

Pacific Ship Repair & Fabrication, Inc.
SPECIAL TERMS & CONDITIONS FOR SUBCONTRACTS
Issued Under Vigor Prime Government Contracts

Rev. July 2018

PRIME CONTRACT CLAUSES

The following clauses are flowed down from Buyer to Seller pursuant to the requirements of Buyer's Contract with Vigor and Vigor's Prime Contract with the government. In addition to any Purchase Order General Terms and Conditions, they shall be incorporated into any agreement between Buyer and Seller when referenced on the Purchase Order.

In interpreting the requirements of these clauses, "Contracting Officer" should be considered to be Buyer's Procurement Representative and "Government" should be considered to be Buyer, unless the context indicates otherwise. Please apply the following term conversions. "Contractor" shall mean Seller. The terms "Government" or "Contracting Officer" do not change: (i) when a right, act authorization or obligation can be granted or performed only by the Government, (ii) when access to proprietary financial information or other proprietary data is required, (iii) when title to property or rights in technical data and/or computer software are to be transferred directly to Government, (iv) with regards to a disputes or changes clause, or (v) with regards to a clause permitting audit(s) of Seller. Some clauses are included in full text, and others of the FAR and DFARS are hereby incorporated into this Contract by reference as if given in full text, subject to the following definitions, and subject to the particular limitations and modifications indicated. The full text of FAR and DFARS clauses may be accessed electronically at the following internet websites:

<https://www.acquisition.gov/far/>

<http://FARSITE.HILL.AF.MIL/Vfdfar1.htm>

SECTION A

- **GOVERNMENT CONTRACT RATING.** U.S. NAVY CONTRACTS, PRIORITY RATING: D0A3. The Prime Contract is a rated order certified for national defense, emergency preparedness, and energy program use, and the Contractor shall follow all the requirements of the Defense Priorities and Allocations System regulation (15 CFR 700). If applicable to subcontract Orders, the rating will be included on the face of the Order.
- **NO WAIVER.** Nothing herein shall be construed as a waiver of Seller's obligation in regard to the risk of loss of the Contract Work or as a waiver of Buyer's right to require Seller to replace unsatisfactory materials, workmanship, software or services.
- **PROPERTY CONTROL SYSTEM.** Seller is to maintain a Government property control system per NAVSEA Standard Item 009-20.
- **REPRESENTATIONS AND CERTIFICATIONS.** As of the time a Purchase Order is issued to Seller, Seller represents and warrants that: (i) upon request, Seller will submit to Buyer annual certifications and representations; (ii) Seller's certifications and representations provided are current, accurate and complete at the time of submittal; and (iii) Seller has not been debarred, suspended or proposed for debarment by the Government.
- **PROPOSAL TURNAROUND TIMES.** Unless otherwise stated, proposals for New Work Items are to be turned around within 3 days of issue. Growth Work is due within 2 days.
- **BASIS OF ESTIMATE.** All submitted proposals must be able to support your Basis Of Estimate (BOE), and should be available to the Government if requested. This information should clearly include answers for: (i) What is being estimated (what, where, when and how); (ii) How is it being estimated; (iii) What empirical data was used to derive the estimate; and (iv) Why is the estimate reasonable?

1. FAR/DFARS CLAUSES/PROVISIONS

Vigor - APPENDIX 2

PURCHASE ORDER GOVERNMENT FLOW DOWN CLAUSES

When the Products furnished by Seller are to be used in connection with a U.S. Government contract, the following Federal Acquisition Regulation ("FAR") and Defense Federal Acquisition Regulations Supplement ("DFARS") clauses (collectively, "Flow Down Clauses") shall apply to this Agreement, as required by the terms of such U.S. Government contract or by operation of law or regulation. To the extent that a note below renders a particular Flow Down Clause inapplicable to this Agreement, however, the Flow Down Clause shall be deemed self-deleting.

Any mandatory Flow Down Clause that may have been inadvertently omitted from this Agreement shall

nonetheless be deemed to be included. Also, Seller shall, at Buyer’s request, accept any additional or different Flow Down Clauses that Buyer may, from time to time, deem necessary to facilitate compliance with the U.S. Government contract to which this Agreement relates.

