

**THE TESORO CALIFORNIA REFINERIES  
CONSTRUCTION & MAINTENANCE LABOR AGREEMENT**

**CARSON, WILMINGTON AND MARTINEZ, CALIFORNIA**

## 1. INITIAL PROVISIONS

1.1. This Tesoro California Refineries Construction & Maintenance Labor Agreement ("Agreement") is entered into by Tesoro Refining & Marketing Company, LLC ("Owner"), and the State Building and Construction Trades Council of California ("State Council"), the Los Angeles/Orange Counties Building and Construction Trades Council, the Contra Costa Building and Construction Trades Council ("Local Councils"), and the local unions who have executed this Agreement, all of whom are referred to collectively as the "Unions." The Owner and the Unions are referred to as the "Parties."

1.2. The Tesoro Refinery Facilities (the "Project") include the refineries located in Carson, Wilmington and Martinez, California, and include petroleum refining, processing and storage facilities, power generation, and all of the supporting and related equipment and facilities located at the refinery and associated rail and port loading facilities at or near the Martinez refinery under the control of the Owner. The Project does not include facilities owned by third parties or not part of the petroleum refining business of Tesoro Refining & Marketing Company, LLC. It is understood and agreed by and between the parties to this Agreement that the facilities covered by this Agreement will change over time as equipment is added to and modified at the refinery.

1.3. Owner directly employs employees in the construction industry and regularly performs the functions of an employer in the construction industry, including contracting with other Employers in the construction industry to perform additional construction work. Owner reserves the right to self-perform any work under this Agreement with its regular employees. Other than requiring all Employers to become parties to this Agreement by executing Attachment A, the Parties understand and agree that Owner does not control or have the right to control the wages, benefits, or other terms and conditions of employment for employees that it does not directly employ; and that Owner shall not be deemed to be a joint employer of any employee it does not directly employ.

1.4. As provided below, all project managers, construction managers, contractors, subcontractors or other persons or entities assigning, awarding or subcontracting Covered Work (as defined in Article 2), or authorizing another party to assign, award or subcontract Covered Work, or performing Covered Work (other than Owner) will be subject to this Agreement by executing Attachment A, the Employer Agreement to be Bound (all of whom, including the Owner, are individually and collectively referred to as "Employer," "Employers," "Contractor" or "Contractors").

1.5. The Unions are labor organizations whose members are construction industry employees who generally work in close proximity to one another at construction job sites and whose jobs are closely related and coordinated. Each of the Unions is a party to a multi-employer collective bargaining agreement ("Master Agreement") that covers the geographic area of the Project.

1.6. A large labor pool represented by the Unions will be required to execute the work involved on the Project. Employers wish, and it is the purpose of this Agreement, to ensure that a sufficient supply of skilled craft workers and qualified apprentices are available at the Project, that all construction work and related work performed by the members of the Unions on this Project shall proceed continuously, without interruption, in a safe and efficient manner, economically with due consideration for the protection of labor standards, wages and working conditions.

1.7. In furtherance of these purposes and to secure optimum productivity, harmonious relations between the parties and the orderly performance of the work, the parties to this Agreement agree to establish adequate and fair wage levels and working conditions and to protect the Project against strikes and lockouts and other interference with the process of the work, including interference that may arise at a common-situs jobsite when union employees work alongside non-union employees in their own craft or in those other crafts with which they generally work in close proximity performing work that is closely related and coordinated.

1.8. In the interest of the future of the construction industry in the local area, of which the Unions are a vital part, and to maintain the most efficient and competitive posture possible, the Unions pledge to work and cooperate with the management of the Project to produce the most efficient utilization of labor, materials and equipment in accordance with this Agreement.

1.9. A "Capital Project" is Covered Work (i) involving new investment in equipment or facilities and new construction, and (ii) which requires new or modified permits from the applicable air quality management district for some pieces of equipment that are part of the project. All Capital Projects shall be performed under the terms of this Agreement.

1.10. A "Maintenance Project" is Covered Work that is not a Capital Project, and includes but is not limited to all shutdown, turnaround, scheduled maintenance, major overhauls, and other work performed on the Project. Any portion of the project that would otherwise be a Capital Project but requires a turnaround to complete, shall be considered a Maintenance Project.

## 2. SCOPE

2.1. Work within the scope of this Agreement is referred to as "Covered Work." Covered Work includes all on-site construction, alteration, painting or repair of buildings, structures and other works and related activities for the Project that is within the craft jurisdiction of one of the Unions, including, without limitation, pipelines, pumps and pump stations, start-up and commissioning, construction abatement, site preparation, survey work and soils and material inspection and testing (excluding work performed by a civil, mechanical, geotechnical or other licensed engineer whose scope of work is not covered by a collective bargaining agreement of a union signatory to this Agreement), all on-site fabrication work provided such work is within the fabrication provision of a local master or national agreement of one of the Unions, demolition of existing structures, and all construction, demolition or improvements required to be performed as a condition of approval by any public agency. On-site construction shall also include the site of any batch plant constructed solely to supply materials to the Project.

