1.0 Purpose

1.1. To establish responsibilities and guidelines for assessing terminals and for ensuring tankers, bulk carriers, articulated tugs and barges (ATB's), barges, tugs, and support vessels chartered by the Company to transport and transfer crude oil, feedstocks, refined products, by-products, and chemicals are operated, with minimum risk to people, the environment and the Company.

2.0 Scope and responsibility

2.1. This policy will apply to Tesoro Corporation and associated Company Entities as well as to Tesoro Logistics GP, LLC, Tesoro Logistics LP and associated Company Entities.

2.2. The policy committee member responsible for marine operations will develop and maintain the content of this policy.

2.2.1. The head of shipping operations will develop and maintain the applicable vetting process.

2.3. Management personnel and individuals in supervisory positions will administer this policy for their respective areas of responsibility.

3.0 References

3.1. Company references

3.1.1. Policy 10.20.010, Obeying the law

3.1.2. Policy 23.10.005, General environmental, health, safety and security

3.1.3. Exhibit 23.10.040 – ExA, Vetting clearance request

3.1.4. Exhibit 23.10.040 – ExB, Officer experience matrix

3.1.5. Schedule 23.10.040 – ScA, Definitions

3.2. Other reference

3.2.1. Code of federal regulations

3.2.2. Marine pollution and 73/78 short for the years 1973 and 1978 (MARPOL)

3.2.3. Oil Company International Marine Forum (OCIMF) publications

3.2.4. U.S. Coastguard regulations**4.0 Policy**

4.1. **Synopsis:** The Company will take appropriate steps to ensure vessels and terminals are operated safely and to ensure other marine services are conducted safely, with minimum risk to people, the environment and the Company.

4.2. **Application:**

4.2.1. **Marine vessels:** This policy applies to the following marine vessels:

a. Vessels engaged to carry crude oil, feedstocks, refined products and by-products, and chemicals on time or voyage charter to the Company or performing under a Contract of Affreightment (COA).

b. Vessels carrying a cargo in which the Company has an interest.

c. Vessels berthing at a marine terminal owned, leased or operated by the Company.

d. Vessels berthing at a third-party marine terminal where the Company has an interest in the cargo on the vessel.

4.2.2. **Marine terminals:** This policy applies to the following marine terminals:

a. Company owned, leased and operated marine terminals where marine vessels transfer crude oil, feedstocks, refined products and petroleum by-products, and chemicals.

b. Marine terminals where a vessel in which the Company has an interest transfers crude oil, feedstocks, refined products and petroleum by-products, and chemicals.

c. Floating Production Storage Offloading (FPSO) vessels or Floating Storage Offloading (FSO) vessels that are converted ex-tankers and are permanently moored to the ocean floor.

4.2.3. **Marine services:** This policy applies to the following marine service providers:

a. Cargo inspection companies, loss control surveyors and other marine contractors

b. Tug assist/escorts companies

c. Lightering contractors and service vessels

d. Marine vendors that include vessel owners and operators, small service vessel operators, and other marine service providers, e.g. pilots, line handlers, agents.

4.3. **Requirements:** All marine vessels, marine terminals and marine service providers used by the Company are required to comply with industry standards all applicable local, state, federal and international regulations (OCIMF, Code of federal regulations, MARPOL).

4.4. **Vetting clearance request:** Company personnel intending to use marine vessels to Call at specific marine terminals covered by this policy will initiate a request to vet using the Company vetting software system. The vetting clearance request will include information defined in Exhibit 23.10.040 – ExA, Vetting clearance request.

4.5. **Approval of marine vessels:** Vessels covered by this policy will not be used unless the Company's vetting group has vetted the vessel and rendered a decision to accept or reject the vessel and the terminal for which the vessel was nominated.