The effective version of each Flow Down Clause shall be the same version that appears in the U.S. Government contract to which this Agreement relates. In all such Flow Down Clauses, except to extent that the context requires otherwise, the term “Contractor” shall mean Seller, the term “Contract” shall mean this Agreement, and the terms “Government” and “Contracting Officer” shall mean Buyer and its purchasing representative, respectively.

To the extent that any Flow Down Clauses call for disputes to be resolved under the FAR “Disputes” clause, disputes shall instead be disposed of according to the dispute provisions of this Agreement.

Seller agrees to flow down as required all applicable FAR and DFARS clauses to its lower-tier subcontractors.

CLAUSE #	TITLE	APPLICABILITY NOTES
52.203-6	Restrictions on Subcontractor Sales to the Government.	All Orders in excess of the simplified acquisition threshold.
52.203-7	Anti-Kickback Procedures	All Orders in excess of \$150,000, excluding paragraph (c)(1).
52.203-12	Limitation on Payments to Influence Certain Federal Transactions	All Orders in excess of \$150,000.
52.203-13	Contractor Code of Business Ethics and Conduct	All Orders in excess of \$5.5 million and having a performance period of more than 120 days.
52.203-14	Display of Hotline Poster(s).	All Orders in excess of \$5.5 million, excluding Orders for the acquisition of a commercial item or to be performed entirely outside the United States.
52.203-15	Whistleblower Protections Under the American Recovery and Reinvestment Act of 2009	All Orders funded in whole or in part with Recovery Act funds.
52.203-17	Contractor Employee Whistleblower Rights and Requirement To Inform Employees of Whistleblower Rights	All Orders in excess of the simplified acquisition threshold.
52.203-19	Prohibition on Requiring Certain Internal Confidentiality Agreements or Statements	All Orders.
52.204-2	Security Requirements.	All Orders that involve access to classified information.
52.204-9	Personal Identity Verification of Contractor Personnel.	All Orders pursuant to which Seller’s employees are required to have routine physical access to a Federally-controlled facility and/or routine access to a Federally-controlled information system.
52.204-10	Reporting Executive Compensation and First-Tier Subcontract Awards	All Orders.
52.204-21	Basic Safeguarding of Covered Contractor Information Systems	All Orders pursuant to which the Seller may have Federal contract information residing in or transiting through its information system, excluding Orders for commercially available off-the-shelf items.
52.204-23	Prohibition on Contracting for Hardware, Software, and Services Developed or Provided by Kaspersky Lab and Other Covered Entities	All Orders.
52.209-6	Protecting the Government’s Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment	All Orders in excess of \$35,000 in value, excluding Orders for commercially available off-the-shelf items.
52.211-5	Material Requirements	All Orders.
52.211-15	Defense Priority and Allocation Requirements	All Orders bearing a notice of DPAS priority rating.
52.214-26	Audit and Records—Sealed Bidding.	All Orders expected to exceed the threshold in FAR 15.403-4(a)(1) for submission of certified cost or pricing data.
52.214-27	Price Reduction for Defective Certified Cost or Pricing Data—Modifications—Sealed Bidding	All Orders.
52.214-28	Subcontractor Certified Cost or Pricing Data—Modifications—Sealed Bidding.	All Orders that, when entered into, exceed the threshold for submission of certified cost or pricing data at FAR 15.403-4(a)(1).
52.215-2	Audit and Records—Negotiation.	All Orders that exceed the simplified acquisition threshold, and: (1) that are cost-reimbursement, incentive, time-and-materials, labor-hour, or price-redeterminable type or any combination of these; (2) for which certified cost or pricing data are required; or (3) that require the Seller to furnish reports as discussed in paragraph (e) of this clause.
52.215-10	Price Reduction for Defective Certified Cost or Pricing Data	All Orders.
52.215-11	Price Reduction for Defective Certified Cost or Pricing Data—Modifications	All Orders.
52.215-12	Subcontractor Certified Cost or Pricing Data.	All Orders that, when entered into, exceed the threshold for submission of certified cost or pricing data at FAR 15.403-4(a)(1).

