

**CGS PURCHASE ORDER/WORK ORDER
TERMS AND CONDITIONS FOR MSC-OWNED VESSELS**

**A. GENERAL PROVISIONS APPLICABLE TO ALL
GOODS AND SERVICES.**

Crowley Government Services, Inc. ("Buyer" or "CGS") reserves the right to award a Purchase Order under this Contract to Seller/Contractor, on a firm-fixed-price basis offering "best value" and covering all or any part of the materials/services mentioned in the Purchase Order. Buyer has the right to reject any and all quotations or to waive any irregularities therein. It is understood and agreed that these terms and conditions are applicable to both the sale of goods/materials and/or the supply of services to Buyer, its vessels, equipment and/or other property. Buyer warrants that no apparent organizational conflict of interest or improper affiliations exist between it and its subcontractors and Seller in turn warrant same. Payment terms are 30 days, upon receipt of valid invoice. **GOVERNMENT**

SUBCONTRACT: This Contract is entered into by Buyer and Seller in support of a U.S. Government contract, with Buyer as Prime Contractor not agent for the U.S. Government.

1. Definitions:

1. "Best Value" Per FAR 2.101 means the expected outcome of an acquisition that, in the Government's estimation, provides the greatest overall benefit in response to the requirement.
2. "Buyer" means Crowley Government Services Inc. (CGS) a subsidiary of Crowley Maritime Corporation (Crowley).
3. "Commercial Item" means a commercial item as defined in FAR 2.101.
4. "Contract" means this Contract.
5. "Contractor" means Seller as used in this document, acting as the immediate (first-tier) subcontractor to Buyer
6. "Flow Down clauses" means those clauses per FAR 52.252.2 below. In each clause so incorporated, substitute "Buyer", for "Government" and "Contracting Agency", and "Buyers Procurement Representative" for "Contracting Officer" and "Contractor" means Seller throughout.
7. "Goods/Materials" means non-personal property of every type, kind and description, as specifically described in the Purchase Order and/or work specification.
8. "Owner" means the ultimate consumer or U.S. Government and all rights, benefits and remedies conferred upon Buyer by this contract shall also accrue to and be available to and are for the express benefit of Buyer and Owner.
9. "Prime Contract" means the contract between Buyer and the U.S. Government or between Buyer and its higher-tier contractor in support of a contract with the U.S. Government.
10. "Property" means the vessel, its appurtenances and any equipment and/or other items of Owner or Buyer for which Seller is to provide goods or services.
11. "Seller" means sub-contractor or vendor hereunder.
12. "Services" means all design, delivery, installation, inspection and testing specified or required to furnish the goods and/or provide the repair, improvement, and/or other work as specifically described in the Purchase Order and/or work specification.

13. "Subcontract" means any contract placed by Buyer with Seller or their lower-tier subcontractors under this Contract and includes a transfer of commercial items between affiliates of the parties or between subcontractors at any tier.

2. Entire Agreement: This Contract and any attachments hereto or referred to specifically herein constitute the entire agreement between the parties with respect to the subject matter hereof. Seller's acceptance of any Order is limited to the terms and conditions hereof. Any written confirmation, or any oral understanding upon which this Contract may be based, containing proposals or terms additional to or different from those set forth herein are not binding on Buyer unless expressly agreed to in writing.

3. Changes in Order: Buyer shall have the right to order changes from time to time in the performance required of Seller and Seller shall without delay conform to any such change order. In the event of any such changes, the prices or times of performance, or both, shall be adjusted within reasonable and appropriate limits; provided, however, that Buyer shall have no obligation to pay, and the right to refuse payment of any claim by Seller for increase in price, or performance period required which is not received by Buyer in writing within ten (10) calendar days after the date the change is ordered. No change shall be made by Seller in the performance required by this Contract except such change as specified in writing and signed by an authorized representative of Buyer.