2.1.1. All fabrication work over which the Owner or other Employers possesses the right of control, including without limitation, the fabrication of air-handling systems and ducts, and HVAC sheet metal work, and which is traditionally claimed as on-site fabrication shall be performed on-site. For the convenience of the Owner or other Employers, such work may be performed off-site. In that event, such fabrication work shall be performed in accordance with the union standards established by this Agreement for the appropriate craft Union or by a fabrication agreement approved by the craft's International Union. On-site construction shall also include the site of any batch plant constructed solely to supply materials to the Project.

2.2 Covered Work includes all physical work that is part of startup and commissioning, including, but not limited to, system flushes and testing, loop checks, rework and modifications, functional and operational testing up to and including the final running test. It is understood that the Owner's personnel, manufacturer's and/or vendor's representatives, and/or plant operating personnel may supervise and direct the startup, commissioning, rework and modification activity, and that the craft work is typically performed as part of a joint effort with these representatives and personnel. A manufacturer or its representatives may perform industry standard startup and commissioning work to satisfy its guarantee or warranty on a piece of equipment.

2.3. Covered Work does not include any:

2.3.1. Work performed by supervisors not covered by a collective bargaining agreement, technical or non-manual employees of Owner and each other

Employer, including, but not limited to, executives, office and clerical employees, timekeepers, messengers, guards; or any civil, mechanical or other professional engineers, drafters and inspectors not covered by a collective bargaining agreement of a Union; or staff employees, and operators and personnel of vendors or their agents or subsidiaries performing warranty work; or any other employees above the classification of general foreman or who perform administrative/clerical functions.

2.3.2. Work performed by employees reporting, either directly or indirectly, to local, state or federal governmental agencies (e.g., DTSC personnel, CBO inspectors).

2.3.3. Work which is performed by an Original Equipment Manufacturer's ("OEM") labor forces for warranty, repair or maintenance on the vendor's equipment if required by the OEM's warranty agreement between the OEM and the Owner.

2.3.4. Work performed by technical representatives or technicians performing specialized work on equipment where such employees have special or unique skills or experience on that equipment which employees represented by the Unions do not possess.

2.3.5. Work by specialty contractors if, as of the effective date of this Agreement, there is no qualified Union signatory contractor available to perform the work. At the first JAC meeting of 2019 and each calendar year thereafter, the Owner and Union shall determine by mutual agreement whether there are qualified Union signatory contractors available to perform the work described in Section 2.3.5. In making this determination, the Owner and Union will evaluate union signatory contractors on criteria that include but are not limited to the Owner's standards for safety, quality and resourcing. The Owner's determination, based on its reasonable exercise of discretion, shall be controlling.

2.3.6. Work performed by non-construction craft employees.

2.3.7. Work performed by Owner's regular employees.

2.3.8. Work planning and scheduling.

2.3.9. Quality assurance/quality control.

2.3.10. Work involving vacuum trucks; industrial cleaning not related to construction; temporary leak repair; safety services requiring professional safety certification; non-construction catalyst loading, regeneration and removal; chemical purging and cleaning prior to release to contractor; refinery byproduct separation

and recovery; inspection services not related to construction; and technicians observing post weld heat treating and stress relieving.

2.3.11. All manufacturing of pressure vessels, pumps, compressors and skid mounted equipment.

### 3. SUBCONTRACTING

3.1. Owner and each other Employer agree that they will contract for the assignment, awarding or subcontracting of Covered Work, or authorize another party to assign, award or subcontract Covered Work, only to a person, firm, corporation or other entity that, at the time the contract is executed, has become a party to this Agreement by executing Attachment A, the Agreement to be Bound.

3.2. Owner and each other Employer agree that they will subcontract for the performance of Covered Work only to a person, firm, corporation or other entity who is or becomes party to this Agreement and who is or becomes signatory to the Master Agreement with the craft Union having traditional and customary building trades craft jurisdiction over the work or, only in the case of a national contractor, a national agreement with the International Union(s) of the craft Union(s) having traditional and customary jurisdiction over the work. Any Employer, other than Owner, performing Covered Work on the Project with its own employees shall, as a condition to working on the Project, become signatory to and perform all work under the terms of this Agreement and the applicable Master Agreement, except that an Employer signatory to a national agreement with the international union of the craft Union having traditional and customary jurisdiction over the work is not required to sign a Master Agreement. Before being authorized to perform any Covered Work, Employers (other than Owner) shall become a party to this Agreement by signing Attachment A, the "Agreement to be Bound." Every Employer shall notify the applicable Local Council and the State Council in writing within five (5) business days after it has subcontracted pursuant to Section 3.1 or 3.2, and shall at the same time provide to the applicable Local Council and the State Council a copy of the executed Agreement to be Bound.

