



**SUPPLEMENTAL GENERAL PURCHASE ORDER
TERMS AND CONDITIONS APPLICABLE TO CONTRACT WORK PERFORMED ONSITE AT NASSCO
OR NASSCO CUSTOMER FACILITIES OR WHEN ACCESS IS GRANTED TO NASSCO'S OR NASSCO'S
CUSTOMER'S FACILITIES**

These terms and conditions apply, in addition to General and Special Terms and Conditions referenced on the Purchase Order, when they are referenced in the Pacific Ship Repair & Fabrication, Inc. purchase order issued to Seller for Contract Work performed on Facilities owned or operated by NASSCO, the Government, or other NASSCO customers.

1. Access Control

NASSCO's mandatory access control policies and procedures apply to all of Seller's employees and Suppliers who will perform duties within the Facilities. NASSCO's policies and procedures are located at NASSCO's website at www.nassco.com under the heading "Security Access and Procedures." Repeated noncompliance with applicable access control policies or procedures shall constitute a breach of this Contract.

2. NASSCO's Medical Treatment, if Seller operates within the Facilities

NASSCO shall have no obligation to furnish medical treatment to Seller's employees or Suppliers working in the NASSCO Facilities. Seller shall defend, indemnify and hold Buyer and NASSCO harmless in the event Seller's employees or Suppliers receive medical attention from NASSCO's Medical Department. This clause will survive Contract termination or expiration.

3. Clean up of Work Site

The Facilities job site shall be kept in a neat and orderly condition throughout the period of performance. All equipment, temporary facilities, tools, equipment, waste, materials and debris shall be removed or disposed of properly by Seller or its Suppliers as soon as practicable. Seller shall be liable for all clean-up, removal or disposal costs for noncompliance.

4. Environmental, if Seller operates within the Facilities

(a) Seller shall comply with NASSCO's written environmental policies, procedures and requirements, and with all United States, state and local environmental laws and regulations, including without limitation, those regarding the use of any hazardous substances, and shall be responsible for the on-site management of all hazardous waste (both as defined by United States and California law or any other applicable law) generated by Seller's employees and Suppliers during the performance of this Contract. With the exception of asbestos, Seller will neither take title to any hazardous waste nor remove any hazardous waste from the Facilities. Any risk of loss with respect to all hazardous waste shall remain with the Facilities owner, who shall be considered the generator of the hazardous waste, execute all manifests as the generator of the hazardous waste, and shall be liable for the arrangement, transportation, treatment or disposal of the hazardous waste.

(b) Seller shall inform Buyer of all hazardous waste generated at the NASSCO Facilities. With respect to asbestos, Seller shall cooperate with Buyer and NASSCO in disposing of such waste. Seller shall bring to the immediate written notice of Buyer and NASSCO any risk to the environment which Seller believes has not been adequately assessed and is not under adequate control, so that Buyer and NASSCO can take appropriate action to prevent potential environmental harm or other losses. Any failure to perform these obligations shall be an immediate default under this Contract not subject to any cure period. Seller shall be solely responsible for the consequences of its failure to perform the foregoing obligations and shall defend, indemnify and hold Buyer and NASSCO harmless as set forth in the Indemnity Section.

(c) Seller's environmental management system shall incorporate measures which reasonably demonstrate that its employees are competent to perform their tasks, with due regard for the need to protect the environment and ensure that hazards to the environment have been eliminated, where possible, or are being controlled through formal planning methods and procedures.

(d) If Seller causes, to any extent, an actual or potential Environmental Incident, and NASSCO's on-scene emergency coordinator responds to such an Environmental Incident, NASSCO will incur costs and expenses to respond to each such Environmental Incident. Seller agrees to pay NASSCO for NASSCO's response to each such Environmental Incident, including its costs, expenses, and any fines or penalties of remediation resulting from the Environmental Incident, and shall not impair or waive Buyer or NASSCO's indemnification rights as set forth in the Indemnity Section. Buyer shall have the right to offset or reduce any payments to Seller for these expenses.

(e) This clause will survive Contract termination or expiration.

5. Safety, if Seller operates within the Facilities

The safe conduct of all persons employed by Seller or its Suppliers shall be the sole responsibility of Seller. Seller shall take all reasonable precautions to protect the health and safety of such employees and others and to minimize danger from all hazards to life and property. Seller shall comply with all applicable United States, state, and local laws and regulations, including without limitation health, safety and fire protection laws and regulations in force at Contract award and as modified during the life of the Contract. Seller shall also comply with NASSCO's safety policies and procedures available at NASSCO's Safety Department. Seller is solely responsible for informing itself of said laws, regulations, policies and procedures, and training its employees.

(a) Any failure by Seller or any of its Suppliers to comply with any such safety policies, procedures, laws or regulations shall constitute a default. Under no circumstances shall compliance with NASSCO's safety policies and procedures, alone, be considered complete satisfaction of the requirements of this Section.

(b) Seller shall access the Security and Access Section of NASSCO's public website and review the Notice of Safety Requirements prior to the start of work. This review will guide Seller in determining what safety oversight tier they fall under, and the requirements to work within that tier.