4. Acceptance of Shipments and Inspection: All goods and services covered by this Contract are subject to inspection by Buyer at any time or place and may be rejected if not strictly in accordance with all terms, conditions and provisions herein contained or attached or required by class. Payment for shipments and/or progress payments for work in progress shall not constitute acceptance thereof, and defective shipments or performance and/or shipments not in accordance with this Contract will, at Buyer's option, be held for Seller's instructions at Seller's risk, or will be returned to Seller. Seller will be responsible for transportation charges on returned shipments both ways. Any prior payment made by Buyer on such rejected goods or services shall be immediately refunded, and the rejected goods or services shall not be replaced or re-performed without a new Contract from Buyer. At Buyer's option, inspection and tests before delivery may be made by Buyer or Buyer's customers at Seller's premises or elsewhere, at reasonable times and places and Seller will provide sufficient safe and proper facilities for such inspection or testing; but, notwithstanding such inspection and tests, or inspections and tests made prior to the issuance of this Contract, the goods and services covered by this Contract are subject to rejection upon final test, inspection and use upon delivery to the premises of Buyer and Owner. Buyer's count shall be accepted as final on all shipments whether or not accompanied by a packing list.

5. Permits and Approvals: All necessary permits, bonds, testing, inspection and approval of materials or workmanship by the proper authorities is to be provided

and arranged by Seller at no additional cost to Buyer unless authorized herein.

6. Performance and Waivers: Any waiver by Buyer of strict performance with regard to any of the terms, conditions or provisions of this Contract must be in writing, executed by Buyer to be effective, and such waiver shall not be deemed a waiver of Buyer's rights to insist upon strict performance of all portions of this Contract not waived, and strict performance thereafter of provisions presently waived.

7. Default: Buyer reserves the right to cancel this Contract in its entirety, or in part, on account of defects in materials, workmanship or quality, or if the Seller fails to comply with or perform any of the terms and conditions, provisions, promises or warranties of this Contract, or any Government requirements or regulations, to include violations of US policy. Seller shall also be liable for all damages and costs of Buyer resulting from such default or violations, regardless of any action taken or not taken by Buyer to cancel this Contract entirely or in part.

8. Compliance with Laws: Seller shall comply with all applicable laws, policy and regulations of government authorities, including among other things, Executive Order 11246, as amended, 38 USC 2012 on the Vietnam Era Veterans Readjustment Assistance Act of 1974, Section 503 of the Rehabilitation Act of 1973, as amended, and the regulations at 41 CFR Part 60-1 through 60-60, 60-250, and 60-741, matters involving the Civil Rights Act of 1964, wages, hours, materials, race, color, sex and creed of workmen, price regulations and renegotiation provision, and other matters, whether or not specifically mentioned herein. Seller shall comply with the provisions of Trafficking Victims Protection Act of 2000 (TVPA), 22 U.S.C. 7102 and of the Occupational Safety and Health Act of 1970, the standards and regulations issued there under and all pertinent State occupational safety and health laws such as "Right-to-Know" Regulations. Hazard communication information such as complete Material Safety Data Sheets (MSDS) shall be supplied to Buyer for all hazardous material. Seller further agrees to indemnify and hold harmless Buyer for any loss, damage, fine, penalty or any expense whatsoever as a result of Seller's failure to comply with such laws and regulations. CERTIFICATIONS AND REPRESENTATIONS. Seller makes certain certifications and representations that are material representations of fact upon which Buyer will rely in making awards to Seller. By submitting its written offer, or providing oral offers/quotations at the request of Buyer, or accepting any Contract, Seller certifies to the representations and certifications as set forth herein. These certifications and representations shall apply whenever these terms and conditions are incorporated by reference in any Order, agreement, other contractual document or any quotation, request for quotation (oral or written), request for proposal or solicitation (oral or written), issued by Buyer, Seller shall immediately notify Buyer of any change of status with regard to these certifications and representations. Seller represents and warrants that the Work provided under this Contract constitutes a "Commercial Item" as defined in FAR 2.101.

9. Time: Time is hereby declared to be as of the essence of this Contract.

10. Drawings: Seller shall furnish for the approval of Buyer all shop drawings as Buyer may require, and all workmanship and materials shall be in strict accordance with the approved drawings. All plans, specifications and drawings provided by Buyer to Seller in connection with this Contract or provided by Seller especially for performance hereunder shall be the property of Buyer and may not be used at any time for any other purpose by Seller.

