



SJSB TERMS AND CONDITIONS FOR SUBCONTRACTS

Effective Date: March 4, 2026

1. Confidentiality

1.1 Obligation of Confidentiality – The Supplier shall treat all non-public, proprietary, or confidential information disclosed by SJSB, whether oral, written, electronic, or otherwise, as strictly confidential. This includes technical data, business plans, pricing, specifications, and any information marked or reasonably understood to be confidential.

1.2 Use and Disclosure Restrictions – The Supplier shall use confidential information solely for performance of the subcontract and shall not disclose such information to any third party without prior written consent from SJSB. Access shall be limited to personnel with a legitimate need to know who are bound by equivalent confidentiality obligations.

1.3 Protection Measures – Supplier shall implement and maintain appropriate technical and organizational safeguards to prevent unauthorized access, use, or disclosure.

2. Termination for Default

2.1 Grounds for Default – The Shipyard may terminate this Subcontract in whole or in part if the Subcontractor fails to perform in accordance with the requirements of the Subcontract, including failure to deliver goods or services on time, failure to make adequate progress, failure to comply with material requirements, insolvency, failure to maintain insurance, providing defective work, safety violations, or actions that endanger schedule performance.

2.2 Cure Period – The Shipyard shall provide written notice allowing ten (10) calendar days, or a shorter period if schedule is critical, for the Subcontractor to cure the failure.

2.3 Re-Procurement – If terminated for default, the Shipyard may procure similar goods or services elsewhere and the Subcontractor shall be liable for excess re-procurement costs and damages.

2.4 Conversion – If the termination is later determined to be improper, the termination shall be deemed a Termination for Convenience.

3. Termination for Convenience

3.1 Right to Terminate – The Shipyard may terminate this Subcontract in whole or in part for its convenience at any time.

3.2 Subcontractor Responsibilities – Upon notice of termination, the Subcontractor shall stop work as directed, place no further purchase orders, protect property in its possession, and mitigate costs.

3.3 Settlement – The Subcontractor shall be paid the reasonable value of conforming work performed and reasonable documented termination costs. Profit on unperformed work is excluded.

3.4 Settlement Proposal – The Subcontractor shall submit any termination settlement proposal within sixty (60) days.



4. Personnel

4.1 Right to Reject Personnel – SJSB reserves the right to reject or remove any subcontractor employee for safety, quality, security, or conduct reasons.

5. Change Management

5.1 Written Authorization – The Subcontractor shall not proceed with any change absent written authorization from the Shipyard. Unauthorized work is performed at the Subcontractor's risk.

6. Inspection and Right of Access

6.1 Inspection – The Shipyard, its customer, and regulatory authorities may inspect work, materials, certifications, and quality records at any reasonable time.

7. Warranty

7.1 Warranty Period – Subcontractor warrants all goods and services for twelve (12) months after vessel delivery or eighteen (18) months after installation, whichever is longer.

8. Indemnification

8.1 Indemnity – Subcontractor shall defend, indemnify, and hold harmless the Shipyard from claims arising out of performance including bodily injury, property damage, and defective workmanship.

9. FAR / DFARS Flowdown

9.1 Government Contract Compliance – When supporting Government contracts, the Subcontractor shall comply with all applicable Prime Contract requirements. Required flowdown clauses will be identified in Exhibit A.

10. Stop Work Authority

10.1 Stop Work – The Shipyard may direct the Subcontractor to stop work where safety, quality, or regulatory compliance is at risk.

11. Documentation and Traceability

11.1 Documentation – When applicable, the Subcontractor shall provide required documentation including material certifications, weld procedures, NDT records, test reports, and Certificates of Conformance.

12. Occupational Health and Safety

12.1 Compliance – Vendor shall comply with all applicable federal, state, and customer safety regulations including OSHA requirements.

12.2 Responsibility – Each party is responsible for the health and safety of its employees.

12.3 Employee Requirements – Vendor employees must follow all safety rules, wear appropriate PPE, and understand emergency procedures.

12.4 OSHA Shipyard Standards – Work must comply with the Occupational Safety and Health Act of 1970 and OSHA shipyard employment standards.



13. Subcontracting Restrictions

13.1 Approval Required – Subcontractor shall not further subcontract work without prior written consent of SJSB.

14. Disclosure of Non-U.S. Citizens

14.1 Notification – Subcontractor shall notify SJSB if any personnel requiring yard access are non-U.S. citizens. SJSB reserves the right to deny access.

15. Payment Terms

15.1 Pricing – Prices are firm fixed unless otherwise agreed.

15.2 Invoicing – Invoices must include the purchase order number, description of services, delivery information, and supporting documentation.

15.3 Payment Period – Payment will be made within forty-five (45) days of acceptance of goods or services.

15.4 Offset – SJSB may offset amounts owed by the Supplier against claims or credits.

15.5 Final Acceptance – Payment does not constitute final acceptance of work.

16. Compliance and Representations

16.1 Legal Compliance – Supplier shall comply with all applicable laws and regulations.

16.2 Export Control – Supplier shall comply with all export control requirements and notify SJSB of export-controlled items.

16.3 Cybersecurity – Supplier shall complete cybersecurity questionnaires if requested and maintain reasonable cybersecurity protections.

17. General Contract Provisions

17.1 Entire Agreement – This document constitutes the entire agreement between the parties.

17.2 Assignment – Supplier may not assign or transfer the contract without written consent.

17.3 Governing Law – Disputes shall be subject to the jurisdiction of courts located in Putnam County, Florida.

17.4 Severability – If any provision is invalid, the remaining provisions remain in effect.

17.5 Waiver – Failure to enforce any provision does not waive that provision.

17.6 Force Majeure – Neither party is liable for events beyond reasonable control.

17.7 Notices – Notices must be delivered in writing via approved methods.

17.8 Survival – Provisions such as confidentiality, warranty, and indemnification survive termination.