(c) Seller represents and warrants that all equipment used by Seller to perform any Contract Work at the Facilities conforms to all federal, state, and local safety, health, and fire protection standards.

(d) If, in NASSCO's sole opinion, Seller fails to comply with this Safety Section, NASSCO may without prejudice to any other legal or contractual rights of NASSCO, issue an order stopping all or part of the Contract Work. Seller shall have no claim for extension of time or for compensation or damages by reason of or in connection with such work stoppage.

(e) To the extent required of NASSCO's own employees, Personal Protective Equipment to include but not limited to hard hats, safety shoes, protective eyewear, and hearing protection is required, at Seller's expense, for any and all of Seller's employees, or Seller's Suppliers' employees, who are in production areas of the Facilities.

6. **Screening: Background Check, Credit History Check and Drug Screen**

This Section applies to any individual who is required to enter the Facilities on a regular basis (30 or more days in any 365-day period) who is not a legal employee of NASSCO. This includes consultants, temporary employees, and individuals employed by any of Buyer's contractors, Suppliers, personnel agencies, vendors, etc.

These individuals must meet the minimum screening requirements below before they are allowed to have unescorted access to the Facilities or access to the NASSCO's computer networks, **UNLESS** they meet at least one of the following criteria:

(a) production workers including those individuals that supervise production workers in New Construction and/or Repair provided they will not require access to any of the NASSCO's computer networks and will not require recurring access to any enclosed buildings;

(b) Individuals holding a TWIC (Transportation Worker Identification Credential) card; or

(c) Individuals holding a DoD clearance at or above the SECRET level.

Minimum screening requirements are:

Background Check: Seller shall have verified through background checks that all individuals provided hereunder have the education, skills, qualifications and experience represented to Buyer, including, but not limited to, the following:

(a) Social Security Number or Immigration Registration Number (to be verified directly through DHS and SSA records)

(b) Name (including all aliases, nicknames and former names) and all addresses for past 7 years

(c) Employment history – including employers and dates of employment, job titles, reason for termination of prior employment (if disclosed) for the last 7 years

(d) Education/Training—all pertinent degrees, professional licenses, certifications, etc. (where applicable)

(e) Criminal history—including prior criminal convictions and guilty pleas (federal and state) (7 years), excluding juvenile offenses and offenses sealed or expunged by law

(f) Citizenship status which will be furnished via Visitor Access Letter or Visit Request

(g) Past revocation, denial or suspension of a Government security clearance

(h) Driving records including license issuance, suspensions, revocations, and violations (where applicable)

(i) References (if any)

In performing the background checks, Seller agrees to comply with all applicable local, state and federal laws, including the Fair Credit Reporting Act if applicable, where the Seller has obtained the individual's consent and authorization to obtain such information and to follow all procedures required thereunder. Seller agrees to retain all documents relating to such background checks for individuals who are or were assigned to perform services while this Contract is in effect, for at least 2 years from the ending date of last assignment at NASSCO. Upon request by NASSCO and within limits legally available to NASSCO, Seller agrees to provide to NASSCO within 1 business day a copy of such documents for any individual assigned to perform services pursuant to this Contract.

Credit History Check: For all Seller's individuals whose work at the Facilities will have any relationship to (a) administration of NASSCO's computer networks; (b) access to non-public data regarding Buyer financial performance; or (c) performance of functions determined by NASSCO to require a consumer credit history in order to protect Buyer and its assets, a disclosure and consent authorization consistent with the Fair Credit Report Act ("FCRA") and separate from the background check consent noted in the paragraph above, must be obtained by Seller, subject to verification by NASSCO that the FCRA consent in use by Seller permits NASSCO to receive and use the credit history check in connection with Seller's individuals' access to NASSCO Facilities.

Drug Screen: NASSCO is a drug-free Facility consistent with the Drug-Free Workplace Act of 1988. Every Seller individual working at the Facilities must be drug tested prior to each Seller's individuals first day at the Facility and must be and remain drug free. NASSCO maintains the right to audit these findings at any time. In performing the drug tests, Seller agrees to comply with all applicable local, state and federal laws. Seller agrees to retain all documents relating to such drug tests for individuals who are or were assigned to perform services while this Contract is in effect for at least 2 years from the ending date of last assignment with

NASSCO. Upon request by **NASSCO**, Seller agrees to provide NASSCO within 1 business day with a copy of such documents for any Seller individual assigned to perform services pursuant to this Contract.

Seller shall require each of Seller's personnel or Seller's individuals assigned to work at the Facilities to be re-drug tested if his/her service at the Facilities is interrupted for a period of 90 days or longer.

Seller's Personnel and Management Responsibility, if Seller operates Within the Facilities Seller agrees to reassign or remove any of Seller's personnel or Seller's Suppliers' employees within a reasonable time (or immediately if the request is attributable to NASSCO's safety, security or compliance concerns) when requested by NASSCO at NASSCO's sole discretion.