11. Assignment and/or Subcontracting: Seller may not assign or subcontract any portion of its obligations under this Contract nor assign or otherwise transfer any monies due or to become due hereunder, without first obtaining the written consent of Buyer. In any event, Seller to remain fully responsible for the performance of any and all subcontractors or assigns.

12. Advertising: Seller shall not, without first obtaining the written consent of the Buyer, in any manner advertise or publish in any media the fact that Seller has either contracted to furnish or has sold to Buyer the goods or services herein mentioned.

13. Indemnity: To the extent permitted under law, Seller shall indemnify, hold harmless and defend Buyer from and against any and all suits, legal proceedings, claims, demands, damages, costs and expenses of whatsoever kind or character (including, but not limited to, reasonable attorney's fees and expenses) arising out of or in any way related to any injury (including death) or damage to any persons or property in any manner, caused or occasioned by any defect in the goods or services or any act, omission, fault, negligence or default of any person, firm, corporation or other entity (including but not limited to, Seller, Buyer or anyone acting on their respective behalf's), in connection with or incident to this Contract or work to be performed hereunder, even if the same be, or is alleged to be, due to the sole active negligence of Buyer or anyone acting on its behalf. Indemnification for Defective Pricing – If Buyer is subject to any liability as a result of a failure of the Seller to comply with the requirements of FAR 52.215-12 and 52.215-13, Seller agrees to indemnify and hold harmless Buyer, to the full extent of any amount claimed by the Government, from and against any loss, damage, liability or expense (including reasonable attorneys' fees), resulting from such failure. Furthermore, Seller agrees that in any action brought hereunder, the Federal Statute of Limitations shall apply.

14. Termination: Buyer may terminate this Contract, in whole or in part at any time and for any reason whatever, by written or telegraphic notice, stating the extent and effective date of such termination. Upon receipt of notice Seller will, as and to the extent directed by Buyer, stop work under this Contract and the placement of further orders or subcontracts hereunder, terminate work under orders and subcontracts outstanding hereunder, and take any necessary action to protect property in Seller's possession in which Buyer has or may acquire any interest. Buyer's sole liability to Seller in case of termination shall be reimbursement of Seller's expenses incurred up to and including the date and time of termination. Similarly, due to Government activation requirements Buyer may have to postpone or interrupt service or delivery in

which event, the terms of this clause and 20 below will apply.

15. Consequential Damages: In no event shall Buyer be responsible for indirect or special damages including without limitation extra expense, loss of use of property, delay or damages consequential upon loss of use, whether resulting from negligence, strict liability or breach or otherwise, even if the possibility of such damages is foreseeable.

16. Taxes: Unless otherwise expressly provided on the face of this Contract, all taxes, duties, tolls, fees, import charges or other governmental exactions shall be deemed included in the quoted price, and Buyer shall have no liability to pay Seller any amount in excess of the said price specified herein.

17. Extension of Benefits: All exceptions, exemptions, defenses, immunities, limitations of liability, privileges and conditions granted or provided by this Contract to the benefit of Buyer shall also apply to and be for the benefit of Owner and all corporations parent of, subsidiary to, affiliated with or under the same management as Buyer, as well as all directors, employees and agents of said entities.

18. Security Requirements: All Sellers and subcontractor personnel must hold Federal TWIC cards for any and all employees that require access to ports or vessels. Personnel who do not have TWIC cards will face delays or be denied access beyond Buyer's control and responsibility. Any such security delays or expense will be borne by the Seller. The following link will provide information on how to obtain a TWIC card: <https://www.tsa.gov/for-industry/twic>.

CGS vessel security plan requirements as approved by US Coast Guard, necessitates that non-TWIC holders will be escorted by TWIC holding individuals at a ratio of one (holding) to five (non-holding). TWIC holders accomplishing escort duties will be supervisory management or lead trade representatives of contracted vendor organization.

Vendors will be required to submit specific personal information for employees attending vessels to be screened/vetted to meet the Government background check requirements prior to access to the vessel(s).