52.215-13	Subcontractor Certified Cost or Pricing Data—Modifications.	All Orders that, when entered into, exceed the threshold for submission of certified cost or pricing data at FAR 15.403-4(a)(1).
52.215-14	Integrity of Unit Prices.	All Orders for other than: (1) acquisitions at or below the simplified acquisition threshold in FAR Part 2; (2) construction or architect-engineer services under FAR Part 36; (3) utility services under FAR Part 41; (4) services where supplies are not required; (5) commercial items; and (6) petroleum products.
52.215-15	Pension Adjustments and Asset Reversions.	All Orders that meet the applicability requirement of FAR 15.408(g).
52.215-18	Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions.	All Orders that meet the applicability requirements of FAR 15.408(j).
52.215-19	Notification of Ownership Changes.	All Orders that meet the applicability requirement of FAR 15.408(k).
52.215-21	Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data—Modifications	All Orders.
52.215-22	Limitations on Pass-Through Charges – Identification of Subcontract Effort	All Orders pursuant to which Seller intends to subcontract to a lower-tier subcontractor more than 70 percent of the total cost of work to be performed under this Order.
52.215-23	Limitations on Pass-Through Charges	All cost-reimbursement Orders that exceed the simplified acquisition threshold, except if Vigor's prime contract is with DoD, then all cost-reimbursement Orders and fixed-price Orders, except those identified in FAR 15.408(n)(2)(i)(B)(2), that exceed the threshold for obtaining cost or pricing data in accordance with FAR 15.403-4.
52.219-8	Utilization of Small Business Concerns	All Orders that offer further subcontracting opportunities if Vigor's prime contract requires a subcontracting plan.
52.219-9	Small Business Subcontracting Plan	All Orders expected to exceed \$700,000, unless Seller is a small business concern or is providing a commercial item.
52.222-1	Notice to the Government of Labor Disputes	All Orders.
52.222-4	Contract Work Hours and Safety Standards – Overtime Compensation.	All Orders that may require or involve the employment of laborers and mechanics.
52.222-17	Nondisplacement of Qualified Workers	All Orders over the simplified acquisition threshold entered into for Seller to perform services under a services contract, as defined at FAR 22.001, that succeeds a contract for performance of the same or similar work at the same location and that has not been exempted by FAR 22.1203-2 or waived in accordance with FAR 22.1203-3.
52.222-20	Contracts for Materials, Supplies, Articles, and Equipment Exceeding \$15,000	All Orders.
52.222-21	Prohibition of Segregated Facilities	All Orders subject to FAR 52.222-26.
52.222-26	Equal Opportunity	All Orders not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended.
52.222-35	Equal Opportunity for Veterans	All Orders of \$150,000 or more unless exempted by rules, regulations, or orders of the Secretary of Labor.
52.222-36	Equal Opportunity for Workers with Disabilities.	All Orders in excess of \$15,000 unless exempted by rules, regulations, or orders of the Secretary of Labor.
52.222-37	Employment Reports on Veterans	All Orders of \$150,000 or more unless exempted by rules, regulations, or orders of the Secretary of Labor.
52.222-40	Notification of Employee Rights Under the National Labor Relations Act	All Orders that exceed \$10,000 and will be performed wholly or partially in the United States, unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to section 3 of Executive Order 13496 of January 30, 2009.
52.222-41	Service Contract Labor Standards	All Orders subject to the Service Contract Labor Standards statute.
52.222-50	Combating Trafficking in Persons	All Orders.
52.222-51	Exemption from Application of the Service Contract Labor Standards to Contracts for Maintenance, Calibration, or Repair of Certain Equipment—Requirements.	All Orders for exempt services.
52.222-53	Exemption from Application of the Service Contract Labor Standards to Contracts for Certain Services—Requirements.	All Orders for exempt services.
52.222-54	Employment Eligibility Verification	All Orders.
52.222-55	Minimum Wages Under Executive Order 13658	All Orders subject to the Service Contract Labor Standards statute or the Wage Rate Requirements (Construction) statute, and which are to be performed in whole or in part in the United States.
52.222-60	Paycheck Transparency (Executive Order 13673)	All Orders that exceed \$500,000, at all tiers, for other than commercially available off-the-shelf items.
52.222-62	Paid Sick Leave Under Executive Order 13706	All Orders subject to the Service Contract Labor Standards statute or the Wage Rate Requirements (Construction) statute, and which are to be performed in whole or in part in the United States.
52.223-3	Hazardous Material Identification and Material Safety Data	All Orders requiring the delivery of hazardous materials.
52.223-7	Notice of Radioactive Materials	All Orders for radioactive materials meeting the criteria in paragraph (a) of this clause.
52.223-18	Encouraging Contractor Policies to Ban Text Messaging While Driving.	All Orders exceeding the micro-purchase threshold.
52.225-8	Duty-Free Entry.	All Orders pursuant to which: (1) Supplies identified in the Schedule to be accorded duty-free entry will be imported into the customs territory of the United States; or (2) other foreign supplies in excess of \$15,000 may be imported into the customs territory of the United States.

