NATIONAL STEEL AND SHIPBUILDING COMPANY

TERMS AND CONDITIONS FOR

LABOR PROVIDERS

Labor Provider Terms and Conditions

These Special Terms and Conditions shall be included in, made a part of, and incorporated by reference to each Purchase Order between the parties hereto pursuant to which Seller, as herein below defined, shall provide temporary labor to NASSCO in accordance with the period of time specified in the Purchase Order.

# 1. Independent Contractor.

Seller is an independent contractor. Buyer is not an employer of Seller or Seller’s workers and is not a joint employer with Seller. Seller shall have complete control over the performance of the Contract Work herein and may, at its own expense, employ such workers as Seller deems necessary to perform the Contract Work. Seller ensures that (i) its suppliers and subcontractors (collectively referred to as “suppliers”) perform to standards no less than those specified in the Contract and specifications; (ii) NASSCO and Customer representatives have reasonable access to any supplier site and they will be afforded such opportunity to inspect all supplier work to the same extent as if Seller was doing the work; and (iii) its suppliers shall warrant their work to the same level and time period consistent with the Guaranty in the Contract.

1. Payment of Compensation and Benefits.

Seller assumes full and sole responsibility for the payment of all compensation and expenses, benefits, and for all state and federal income tax, unemployment insurance, social security, disability insurance, and other applicable withholdings. Seller shall defend, indemnify and hold Buyer harmless from Seller’s non-compliance with the Affordable Care Act and Healthy Workplaces, Healthy Family Act of 2014 (California Labor Code Section 245 *et seq.*), if the Acts apply to Seller.

1. Indemnification.

Seller shall be solely responsible for any failure by Seller to (i) provide accurate, proper, or timely payment of wages (as that term is defined in California Labor Code Section 200) to any worker(s) it provides to NASSCO, or (ii) secure valid workers’ compensation coverage for any workers it provides to NASSCO. Seller shall defend, indemnify and hold NASSCO harmless for all loss, costs, expenses (including actual attorneys’ fees), penalties and interest, as a result of its failure to do so. This indemnification shall extend to claims occurring after the applicable Purchase Order is terminated as well as while it is in force, as well as to any claim or adjudication that Buyer is a joint employer with Seller.

# 2. NASSCO's Property.

# Seller, on behalf of itself and its employees, assigns to NASSCO all rights, title, and interest in all materials and information prepared or developed by Seller or its employees, including, but not limited to, documents, drawings, calculations, maps, sketches, notes, reports, data, designs, technical information, technologies, manufacturing and production processes, models and samples (the “Developer’s Information”), whether delivered to NASSCO or not. Seller shall deliver all of the Developer’s Information along with any materials furnished to Seller or its employees by NASSCO, upon request and in any event upon termination of this Contract. Seller represents and warrants that each of Seller’s employees performing services under this Contract shall sign an Agreement with Seller vesting all of their employee’s rights in such Developer’s Information to Seller.

# 3. Termination of Individual Services.

Seller shall, upon request of NASSCO, immediately remove any of its employees from NASSCO’s facilities that NASSCO considers in its sole discretion are:

1. not required for the performance of the Contract; or
2. unsuitable, for any or no reason, for performance of the Contract.

In the event the Seller removes any of its employees from NASSCO’s facilities for any of the above reasons or for its own reasons, Seller has twenty-four (24) hours to notify NASSCO Security Administration of the termination, including the employee(s) name, social security number and NASSCO badge number. Then within seventy-two (72) hours of the termination, Seller must return the employee’s NASSCO issued badge to NASSCO Security Administration. Finally, in the event that any of Seller’s employees are removed from NASSCO’s facilities, Seller shall, at the same time, replace each removed employee with another of comparable skill and ability, unless NASSCO requested otherwise. The expiration, termination, or extension of the term of this Contract shall not affect the terms of any individual order for Seller’s employees placed under this Contract prior to the expiration, termination, or extension. The individual order will continue to be governed by the terms and conditions of this Contract under which the orders were placed.

# 4. Notification of Resignation.

To the extent possible, if Seller’s employees choose to resign from employment while working at NASSCO, Seller will provide NASSCO with two (2) week notice. NASSCO’s authorized personnel must approve any replacement.

# 5. Right to Hire.

NASSCO reserves the right, but not the obligation, to solicit and hire any of Seller’s employees after 90 days from when that employee started work for NASSCO under this Contract, at no additional cost to NASSCO. Should Seller terminate this Contract, NASSCO has no restriction on the solicitation or hiring any of Seller’s employees who are providing or previously provided services for Seller to NASSCO. Seller agrees that it shall not contact or solicit any NASSCO employee to leave his/her employment with NASSCO.

# 6. Vacation.

Seller shall provide NASSCO with two (2) weeks’ notice for any vacation request submitted by a Seller’s employees.

# 7. Immigration Requirements.

Seller represents and warrants that each of its employees is authorized to work in the United States during the entire period of performance of the Contract. Seller will provide NASSCO with evidence of compliance with immigration requirements satisfactory to NASSCO for each of Seller's employees prior to their entry into NASSCO's facilities.

# 8. Payroll Taxes.

Seller agrees to maintain and provide for each of its employees all lawfully required payroll and accounting systems, including applicable payroll taxes and deductions as required by federal, state and local law. Seller shall be solely responsible for any failure to provide for the collection or remittance of any payroll tax or deduction, and shall defend, indemnify and hold NASSCO harmless for all loss, costs, expenses (including actual attorneys’ fees), and penalties and interest assessed by any governmental agency incurred by NASSCO as a result of its failure to do so. Seller agrees to make its books and records of account available to NASSCO for inspection and audit so NASSCO can verify compliance with this Paragraph at all reasonable times and places.