19. Law and Jurisdiction/Dispute Resolution:

(a) This Contract shall be governed by and construed in accordance with Title 9 of the United States Code and the general maritime law of the United States (and to the extent inapplicable, interstitially, by the laws of the State of New York, without regard to its choice of law and conflict of laws rules), except that any provision in this Contract that is (i) incorporated in full text or by reference from the Federal Acquisition Regulations (FAR); or (ii) incorporated in full text or by reference from any agency regulation that implements or supplements the FAR; or (iii) that is substantially based on any such agency regulation or FAR provision, shall be construed and interpreted according to the federal common law of government contracts as enunciated and applied by federal judicial bodies, boards of contract appeals, and quasi-judicial agencies of the federal Government.

(b) Buyer and Seller agree to timely notify each other of any claim, counterclaim, demand, cause of action, dispute, or any other controversy arising out of or in any way relating to this Contract or to the subject matter of this Contract (each a "Dispute"), and to negotiate in good faith to resolve any such Dispute.

(c) All Disputes which are not disposed of by mutual agreement in accordance with subparagraph (b) above within six (6) months may be decided by recourse to mediation, arbitration or an action at law, in equity or in admiralty in accordance with subparagraphs (d) and (e) below. Until final resolution of any such Dispute, Seller shall diligently proceed with the performance of this Contract if so directed by Buyer.

(d) With respect to any Dispute involving Owner arising out of or in any way relating to the terms, performance, conditions or interpretations of the Prime Contract, Seller agrees to be bound to Buyer and Owner in the same manner and to the same extent as Contractor is bound to Owner under the terms of the Prime Contract, including any and all litigation, arbitration, determinations, orders, judgments, and decisions authorized therein. In any such arbitration or other proceeding wherein Owner is a party, Seller agrees, at the request of Buyer, to prepare and present Buyer's case, at Seller's expense, to the extent the proceedings relate to this Contract.

(e) Any other Disputes shall be resolved by binding arbitration. A Dispute must be resolved through arbitration regardless of whether the Dispute involves claims that this Contract is non-arbitrable, unlawful, unenforceable, void, or voidable or involves claims under statutory, civil or common law. The validity, construction and interpretation of this agreement to arbitrate, and all other procedural aspects of the arbitration conducted pursuant hereto shall be decided by the arbitral tribunal. The arbitration shall be conducted under the arbitration rules (the "Rules") of the American Arbitration Association (the "AAA") and administered by the AAA. The arbitration shall be conducted by three neutral arbitrators. The claimant shall appoint an arbitrator with its demand for arbitration, and the respondent shall appoint an arbitrator with its answering statement. The two party-appointed arbitrators shall appoint a third arbitrator to chair the arbitration. If the party-appointed arbitrators are unable to agree upon a third arbitrator within 15 days of the appointment of the second arbitrator, or if a party does not appoint an arbitrator, then the remaining arbitrator(s) shall be appointed in accordance with the Rules. The arbitration shall be held in New York, New York and conducted in the English language. The award shall be final and binding and may be enforced by any court of competent jurisdiction. The parties agree that service of process may be accomplished in any enforcement action by using the notice provisions of this Contract or any other means authorized by law. The parties agree that the award may be enforced in any jurisdiction where the party against whom the award is sought to be enforced has assets that may be available to satisfy the award, and they waive any objections they may have to personal jurisdiction,

venue or inconvenient forum for any action brought in those jurisdictions. The arbitral tribunal is authorized to award the costs of the arbitration, including reasonable costs and attorneys' fees, to the prevailing party. The award shall include pre-judgment interest at the discretion of the arbitrators, and interest shall accrue until the date the award is paid in full. If a court enters judgment on an award, thereafter interest shall accrue at the statutory rate applicable to judgments entered by such court. Any arbitral award issued pursuant hereto may be enforced pursuant to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards of June 10, 1958 or, if that Convention is not applicable, then pursuant to the Inter-American Convention on International Commercial Arbitration. Notwithstanding the foregoing, should one party fail or refuse to arbitrate, the other shall have the right to file suit in the United States District Court of the Southern District of New York, located in Manhattan to seek legal redress.

