

**Whereas**, we believe in full disclosure of our company's direct and indirect lobbying activities and expenditures to assess whether our company's lobbying is consistent with Tesoro Corporation's ("Tesoro") expressed goals and in the best interests of shareholders.

**Resolved**, the shareholders of Tesoro request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by Tesoro used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Tesoro's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management's and the Board's decision making process and oversight for making payments described in sections 2 and 3 above.

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which Tesoro is a member.

Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee or other relevant oversight committees and posted on Tesoro's website.

## **Supporting Statement**

As shareholders, we encourage transparency and accountability in Tesoro's use of corporate funds to influence legislation and regulation. Tesoro spent \$2.7 million in 2013 and 2014 on federal lobbying (opensecrets.org). These figures do not include lobbying expenditures to influence legislation in states, where Tesoro also lobbies but disclosure is uneven or absent. For example, Tesoro spent \$400,616 on lobbying in California for the first 3 quarters of the 2015-16 legislative session (<http://cal-access.ss.ca.gov/>). Tesoro's lobbying on climate change has attracted media attention ("Texas-based refiners pledge to fund fight against California's global warming law," Los Angeles Times, March 13, 2010. <http://articles.latimes.com/2010/mar/03/local/la-me-climate-ballot4-2010mar04>

Tesoro is a member of the American Petroleum Institute, Business Roundtable and National Association of Manufacturers, which together spent over \$65 million on lobbying for 2013 and 2014. Tesoro is also a member of the Western States Petroleum Association, which spent \$13,553,942 on lobbying in California for 2013 and 2014. Tesoro does not disclose its memberships in, or payments to, trade associations, or the portions of such amounts used for lobbying. Transparent reporting would reveal whether company assets are being used for objectives contrary to Tesoro's long-term interests.

And Tesoro does not disclose membership in or contributions to tax-exempt organizations that write and endorse model legislation, such as being a member of the American Legislative Exchange Council (ALEC). More than 100 companies have publicly left ALEC, including BP, ConocoPhillips, Occidental Petroleum and Shell.