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 and all documents incorporated by reference therein between the parties hereto (“Contract”) pursuant to which the labor provider (“Seller”) 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. NASSCO 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 these Terms and Conditions; (ii) NASSCO and its 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 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 hereby certifies that it is in compliance with the provisions of the Affordable Care Act (ACA) and that health insurance meeting ACA standards is provided to all Seller’s employees working at NASSCO.  Failure to provide this insurance and opting to pay the ACA fines is not an acceptable alternative and will be considered to be non-compliant to these terms and conditions, subjecting the Contract to immediate termination.

1. Indemnification.

Seller shall defend, indemnify and hold NASSCO harmless from Seller’s non-compliance with the California Labor Code, the California Government Code, the Affordable Care Act, the Healthy Workplace Healthy Family Act of 2014 (California Labor Code Section 245 *et seq.*), and the San Diego Earned Sick Leave and Minimum Wage Ordinance, if applicable to Seller. 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 Contract is terminated as well as while it is in force, as well as to any claim or adjudication that NASSCO 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 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”) prepared or developed by Seller or its employees in the performance of services under the Contract, whether delivered to NASSCO or not. Seller shall deliver all 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 is not restricted from doing so by virtue of any prior confidentiality or non-disclosure agreement that might limit or affect the provision of services to NASSCO.

# 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 Seller removes any of its employees from NASSCO’s facilities for any of the above reasons or for its own reasons, Seller must notify NASSCO Security Administration within 24 hours of the removal, including the employee name and NASSCO badge number. Then within seventy-two (72) hours of the removal, Seller must return the employee’s NASSCO issued badge to NASSCO Security Administration. 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 requests otherwise.

# 4. Notification of Absences and Resignation.

Seller shall notify NASSCO’s subcontract administrator as soon as practicable after approving an employee absence from his or her NASSCO assignment due to vacation, sick leave, leave of absence, or other excused time off, whether that time is paid or unpaid by Seller. Seller shall notify NASSCO’s subcontract administrator as soon as practicable after receiving notice that an employee assigned to NASSCO has resigned from Seller’s employment. 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 is first assigned to work for NASSCO under the Contract, at no additional cost to NASSCO. Should Seller terminate the 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. Work Authorization.

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 is solely responsible for the completion and retention of Forms I-9 for each of its employees assigned to NASSCO.

# 7. 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 at all reasonable times and places so NASSCO can verify compliance with this Paragraph.

# 8. Standards of Business Ethics and Conduct.

Seller’s employees and subcontractors assigned to NASSCO shall comply with the General Dynamics *Standards of Business Ethics and Conduct*, which can be found at 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 NASSCO 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 NASSCO harmless from any and all claims and liabilities resulting from noncompliance.

# 9. 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 its employee training time based on federal, state and local laws.

# 10. Background Check, Credit History Check and Drug/Alcohol Screen

Seller is solely responsible for completing a background check and drug and alcohol screen for its employees prior to their assignment at NASSCO, and upon subsequent request by NASSCO. Seller shall defend, indemnify, and hold NASSCO harmless from any and all claims and liabilities resulting from noncompliance under this clause

The following individuals may have the background check requirement waived:

 (a) individuals holding a TWIC (Transportation Worker Identification Credential) card; and

(b) individuals holding a DoD clearance at or above the SECRET level.

**Background Check**: Seller shall have verified through background checks that all employees it provides to NASSCO are eligible and have the education, skills, qualifications and experience to perform the job requested by NASSCO. Such background checks may include verification of identity, employment history, education, criminal history, and prior revocation, denial, or suspension of U.S. Government security clearance.

In performing background checks, Seller agrees to comply with all applicable local, state and federal laws, including the Fair Credit Reporting Act, California Investigative Consumer Reporting Agencies Act, California Fair Chance Act, and California Labor Code. Seller is solely responsible for obtaining its employee’s authorization to obtain such information and for following 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 conclusion of the last assignment at NASSCO. For non-production employees assigned to NASSCO, Seller will provide a copy to NASSCO Security Administration of its employee’s background check authorization and results. For production employees assigned to NASSCO, NASSCO reserves the right to request a copy of the authorization and results and Seller agrees to provide this to NASSCO within one business day.

**Credit History Check**: Seller is solely responsible to obtain a credit check for any of its employees being assigned to positions described in California Labor Code section 1024.5. In performing credit checks, Seller agrees to comply with all applicable local, state and federal laws, including the Fair Credit Reporting Act, California Investigative Consumer Reporting Agencies Act, California Labor Code and Consumer Credit Reporting Agencies Act. Seller is solely responsible for determining that credit history checks are permissible in each situation, for obtaining its employee’s authorization to obtain such information, and for following all procedures required thereunder. Seller will provide a copy to NASSCO Security Administration of its employee’s credit history check authorization and results for workers assigned to NASSCO’s facility.

**Drug Screen**: NASSCO is a drug-free facility consistent with the Drug-Free Workplace Act of 1988. Every Seller’s employee working at NASSCO’s facility or job site must be subject to a drug-free policy which provides drug and alcohol testing prior to beginning work at the facility and re-testing when the employee has not performed work at NASSCO for a period of ninety (90) days. Testing will conform to at least the same screening levels and standards utilized by NASSCO and will include post-incident, reasonable suspicion and safety-sensitive random testing. Any positive screening will disqualify the worker from assignment at NASSCO. NASSCO maintains the right to audit these findings at any time. In performing the 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 conclusion of the last assignment at NASSCO. For non-production employees assigned to NASSCO, Seller will provide a copy to NASSCO Security Administration of its employee’s drug/alcohol test authorization and results. For production employees assigned to NASSCO, NASSCO reserves the right to request a copy of the authorization and results and Seller agrees to provide this to NASSCO within one business day.

# 11. 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 assigned workers’ required qualifications.

# 12. 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 federal and state 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, religion, sex, sexual orientation, gender identity, national origin, disability, or veteran status, or any other basis protected by local, state, or federal law and that it maintains no facilities segregated on these bases. 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. **To the extent not exempt, this contractor and subcontractor shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity, or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, protected veteran status, or disability.** In addition, this contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. To the extent not exempt, this contractor and subcontractor shall also abide by the requirements of 29 CFR Part 471, Appendix A. Seller and all subcontractors shall abide by the terms of this paragraph. Seller shall defend, indemnify, and hold NASSCO harmless from any and all claims and liabilities resulting from noncompliance under this clause.

# 13. 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.

# 14. Employee/Seller Non-Competition.

Workers assigned to NASSCO’s facility can only receive a NASSCO badge associated with one company at a time. In addition, workers who were assigned to NASSCO through a different labor provider will not be eligible for assignment to NASSCO by Seller for 60 days after their prior assignment ended. Therefore, it is Seller’s responsibility to inform each of its employees who will be working at NASSCO under the Contract that during his/her assignment to work at NASSCO it is NASSCO’s policy that such individual will not be eligible to work for another third party/seller at NASSCO at the same time, and for a period of 60 days thereafter, unless all parties waive this requirement, which waiver shall not be unreasonably withheld.

# 15. Auditing.

NASSCO reserves the right to review Seller’s documentation demonstrating Seller’s compliance with the Contract and these Terms and Conditions.