20. Waiver of Maritime Liens: Neither Seller nor any of its subcontractors shall be entitled to a maritime lien upon the vessel: The Seller agrees that nothing in or contemplated by this Contract creates or shall be construed to create any right to assert a maritime lien on the vessel or to bring an action under the Public Vessels Act, 46 U.S.C. app 791 et seq. or the Suits in Admiralty Act, 46 U.S.C. app 741, et seq. Seller further agrees that this Contract between Buyer and Seller creates no privity between itself and Owner and that it is relying solely on the credit of Buyer for payment hereunder. Seller agrees that it is not authorized by either Buyer or Owner to enter into contracts on behalf of the Government or the vessel, nor is the Seller entrusted with the management of the vessel or authorization to pledge the credit of the vessel. Accordingly, Seller shall indemnify and hold harmless the Government, its agencies and instrumentalities, and Buyer, against all suits, actions, claims, costs or demands against the Government, its agencies and instrumentalities and Buyer, for which the vessel and its owner may be subject under this Contract. Seller agrees to include, and require inclusion of, this clause, suitably modified to identify the parties, in all subcontracts at any tier for Goods/Materials, supplies or services and Buyer shall cause all its subcontractors to execute similar waivers.

21. **Clauses:** This Contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, CGS will make their full text available. Also, the full text of a clause may be accessed electronically at this address: <https://www.acquisition.gov/far>. This Contract is expressly subject to the following FAR clauses whether or not otherwise flowed down by operation of law:

Applicable to all subcontractors at all tiers to the maximum extent practicable (reference FAR 52.244-6):

- FAR 52.203-13 Contractor Code of Business Ethics and Conduct
- FAR 52.203-15 Whistleblower protections Under the American Recovery and Reinvestment Act of 2009
- FAR 52.219-8 Utilization of Small Business Concerns
- FAR 52.222-21 Prohibition of Segregated Facilities

- FAR 52.222-26 Equal Opportunity
- FAR 52.222-35 Equal Opportunity for Veterans
- FAR 52.222-36 Affirmative Action for Workers with Disabilities
- FAR 52.222-37 Employment Reports on Veterans
- FAR 52.222-40 Notification of Employee Rights Under the National Labor Relations Act
- FAR 52.222-50 Combating Trafficking in Persons (and Alt I)
- FAR 52.225-26 Contractors Performing Private Security Functions Outside the United States
- FAR 52.232-40 Providing Accelerated Payments to Small Business Subcontractors
- FAR 52.244-06 Subcontracts for Commercial Items
- FAR 52.247-64 Preference for Privately Owned U.S.-Flag Commercial Vessels

Applicable DFAR to subcontracts for N6238715C3135 (MPF) and N6238715C5301 (ROCON):

DFAR 252.204-7012 Safeguarding of Unclassified Controlled Technical Information (Nov 2013)

Applicable to subcontracts greater than \$25,000:
52.204-10 Reporting Executive Compensation and First Tier Subcontract Awards

Applicable to Contracts greater than \$150K:
FAR 52.203-07 Anti-kickback Procedures. Gratuities and Kickbacks- (a) No gratuities (in the form of entertainment, gifts, or otherwise) or kickbacks shall be offered or given by SELLER to any employee of CGS with a view toward securing favorable treatment as a supplier, (b) By accepting this Contract, SELLER certifies and represents that it has not made or solicited and will not make or solicit kickbacks in violation of FAR 52.203-7 or the Anti-Kickback Act of 1986 (41 USC 51-58), both of which are incorporated herein by this specific reference, except that paragraph (c)(1) of FAR 52.203-7 shall not apply.
FAR 52.223-03 Hazardous Material Identification and Material Safety Data

Applicable to Contracts greater than \$550K:
FAR 52.219-09 Small Business Subcontracting Plan (and Alt II)
FAR 52.222-01 Notice to the Government of Labor Disputes
FAR 52.223-18 Contractor Policy to Ban Text Messaging While Driving

Full text of the clauses can be found at: <https://www.acquisition.gov/?q=browsefar>

22. **Certification:** By accepting this Contract, the offeror hereby certifies to the best of its knowledge and belief that no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer of employee of Congress, or an employee of a Member of Congress on its behalf in connection with the awarding of this contract.