52.225-13	Restrictions on Certain Foreign Purchases.	All Orders.
52.225-26	Contractors Performing Private Security Functions Outside the United States	All Orders that will be performed outside the United States in areas of: (1) Combat operations, as designated by the Secretary of Defense; or (2) Other significant military operations, upon agreement of the Secretaries of Defense and State that the clause applies in that area.
52.227-1	Authorization and Consent.	All Orders expected to exceed the simplified acquisition threshold.
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement.	All Orders expected to exceed the simplified acquisition threshold.
52.227-9	Refund of Royalties.	All Orders in which the amount of royalties reported during negotiation of the Order exceeds \$250.
52.227-10	Filing of Patent Applications—Classified Subject Matter.	All Orders that cover or are likely to cover classified subject matter.
52.227-11	Patent Rights—Ownership by the Contractor.	All Orders for experimental, developmental, or research work to be performed by a small business concern or nonprofit organization.
52.227-13	Patent Rights—Ownership by the Government.	All Orders for experimental, developmental, or research work.
52.227-14	Rights in Data—General	All Orders.
52.228-5	Insurance—Work on a Government Installation.	All Orders that require work on a Government installation.
52.230-2	Cost Accounting Standards.	All Negotiated Orders in excess of \$750,000, excluding negotiated Orders otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR 9903.201-1.
52.230-3	Disclosure and Consistency of Cost Accounting Practices.	All Negotiated Orders in excess of \$750,000, excluding negotiated Orders otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR 9903.201-1.
52.230-4	Disclosure and Consistency of Cost Accounting Practices—Foreign Concerns	All Negotiated Orders in excess of \$750,000, excluding negotiated Orders otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR 9903.201-1.
52.230-6	Administration of Cost Accounting Standards	All Orders containing the clause at FAR 52.230-2, FAR 52.230-3, FAR 52.230-4, or FAR 52.230-5.
52.232-40	Providing Accelerated Payments to Small Business Subcontractors	All Orders with small business concerns.
52.234-1	Industrial Resources Developed Under Title III, Defense Production Act.	All Orders.
52.242-15	Stop-Work Order	All Orders.
52.244-6	Subcontracts for Commercial Items	All Orders.
52.245-1	Government Property.	All Orders under which Government property is acquired or furnished for Order performance.
52.247-63	Preference for U.S.-Flag Air Carriers.	All Orders that may involve international air transportation.
52.247-64	Preference for Privately Owned U.S.-Flag Commercial Vessels	All Orders.
52.248-1	Value Engineering.	All Orders.
252.203-7001	Prohibition on Persons Convicted of Fraud or Other Defense-Contract-Related Felonies.	All Orders that are first-tier subcontracts exceeding the simplified acquisition threshold, excluding Orders for commercial items or components.
252.203-7002	Requirement to Inform Employees of Whistleblower Rights.	All Orders.
252.203-7004	Display of Hotline Posters.	All Orders exceeding \$5.5 million, excluding Orders for the acquisition of a commercial item.
252.204-7000	Disclosure of Information.	All Orders.
252.204-7009	Limitations on the Use or Disclosure of Third-Party Contractor Reported Cyber Incident Information.	All Orders for services that include support for the Government's activities related to safeguarding covered defense information and cyber incident reporting.
252.204-7010	Requirement for Contractor to Notify DoD if the Contractor's Activities are Subject to Reporting Under the U.S.-International Atomic Energy Agency Additional Protocol.	All Orders subject to the provisions of the U.S. International Atomic Energy Agency Additional Protocol.
252.204-7012	Safeguarding of Unclassified Controlled Technical Information	All Orders for operationally critical support or for which performance will involve covered defense information.
252.208-7000	Intent to Furnish Precious Metals as Government-Furnished Material.	All Orders for items containing precious metals.
252.211-7000	Acquisition Streamlining.	All Orders exceeding \$1.5 million.
252.211-7003	Item Identification and Valuation	All Orders for items for which item unique identification is required in accordance with this clause.
252.222-7006	Restrictions on the Use of Mandatory Arbitration Agreements.	All Orders valued in excess of \$1 million, excluding Orders for the acquisition of commercial items.