# 9. Standards of Business Ethics and Conduct.

Seller’s personnel and subcontractors shall comply with the General Dynamics *Standards of Business Ethics and Conduct*, which can be found at [www.nassco.com](http://www.nassco.com), or alternatively, equivalent business ethics and conduct standards of Seller. In this respect, Seller has an ethical obligation and legal responsibility to warn Buyer of any illegal conduct, or acts of impropriety Seller discovers, or reasonably should have discovered, in the course of performing the Contract Work. Seller shall defend, indemnify and hold Buyer harmless from any and all claims and liabilities resulting from noncompliance.

# 10. Training.

Seller’s employees working at NASSCO’s facility must go through safety training prior to performing any services pursuant to the Contract. NASSCO will not pay for safety training time. Therefore, Seller must compensate employee training time based on federal, state and local labor laws.

# 11. Background Check, Credit History Check and Drug Screen

This section applies to any individual who is required to enter NASSCO’s 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 NASSCO’s contractors, subcontractors, labor suppliers, personnel agencies, vendors, etc.

These individuals must meet the minimum screening requirements below before they are allowed to have unescorted access to NASSCO’s facilities or access to 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 NASSCO’s computer networks;

(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 employees provided hereunder have the education, skills, qualifications and experience represented to NASSCO, including but not limited to the following:

1. I-9 information (such as Social Security number or Registration number)
2. Name (including all aliases, nicknames and former names) and all addresses for past 7 years
3. Employment history—Employers and dates of employment (7 years)
* Job titles (7 years)
* Reason for termination of prior employment (if disclosed) (7 years)
1. Education/Training—all pertinent degrees, professional licenses, certifications, etc.
2. Criminal history—prior criminal convictions and guilty pleas (federal and state) (7 years), excluding juvenile offenses and offenses sealed or expunged by law
3. Citizenship status
4. Past revocation, denial or suspension of U.S. Government security clearance
5. 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 Seller has obtained the employee’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 two years from the date of assignment at NASSCO. Upon request by NASSCO and within limits legally available to NASSCO, Seller agrees to provide to NASSCO, within one 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 employees who work at NASSCO’s facility will have any relationship to (a) administration of NASSCO’s computer networks; (b) access to non-public data regarding NASSCO financial performance; or (c) performance of functions determined by NASSCO to require a consumer credit history in order to protect NASSCO 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 employees’ access to NASSCO facilities.

**Drug Screen**: NASSCO is a drug-free yard and must be in compliance with the Drug-Free Workplace Act of 1988. Every Seller’s employee working at NASSCO’s facility must be drug tested and must be 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 two years from the date of last assignment at NASSCO. Upon request by NASSCO, Seller agrees to provide NASSCO within one business day with a copy of such documents for any Seller’s employee assigned to perform services pursuant to this Contract.

# 12. Testing for Job Qualification of Seller’s Employees.

It is Seller’s responsibility to provide qualified employees to NASSCO in accordance with the job descriptions of the required labor categories. NASSCO reserves the right to randomly check and reassess some or all of the employees’ required qualifications.

# 13. Compliance with Laws.

Seller shall fully comply with all applicable local, state, and federal laws, orders, rules, regulations and ordinances. Seller shall procure all licenses and permits and pay all fees and other required charges. Seller shall comply with all applicable guidelines and directives of any local, state, or federal governmental agency. Seller further warrants that all Contract Work complies fully with applicable Occupational Health and Safety legislation, as amended, and the related regulations to the extent applicable. Seller certifies that it has an affirmative action policy ensuring equal employment opportunity without regard to race, color, national origin, sex, age, religion or handicap and that it maintains no facilities segregated on the basis of race, color, religion or national origin. Seller certifies that it is in compliance, and shall at all times remain in compliance with all applicable anti-corruption and anti-bribery laws, including without limitation to the U.S. Foreign Corrupt Practices Act of 1977, as amended. Seller and its suppliers shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities and qualified protected veterans. Seller shall defend, indemnify and hold Buyer harmless from any and all claims and liabilities resulting from noncompliance under this clause.

# 14. ITAR/EAR.

Seller and Seller’s employees and suppliers must adhere to all requirements contained in the International Traffic and Arms Regulations (ITAR), 22 CFR Subchapter M, Parts 120-130 and Export Administration Regulations (EAR), 15 CFR 730—774. Seller’s employees may have access to technical documents for both military and commercial contracts while working at NASSCO’s facility. It is Seller’s sole responsibility that Seller read, understand and comply with all requirements contained in the ITAR and EAR. NASSCO may apply for an export authorization from the Department of State and/or a deemed export license from the Department of Commerce to allow disclosure of controlled technical data or controlled technology to the Seller or the Seller’s employees or suppliers. It is the responsibility of the Seller to comply with all requirements, limitations, and provisos of such licenses.

# 15. Employee/Seller Non-Competition.

It is Seller’s responsibility to inform each of its employees who will be working at NASSCO under this Contract that during his/her assignment to work at NASSCO for a period of not less than sixty (60) days thereafter, it is NASSCO’s policy that such employee will not be eligible to work for another third party/seller at NASSCO unless all parties waive this requirement, which waiver shall not be unreasonably withheld.

# 16. Pay Auditing.

NASSCO reserves the right to inquire with any of Seller’s employees what his/her pay rate is to confirm adherence to the pay rate set in the Labor Purchase Agreement. Providing pay stub copies confirming rate may also be requested from Seller.