4.5.1.The vetting process will follow a three-tiered approval system:

a. The head of shipping operations will designate certain employees to make vetting recommendations and final approvals for the marine operations group.

b. Employees designated to make vetting recommendations can also be designated to final approve or reject recommendations, but are prohibited from final approving or rejecting their own recommendations.

c. Approval conditions must be confirmed by a technical operator or the vessel's Captain. Any deviation from the three-tiered approval system described above requires the approval of the head of shipping operations or designee. 4.5.2. Approval or rejection of a marine vessel:

a. The age of the OCIMF Ship Inspection Report Programme (SIRE). Tankers, ATBs, barges and tugs must have a published SIRE in the OCIMF SIRE system that is less than 6 months of age with the current Technical Manager unless approved by the head of shipping operations.

b. Previous experience with the company and/or feedback on the vessel from the Marine department and/or the vessel's technical operator. c. The vessel's age, condition, equipment and recent operating history.

d. Physical fit. The vessel will only be approved if it physically fits in the port and the terminal.

e. criteria established in Exhibit 23.10.040-ExB, Officer and experience matrix. 4.5.3. Time charter vessel approval system:

a. A Company SIRE qualified superintendent or port captain will conduct a physical inspection of the vessel be conducted prior to subjects being lifted for the time charter.

b. If the time charter vessel's Technical Operator is unknown to the Marine Operations Group then a OCIMF Tanker Management Self-Assessment (TMSA) verification may be conducted as soon as practical at the Technical Operator's head office or be required prior to the time charter being finalized by a member of the shipping operations group.

c. A Tesoro SIRE inspection will be conducted by a Company SIRE qualified superintendent or port captain annually after initial approval.

d. If a time chartered vessel is to be utilized for a ship to ship lightering operation, the third party vessel that is nominated for the lightering operation either as Call

the Ship To Be Lightered (STBL) or the Service Ship (SS) will be vetted.

e. Floating Storage Vessel (FSU) is a tanker that is anchored and not permanently moored to the ocean floor. If the intention is for a time chartered vessel to load or discharge via a ship to ship operation with a FSU then the FSU will be vetted.

4.5.4. The Company will not accept:

a. Tankers, ATB's and Bulk Carriers over 15 years of age for time charter.

b. Tankers, Bulk Carriers, Oil Bulk Ore vessels (OBO's), and ATB's greater than 20 years of age.

c. Tankers, Bulk Carriers, Oil Bulk Ore vessels (OBO's) and ATB's greater than 15 years of age unless they have a Conditions Assessment Program (CAP) 1 Hull, Cargo and Machinery Systems within sixty days after completion of the third special survey drydock.

d. Offshore wire towed barges after 12/31/19.

e. Single hull tankers and barges.

f. Combination vessels, OBO vessels for wet cargo.

g. a time charter vessel without documentation that a Tesoro SIRE inspection was conducted by a Company SIRE qualified superintendent or port captain within the last year.

4.6. **Vessel approval for a Maiden Voyage, including change of Technical Operator:**

4.6.1. Vessel and Technical Operator previous history will be reviewed by the vetting group.

4.6.2. Vessel must be attended during cargo operations by the Technical Operator's Marine or Engineering Superintendent.

4.7. **Assessment of marine terminals**: Marine Terminals covered under this policy will be assessed after a risk analysis is completed by the Company's vetting group.

4.7.1 Vetting and terminal personnel at Company owned, leased, or operated marine terminals will jointly conduct an OCIMF Marine Terminal Management and Self-Assessment (MTMSA) every three years. The MTMSA for each Company terminal will be posted on the OCIMF Marine Terminal Information System (MTIS).

4.7.2 Third Party marine terminals that are operated by OCIMF members where Company approved vessels frequently Call, will be assessed using the OCIMF MTIS database and verified with a physical inspection if required by the head of shipping operations.

4.7.3 Third party marine terminals not operated by OCIMF members where Company approved vessels frequently Call will be assessed by the vetting group with a physical inspection and/or using the MTMSA as an verification tool at a minimum of three years.

4.8. **Exceptions:** Any exception to this policy will be handled on an individual basis, will be documented by the requesting party for approval by the head of operations and will be processed in accordance with requirements of procedure 10.00.001-Pr3, Policy exception approval process.

1.0. Vetting clearance request: Company personnel intending to utilize a marine vessel to Call at marine terminals will initiate a request to vet the vessel using the Company vetting software system. The vetting clearance request must include the following:

1.1. The name of the vessel.

1.2. The vessel's International Marine Organization (IMO) or Vessel Identification Number (VIN) number.

1.3. The vessel's cargo grades and cargo quantities.

1.4. The general basis of business (e.g. voyage charter, Freight on Board (FOB), Discharge ex-ship (DES)).

1.6. The Laycan.

1.7. The marine terminal(s) nominated to receive the vessel.

1.8. The load Ports/Discharge Ports including name of country/port name/terminal name/terminal operator, of the Ship to Ship (STS) operation/name, the Ship to be Lightered (STBL) and the Service Ship (SS).

