016, employees who work for Tesoro for at least two hours in a given week in the City of Los Angeles—and for 30 days or more within a year—are entitled to paid sick time under this Program pursuant to the requirements of the California Healthy Workplaces, Healthy Families Act of 2014 (the “Act”) and the Los Angeles Minimum Wage Ordinance. This includes regular Full-Time employees, Part-Time employees, and Seasonal employees who work for Tesoro within the geographic boundaries of the City of Los Angeles (“Los Angeles Employees”).

Because the annual grant of paid sick leave benefits provided under the Los Angeles Paid Sick Leave Ordinance is more favorable than the annual grant under the Act, as of July 1, 2016, Los Angeles Employees are not eligible for the annual grant of paid sick time under the general California Paid Sick Leave Program and, instead, receive their annual grant of paid sick time as provided in the Los Angeles Paid Sick Leave Ordinance, as set forth below. Any time accrued and unused under the California Paid Sick Time Policy will be incorporated in the Los Angeles Sick Leave accrual and usage under the new policy, as outlined below.

#### Los Angeles Paid Sick Leave Grant - Current Employees

All current Los Angeles Employees as of July 1, 2016, will be provided with 48 hours of Los Angeles Paid Sick Leave per calendar year in accordance with the requirements of the Los Angeles Minimum Wage Ordinance and implementing rules and regulations. An employee’s balance of unused paid leave as of July 1, 2016 is determined by reducing the 48 hours credited under the Los Angeles Minimum Wage Ordinance by the paid leave that the employee used between January 1, 2016 and June 30, 2016, provided that the employee’s balance of unused paid leave as of July 1, 2016 will not be less than 24 hours. Unused paid sick leave carries over from year to year, up to a maximum of 72 hours, but an employee may not use more than 48 hours of paid sick leave in any calendar year.

#### Los Angeles Paid Sick Leave Grant – New Hires

Los Angeles Employees hired after July 1, 2016 and before January 1, 2017, who work for Tesoro in the City of Los Angeles for at least two (2) hours in any given week and for 30 or more days within a year, will receive a grant of 24 hours of Los Angeles Paid Sick Leave on their start date that can be used beginning on their 90th day of employment.

After January 1, 2017, all newly-hired Los Angeles Employees who work for Tesoro in the City of Los Angeles for at least two (2) hours in any given week and for 30 or more days within a year will receive a grant of 48 hours of Los Angeles Paid Sick Leave on their start date.

#### Usage

In addition to the covered family members set forth in the *Usage* section of the Program, Los Angeles Employees may also use their paid sick time for any individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship.

### Documentation

Los Angeles Employees may be asked to provide documentation supporting their need for Los Angeles Paid Sick Leave after they have used more than three (3) consecutive days of Los Angeles Paid Sick Leave. To protect employee (and family member) privacy, employees need not disclose the underlying reason for a medical or dental appointment or any specific diagnosis information related to a medical condition.

## APPENDIX B

This Appendix B addresses paid leave benefits mandated by the San Diego Earned Sick Leave and Minimum Wage Ordinance, as codified under Article 9 of Chapter 3 of the San Diego Municipal Code § 39.0101 et seq. Tesoro intends to comply with both state and local law and eligible employees will receive the benefits of whichever law is more favorable. The provision of the Program shall apply in all respects except to the extent modified under this Appendix B; provided, however, that this Appendix B shall not result in a duplication of paid leave benefits to Tesoro employees.

### SAN DIEGO PAID LEAVE

Beginning on or after July 11, 2016, employees who work for Tesoro in the City of San Diego for at least two hours during at least one calendar week are entitled to paid sick time under this Program pursuant to the requirements of the California Healthy Workplaces, Healthy Families Act of 2014 (the “Act”) and the San Diego Earned Sick Leave and Minimum Wage Ordinance. This includes regular Full-Time employees, Part-Time employees, and Seasonal employees who work for Tesoro within the geographic boundaries of the City of San Diego (“San Diego Employees”).

Because the accrual of paid sick leave benefits under the San Diego Earned Sick Leave and Minimum Wage Ordinance is more favorable than the accrual of benefits under the Act, as of July 1, 2016, San Diego Employees are not eligible for the annual grant of paid sick time under the general California Paid Sick Leave Program and, instead, accrue paid sick time as provided in the San Diego Earned Sick Leave and Minimum Wage Ordinance as set forth below.

#### San Diego Paid Sick Leave Grant

Beginning on or after July 11, 2016, San Diego Employees who work for Tesoro in the City of San Diego for at least two hours during at least one calendar week will be provided with 40 hours of San Diego Paid Sick Leave per calendar year. A San Diego Employee’s balance of unused paid leave as of July 11, 2016 is determined by reducing the 40 hours credited under the San Diego Minimum Wage Ordinance by the paid leave that the employee used between January 1, 2016 and July 10, 2016..

#### Carry Over

Unused paid leave does not carry over to the next calendar year.

#### Usage

In addition to the reasons described in the *Usage* section of the Program, San Diego Employees may use San Diego Paid Sick Leave if the employee’s workplace or the employee’s child’s school or child care provider is closed by order of a public official due to a public health emergency, as defined by the Ordinance, and in the event of domestic violence, sexual assault or stalking committed against any covered person.

Further, notwithstanding the Events Affecting Coverage section of the Program, if a San Diego Employee is rehired within 6 months of separation, any previously accrued, unused sick leave that was not paid out at the time of separation will be reinstated.

#### Documentation

San Diego Employees may be asked to provide documentation supporting their for San Diego Paid Sick Leave after they have used three (3) consecutive work days of San Diego Paid Sick Leave. To protect employee (and family member) privacy, employees need not disclose the underlying reason for a medical or dental appointment or any specific diagnosis information related to a medical condition.