23. **Force Majeure:** Buyer shall not be liable for default or delay caused by any occurrence beyond its control including, but not limited to, acts of God, preparation for war, war, naval or military intervention, intervention of

naval or military executives or other agencies of government, terrorism, acts of terrorism, blockade, sabotage, vandalism, insurrection, storms, floods, earthquakes, fires, strikes, delays of common carriers, and requisitioning of the Vessel by any government or agency thereof (including Turbo or other activations). In the event the Seller is delayed in, or prevented from completing the Work, or any portion thereof, by reason of any of the foregoing occurrences, the Buyer shall have no liability for any expenses or loss incurred by the Seller by reason thereof.

B. ADDITIONAL PROVISIONS APPLICABLE ONLY TO GOODS:

In addition to Part A above, the following terms and conditions shall apply to contracts for the supply or provision of Goods or Materials hereunder:

1. Title: Title and risk of loss to the Goods shall pass to Buyer upon Buyer's acceptance of delivery at the vessel or place specified. Shipping tickets and/or packing slips must show in detail any Goods shipped and must accompany all deliveries, which must be signed for by the Master, Chief Engineer or Port Engineer.

2. Crating, Cartage, Storage: No charges will be accepted by the Buyer for crating, boxing, cartage, storage or like services, unless specifically agreed to in writing prior to shipment of the Goods hereunder.

3. Warranties: Seller warrants clear and merchantable title to the goods free of any security interest, lien or encumbrance and agrees to indemnify Buyer against all liability for patent, copyright or other infringement on account of sale and use of the goods. Seller further warrants that the goods shall be of merchantable quality and as specified, and shall be fit for the purpose intended. All implied warranties of the Uniform Commercial Code and warranties implied by usage of trade are reserved by Buyer and incorporated herein.

4. Specialty Metals: Any specialty metal as identified in the Defense Federal Acquisition Regulations Supplement under Clauses 252.225.7008 and 7009 delivered under this contract shall be melted or produced in the United States or outlying areas.

5. Transportation Costs: Seller warrants that any transportation costs included in the price will not exceed actual transportation costs paid by Seller. If this Contract calls for payment of any transportation costs by Buyer, Buyer shall in no event be liable or accountable for any amount in excess of the actual costs of transportation. Seller shall be accountable for and shall pay any excess transportation costs arising from Seller's failure to make delivery to the FOB point or to follow shipping instructions furnished by Buyer.

6. Invoices: NOTE: Due to government funds expiry, all invoices must be received within 3 months of performance to be processed for payment and Buyer expressly reserves the right to refuse to pay any stale or invalid invoices. Expediting of the invoicing process will not be used as an excuse to accept less than adequate invoices. Partial payments may be made on a case by case basis in Buyer's sole discretion. Goods and/or Material invoices shall be submitted immediately, with proof of delivery to: CROWLEY

GOVERNMENT SERVICES, INC., 9487 REGENCY SQUARE BLVD., JACKSONVILLE, FL 32225, ATTN: ACCOUNTS PAYABLE, via email: apinvoices@crowley.com

C. ADDITIONAL PROVISIONS APPLICABLE ONLY TO SERVICES:

In addition to Part A above, the following terms and conditions shall apply to the provision of Services hereunder.

1. Manner and Materials: Seller shall perform any and all services for the Buyer and to the property in a workmanlike manner and in compliance with CGS Standing Orders and CGS Contractor Safety document, at the location designated by Buyer in accordance with the specifications of Buyer and/or Class. All plans, drawings, materials, machinery, equipment, outfitting and workmanship involved in performance of the services shall be supplied by Seller and shall be of a quality conforming to the best commercial practice for property of this type. If there should be any conflict between the provisions of any of the aforesaid documents and the Specification, the Specification will prevail.

2. Warranties:

- a) Seller shall keep the property free and clear of all liens, security interests, encumbrances and claims of every nature, including statutory and maritime liens in favor of workman, materialmen, subcontractors, or others arising by, through or under Seller. Seller shall discharge all such liens and other claims at once. Seller hereby waives all liens, whether possessory or otherwise, in its favor which would otherwise attach to the property, or connect to or cause a lien against the Government.
- b) Seller shall correct to the satisfaction of Buyer all defects in workmanship or in materials furnished by Seller hereunder, which developed within a period of one year or other longer period as may be specified by manufacturer, after completion of the Services.