3.3. Nothing in this Agreement shall in any manner whatsoever limit the rights of the Owner, or any other Employer, to subcontract Covered Work or to select its contractors or subcontractors; provided, however, that all Employers, at all tiers, assigning, awarding, contracting or performing, or authorizing another to assign, award, contract or perform Covered Work shall be required to comply with the provisions of this Agreement. Owner and every other Employer shall notify each of its contractors and subcontractors of the provisions of this Agreement and require as a condition precedent to the assigning, awarding or subcontracting of any Covered Work or allowing any subcontracted Covered Work to be performed, that all such contractors and subcontractors at all tiers become signatory to this

Agreement and, except for a national contractor signatory to a national agreement with the applicable Union, the Master Agreement. Any Employer that fails to provide the Local Council and State Council with the Employer Agreement to be Bound executed by its contractor or subcontractor shall be liable for any failure of that contractor or subcontractor, or any contractor or subcontractor at a lower tier, to comply with the provisions of this Agreement, including any contributions to any trust funds that the contractor or subcontractor, or any subcontractor to that subcontractor, fails to make. Provided the Owner provides the executed Agreement to be Bound, nothing herein shall impose any liability on the Owner for any failure of any contractor or subcontractor, for any wages or benefits due or payable by any contractor or subcontractor including any and all contributions to any trust funds that any contractor or subcontractor fail to make.

#### 4. WAGES AND BENEFITS

4.1. All employees covered by this Agreement (including foremen and general foremen if they are covered by the Master Agreement) shall be classified and paid wages, fringe benefits and contributions made on their behalf to multi-employer trust funds, all in accordance with the then current Master Agreement of the applicable Union; provided, no wage premiums other than welding and premiums currently being paid as of September 2017 (including but not limited to hazard pay, acid pay, high or low work and other similar premiums), subsistence, travel allowance, mileage, or pay for travel time need be paid to any employee; however, the Employer may elect to make such payments on a regular or periodic basis in its sole discretion. Classifications in Master Agreements that circumvent the intent and purposes of this section that require no additional skills are not recognized under the terms of this Agreement.

4.2. When zone type wage structures are established in the area of the Project, the Project for the purposes of this Agreement will be considered as if it was within the area of the base zone rate.

4.3. Any special interest bargaining which establishes wage rates, classifications, zones, or wage escalations which apply exclusively to the Project will not be recognized. In addition, there shall be no redlining of the Project in any future multi-employer collective bargaining agreements by singling out, either by name or by effect, the Project or the Employers for less favorable wages, benefits or working conditions than are generally accorded other industrial projects in the same general geographic area.

#### 4.4. Reporting Pay

4.4.1. When an employee or new hire reports to work on any shift between the established hours of his/her regular work and is not given the

opportunity to work because none was available and was not notified before the completion of the previous day's work, he/she shall be paid 2 hours reporting time.

4.4.2. When employees start to work they shall be paid not less than 4 hours and if they work beyond the 4 hours, they shall be paid for actual time worked. It shall be the Contractor's prerogative whether or not to stop work.

4.4.3. If an employee refuses to start or stops work on his/her own volition, the minimum shall not apply.

4.4.4. Reporting pay as defined in this Section shall be paid at the straight time hourly rate. However, when employees report for scheduled work on Saturday, Sunday or on holidays and are not given the opportunity to work because none is available, they shall be paid 2 hours pay at the appropriate overtime rate, time and one-half (1-1/2x) for Saturdays and double time (2x) for Sundays and holidays.

4.4.5. Scheduled work occurs when employees are notified during their last regularly scheduled work day that they are scheduled to work on Saturday or Sunday.

## 5. UNION SECURITY AND REFERRAL

5.1. The Employers recognize the Unions signatory to this Agreement as the sole and exclusive collective bargaining agents for their respective construction craft employees performing Covered Work for the Project, and further recognize the traditional and customary craft jurisdiction of each Union.

5.2. All employees performing Covered Work shall be or shall become and then remain members in good standing of the appropriate Union as a condition of employment on or before the eighth (8th) day of employment, or the eighth (8th) day following the execution of this Agreement, whichever is later.

5.3. The Unions shall be the source of all craft employees for Covered Work for the Project. Employers agree to be bound by the hiring and layoff practices of the respective Union, including hiring of apprentices, and to utilize its registration facilities and referral systems. However, in the event the referral facilities maintained by the Unions do not refer the employees as requested by the Employer within a forty eight (48) hour period after such request is made by the Employer (Saturdays, Sundays and Holidays excepted), the Employer may employ workers from any source. The Employer may hire employees by name that have special skills or have previous maintenance, construction or site experience. For any employee not referred by the Union, the Employer shall arrange for a dispatch to be