1.9. The STS service provider.

1.10. The date/time deadline when the vetting clearance decision is needed.

1.11. The email addresses required to be copied with vetting clearance correspondence.

1.0. Officer and experience matrix: Approval or rejection of a marine vessel officer will be based on factors including:

1.1. Tanker and Articulated tug barge (ATB) officer experience matrix:

- Time in rank: An aggregate of 2.5 years of on board sea time between the Captain & Chief Officer (C/O), and the same for the Chief Engineer (C/E) and First Assistant Engineer (1AE).
- Time on all types of tankers: Minimum 2.5 years of on board sea time individually for Captain, C/O, C/E and 1AE.
- Time with operator: An aggregate of two calendar years between the Captain and C/O, and the same for the C/E and 1AE.

1.2. Bulk Carrier Officer matrix:

- Time in rank: An aggregate of two years of on board sea time between the Captain and C/O, and the same for the C/E and 1AE.
- Time with operator: An aggregate of two years of on board sea time between the Captain and C/O, and the same for the C/E and 1AE.
- Time on bulk carriers: An aggregate of three years on board sea time between the Captain and C/O.
- Time on all vessels: An aggregate of three years on board sea time between the C/E and 1AE.

2.0. Exceptions: Exceptions to these criteria will be documented in the Tesoro Assessment & Ship Clearance (TASC) and approved by the head of shipping operations or designee.

Articulated tug and barge (ATB) – A ship that connects to a larger vessel and is used to maneuver the larger vessels by pushing or towing.

Call – Vessel coming to transfer cargo at a berth, port, SPM, FSU.

Chief Engineer (C/E) – A licensed mariner in charge of the engineering department on a merchant vessel. The C/E is responsible for all operations and maintenance that is related to any and all engineering equipment throughout the entire ship.

Chief Officer (C/O) – A licensed member and head of the deck department of a merchant ship. The C/O reports directly to the captain.

Condition Assessment Program (CAP) – A program used to assess the ship's condition (Rating scale 1-4 with 1 being the best).

Contract of Affreightment (COA) – A contract between a ship-owner and a charterer in which the ship-owner agrees to carry goods for the charterer in the ship.

Discharge ex-ship (DES) – DES refers to a ship when the ship is carrying goods and is not cleared for import at the named port of destination.

First Assistant Engineer (1AE) – A licensed member of the engineering department on the merchant vessel who is in charge of supervising daily maintenance and operation of the engineering department. The 1AE reports directly to the Chief Engineer (C/E).

Floating Storage Unit (FSU) – An offshore floating vessel used to store hydrocarbons.

Free on board (FOB) – A vessel loaded with a purchased cargo.

International Marine Organization (IMO) number – The unique identification number assigned to a vessel is determined by the IMO.

Laycan – The amount of time allowed (in hours or days) a vessel has, by charter, agreement to load and /or discharge a cargo.

Lightering – The process of transferring cargo between vessels.

Maiden Voyage – The first voyage of a vessel after delivery from shipyard.

Oil Company International Marine Forum (OCIMF) – A voluntary association of oil companies with an interest in the shipment and terminalling of crude oil, oil products and petrochemicals and gas.

Ship to Ship (STS) – The process of transferring cargo between vessels.

Ship to be Lightered (STBL) – The vessel prepared to offload cargo.

Service Ship (SS) – The vessel that will load cargo from the STBL.

Tanker Management Self-Assessment (TMSA) – OCIMF questions and best practices publication for vessel managers Tanker Management Self-Assessment.

Technical manager – Define

Technical operator – Define

Tesoro Assessment & Ship Clearance (TASC) – Please add definition … The TASC is also where exceptions to exhibit 23.10.040-ExB, Officer experience matrix are documented.

United States Coast Guard (USCG) Vessel Identification Number (VIN) – A unique identification number assigned to a vessel by the USCG.