3. Care of the Property: At all times during the term of this Contract, Seller shall protect the property from any and all damage. At all times while the property is on Seller's premises, Seller shall assume all risk of damage to or loss of the property (or of any machinery, equipment, materials and outfitting obtained or intended for the property) from any cause whatsoever except acts of God or the sole negligence of Buyer.

4. Clauses: FAR 52.252.2: This Contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, CGS will make their full text available. Also, the full text of a clause may be accessed electronically at this address: www.acquisition.gov

Flow Down Clauses Incorporated:

FAR 52.222-41 Service Contract Act of 1965 and U.S. Department of Labor Wage Determinations (found at <http://www.wdol.gov/sca.aspx#0>) Contractors are also required to post the "Notice to Employees Working on Government Contracts" (WH Publication 1313) in a prominent and accessible place at the worksite. WH

1313 is available at:
<http://www.dol.gov/whd/reqs/compliance/posters/sca.htm>

FAR 52.222-43 Fair Labor Standards Act and Service Contract Act—Price Adjustment

FAR 52.249-02 Termination for Convenience of the Government (Fixed-Price)

FAR 52.249-04 Termination for Convenience of the Government (Services) (Short Form).

The seller/subcontractor shall include the terms of this clause, in subcontracts awarded under this contract

5. Insurance Requirements: Seller, at its sole cost and expense (including the cost of all deductibles), shall procure and maintain in force during the term of this Agreement the following insurance coverages which shall apply independently of indemnity obligations contained within these Terms and Conditions.

- A. Workers Compensation insurance or local equivalent as required by law for all employees, agents and subcontractors of Seller; and, Employer's Liability insurance in an amount not less than \$1,000,000 each accident. Such insurance shall provide coverage in the location in which the work is performed and the location in which the Seller is domiciled. If there is an exposure of injury or illness under the U.S. Longshore and Harbor Workers Compensation Act (including the Defense Base Act (DBA) and Outer Continental Shelf Lands Act), the Jones Act, Admiralty Act, Death on the High Seas Act and/or other statutes applicable to maritime employees, Seller agrees to maintain insurance for such injuries or illnesses, and to provide evidence of such insurance as applicable.

Defense Base Act (DBA), in accordance with FAR 52.228-3, applies to all employees, agents and subcontractors of Seller working outside of the continental United States, Alaska or Hawaii. For a list of countries waived from this requirement, go to:
http://www.acq.osd.mil/dpap/cpic/cp/waivers_for_defense_base_act_insurance.html

- B. Commercial General Liability insurance, on a per occurrence basis, endorsed to cover premises, operations, products/completed operations, personal injury and contractual liability; with watercraft exclusions deleted and "in rem" coverage as may be applicable; at a minimum limit of \$1,000,000 any one accident or occurrence.
- C. Automobile Liability insurance, covering Seller's owned, rented, leased, non-owned and hired vehicles; Limits of liability not less than \$1,000,000 any one occurrence.

D. As applicable:

1. If Consulting Services are being performed under this Agreement: Professional Liability/Errors & Omissions Liability insurance with limits not less than \$5,000,000 any one occurrence.

2. With respect to the delivery of fuel or other hazardous products, or waste disposal operations performed by Seller: Pollution insurance or Environmental Impairment insurance with limits of liability not less than \$5,000,000 per occurrence, and any other public liability or environmental impairment coverage required by Federal, State or local regulatory authorities.

3. Should the Services supplied under this Agreement include use of Seller's vessels:

(a) Protection & Indemnity insurance to be evidenced through a full entry with an international P&I Club, including collision liability, tow er's liability, and liability for seepage, pollution, containment and cleanup, with extensions for marine contractual liability, removal of wreck, etc., subject to a minimum limit of liability of \$5,000,000 any one accident or occurrence. Alternatively, if a full entry in an international P&I Club is not available or applicable, maritime liability coverage should be evidenced on an SP-23 form or equivalent including collision liability, tow er's liability and third-party statutory liability for seepage, pollution, containment and cleanup, with extensions for marine contractual liability, wreck/debris removal, subject to a minimum limit of liability of \$5,000,000.