252.222-7007	Representation Regarding Combating Trafficking in Persons	All Orders.
252.223-7006	Prohibition on Storage, Treatment, and Disposal of Toxic or Hazardous Materials.	All Orders that require, may require, or permit Seller access to a DoD installation.
252.223-7008	Prohibition of Hexavalent Chromium	All Orders.
252.225-7001	Buy American and Balance of Payments Program	All Orders.
252.225-7007	Prohibition on Acquisition of United States Munitions List Items from Communist Chinese Military Companies.	All Orders for items covered by the United States Munitions List.
252.225-7009	Restriction on Acquisition of Certain Articles Containing Specialty Metals	All Orders for items containing specialty metals.
252.225-7013	Duty-Free Entry.	All Orders for: (1) qualifying country components; or (2) nonqualifying country components for which the duty will exceed \$200 per unit.
252.225-7016	Restriction on Acquisition of Ball and Roller Bearings.	All Orders, excluding Orders for: (1) commercial items; or (2) items that do not contain ball or roller bearings.
252.225-7019	Restriction on Acquisition of Anchor and Mooring Chain.	All Orders for items containing welded shipboard anchor and mooring chain, four inches or less in diameter.
252.225-7021	Trade Agreements	All Orders.
252.225-7025	Restriction on Acquisition of Forgings.	All Orders for forging items or for other items that contain forging items.
252.225-7036	Buy American—Free Trade Agreements--Balance of Payments	All Orders.
252.225-7048	Export-Controlled Items	All Orders.
252.226-7001	Utilization of Indian Organizations, Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns.	All Orders exceeding \$500,000.
252.227-7013	Rights in Technical Data Noncommercial Items	All Orders pursuant to which technical data for noncommercial items, or for commercial items developed in any part at Government expense, is to be obtained from Seller for delivery to the Government.
252.227-7014	Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation.	All Orders pursuant to which noncommercial computer software or computer software documentation is to be obtained from Seller for delivery to the Government.
252.227-7015	Technical Data – Commercial Items	All Orders pursuant to which technical data related to commercial items developed in any part at private expense will be obtained from Seller for delivery to the Government.
252.227-7016	Rights in Bid or Proposal Information.	All Orders.
252.227-7019	Validation of Asserted Restrictions--Computer Software.	All Orders pursuant to which Seller will be furnishing computer software to the Government.
252.227-7030	Technical Data--Withholding of Payment	All Orders that include the clause at 252.227-7013.
252.227-7037	Validation of Restrictive Markings on Technical Data	All Orders requiring the delivery of technical data.
252.227-7038	Patent Rights—Ownership by the Contractor (Large Business).	All Orders for experimental, developmental, or research work, excluding Orders for work to be performed by a small business concern or nonprofit organization.
252.244-7000	Subcontracts for Commercial Items and Commercial Components (DoD Contracts)	All Orders.
252.246-7003	Notification of Potential Safety Issues	All Orders for: (1) parts identified as critical safety items; (2) systems and subsystems, assemblies, and subassemblies integral to a system; or (3) repair, maintenance, logistics support, or overhaul services for systems and subsystems, assemblies, subassemblies, and parts integral to a system.
252.246-7007	Contractor Counterfeit Electronic Part Detection and Avoidance System	All Orders for electronic parts or assemblies containing electronic parts.
252.246-7008	Sources of Electronic Parts.	All Orders for electronic parts or assemblies containing electronic parts, unless the Seller is the original manufacturer.
252.247-7023	Transportation of Supplies by Sea	All Orders pursuant to which Seller will transport supplies by sea.
252.247-7024	Notification of Transportation of Supplies by Sea	All Orders.
252.249-7002	Notification of Anticipated Contract Termination or Reduction.	All Orders exceeding \$700,000.