(b) If the performance of the Work requires the use of any aircraft that are owned, leased, rented or chartered by Seller or any of its subcontractors, Aircraft Liability or Non-Owned Aircraft Liability insurance shall be maintained, as applicable, with a minimum limit of \$5,000,000 per occurrence, including passengers and crew.

The Workers Compensation/Employers Liability insurance policy shall be endorsed to waive all rights of subrogation against Buyer, (and the Vessel if applicable), and shall contain an "In Rem" endorsement.

All other policies shall be endorsed to name Buyer, its parent, subsidiary or affiliated companies and their shareholders, officers, directors, agents and employees (and the Vessel if applicable) as Additional Insureds with a Waiver of Subrogation. Seller shall endeavor to provide Buyer with copies of actual policy endorsements, which evidence compliance with the following cancellation provisions: "the Insurer will provide immediate written notice of such cancellation to the additional insureds indicated on the certification of insurance within thirty (30) of

the date of cancellation, or in the case of non-payment of premium, at least ten (10) days written notice of cancellation". Such notifications from the Insurer or Seller's broker can be sent via electronic mail at the address indicated below. In the event of any such cancellation, either with or without Notice from the Insurer, Seller shall undertake to immediately rectify the deficiency with its cancelling insurer, or alternatively, with a qualified replacement insurer, followed by the provision of the revised Certificate of Insurance. In any case, should Seller fail to provide the endorsements, and/or its insurers fail to provide cancellation notices, then in accordance with Clause A. 13 above, Seller will fully indemnify Buyer for any loss sustained due to the absence of the required insurances.

In no event shall the amount or scope of insurance described herein place any limitation on the liability assumed by Seller, and should Seller maintain insurance limits higher than the limits listed above, Buyer shall benefit from those higher limits. Seller shall require their subcontractors performing hereunder to maintain insurance of the types and amounts required of Seller. Policies of Seller shall be primary to any insurance carried by or available to Buyer and any "other insurance" clauses under Seller's policies shall be amended accordingly. Should Seller fail to procure or maintain any of these insurance coverages, or by any act or omission vitiate or invalidate any of the aforesaid insurance coverages, Seller shall pay to Buyer all losses and indemnify Buyer against all claims and demands which would otherwise have been covered by such insurance. Irrespective of the requirements as to insurance to be carried by Seller or their subcontractors as provided herein, insolvency, bankruptcy, or failure of any insurance company to pay all claims accruing shall not be held to relieve Seller of any of its obligations.

Such insurance shall be written with Insurers carrying no less than a "B" rating from A.M. Best's. Commencement of operations without receipt of the required Certificates of Insurance shall not constitute a waiver of the obligation of the Seller to maintain the required insurance coverages. Provide Buyer with Certificates of Insurance (at the following address):

Crowley Government Services, Inc.
Attn: Risk Management Department
9487 Regency Square Boulevard
Jacksonville, FL 32225
Email: vendor.insurance@crowley.com
Email: CGS@crowley.com
Fax: (904) 805-1639

6. Independent Contractor: Seller shall determine the manner and method of performing the services and shall operate as an independent contractor and not as an agent or employee of Buyer or Owner.

7. Nature of Work: The nature and location of the Services and all conditions which may affect its completion have been carefully inspected and

considered by Seller, who assumes all risk of loss and unanticipated expense, however, caused and whether or not foreseeable.

8. Safety, Health and Environmental: Seller shall refer to and comply with the Contractor Safety and Environmental Requirements incorporated and made a part hereof

9. Time and Material Service Orders: Normally any and all Contracts will be issued as firm fixed price items on a "best value" basis. If agreed and the purchase order states "Time and Material work" the contractor is to provide the following with their invoice:

- a) Time Sheets signed by the Chief Engineer for hours worked.
- b) Itemized list of material used or provided.
- c) If allowed, travel expenses shall be fully supported by receipts and cannot exceed the minimum per diem rates listed on website: <http://www.gsa.gov> NO MARKUPS ARE ALLOWED.
- d) Sign off from the Chief Engineer that the work has been completed to his/her satisfaction.

No markup of material, services, or travel expenses are allowed. Note that FAR 16.102 prohibits cost-plus-a-percentage-of-cost system of contracting.