

PART III – LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS

SECTION J, APPENDIX S

HUMAN RESOURCES

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HUMAN RESOURCES

Persons employed by the Contractor shall be and remain employees of the Contractor and shall not be deemed employees of the NNSA or the Government. Nothing herein shall require the establishment of any employer-employee relationship between the Contractor and consultants or others whose services are utilized by the Contractor for the work hereunder.

1.0 Definitions

Incumbent Employees are employees in good standing of Consolidated Nuclear Security (CNS), LLC, who perform work predominantly in support of the Pantex Plant under Contract DE- NA0001942, as of the day preceding the first day of the Base Period of the Contract.

Non-Incumbent Employees are new hires, i.e., employees other than Incumbent Employees who are hired by the Contractor on or after the first day of the Base Period of the Contract.

2.0 Workforce Transition

The following are requirements the Contractor shall carry out during the Transition Period, prior to the beginning of the Base Period. After the start of the Contract Transition Period, the Contractor may propose alternate due dates for the deliverables described in 2.1, Staffing Plan; 2.2, Pay & Benefits; 2.3, Incumbent Employees Right of First Refusal; and 2.4, Personnel Appendix (Section J, Appendix D). The Contracting Officer may approve such changes to make transition more effective and efficient for both parties.

2.1 Staffing Plan

No later than 30 calendar days after the start of the Contract Transition Period, the Contractor shall provide NNSA its plan for achieving the right workforce size and skills mix and an estimate of the number of employees to whom they expect to make employment offers, including a plan for addressing employee retention, by position, or transfers associated with the Contract.

2.2 Pay & Benefits

Consistent with the requirements identified in 3.0 COMPENSATION and 4.0 BENEFITS below, the Contractor shall develop and submit for Contracting Officer approval, a pay and benefits program to cover non-bargaining unit employees. It is expected that the pay and benefits program will attract and retain employees while utilizing best practices and market-based design concepts.

The Contractor will be required to become a sponsor of the existing Pantex location retirement plans, and other Post Retirement Benefit Plans (PRB), as applicable, with responsibility for management and administration of the plans, including maintaining the tax-qualified status of those plans, if applicable. Incumbent Employees shall remain in their existing defined benefit (DB) pension plan (or comparable successor plan if continuation of the existing plans is not practicable) pursuant to pension plan eligibility requirements and applicable law. The Contractor shall carry over the length of service credit and leave balances for Incumbent

Employees accrued as of the day preceding the first day of the Base Period.

2.2.1 No later than 45 calendar days after the start of the Contract Transition Period, the Contractor shall submit for NNSA approval all proposed benefit plans including but not limited to retirement plans, disability, healthcare, and paid time off. The submission shall include all plan documents that will describe benefits provided to employees at Pantex including existing plans to which the Contractor becomes a sponsor at the beginning of the Base Period as well as newly proposed plans.

The submission shall include a plan for providing benefits (such as retirement and health benefits) for employees who transferred to Pantex from Y-12 and who are not participants of the Pantex benefit plans.

The submission shall also include an “Employee Benefits Value Study” which assesses the value of the proposed benefit plans for non-bargaining unit employees relative to market using the NNSA Consolidated Employee Benefit Value Study methodologies and comparator companies, to be provided by the Contracting Officer, described in 4.1.5 below. The Contractor shall submit for Contracting Officer approval a benefits program for non-bargaining unit employees that does not exceed the net benefit value of the comparator group by more than five percent. Alternatively, the Contractor may submit to the Contracting Officer for approval, a strategy to realign employee benefits to within the 105% ceiling in a specified period of time.

2.2.2 No later than 90 calendar days after the start of the Contract Transition Period, the Contractor shall submit a plan with a timeline for implementing a Compensation system that meets the criteria defined in 3.0 Compensation below.

2.3 Incumbent Employees Right of First Refusal

The Contractor shall use the Transition Period to make hiring decisions. Within 90 days after the start of the Contract Transition Period, the Contractor shall give a right of first refusal of employment for every position identified by the Contractor as necessary for completing the requirements of the Contract (other than positions occupied by Key Personnel and managers who directly reported to them) to Incumbent Employees as defined in *1.0 Definitions* who meet the qualifications for a particular position. The Contractor shall provide Incumbent Employees offered the same position their same base salary/pay rate provided by the incumbent contractor at the time the offer is made. The Contractor shall provide an Incumbent Employee pay commensurate with the position offered if the Contractor offers the Incumbent Employee a different position than the position the Incumbent Employee is performing at the time the offer is made.

2.4 Personnel Appendix

The Personnel Appendix (Section J, Appendix D) sets forth certain Contractor Human Resources policies and related expenses that have cost implications under this Contract and are not covered explicitly in the FAR or DEAR cost principles. No later than 120 days after the start of the Contract Transition Period, the Contractor shall submit a plan and timeline to address the items in the Personnel Appendix Section J, Appendix D. The Contractor shall obtain Contracting Officer approval of Personnel Appendix proposals. Until a new Personnel Appendix is incorporated into the Contract via a contract modification, the personnel policies for Pantex employees will be governed by the Personnel Appendix approved for Contract DE-NA0001942.

3.0 Compensation

The Contractor shall develop and administer, in a cost-effective manner, compensation programs that will recruit and retain a highly skilled, motivated, and experienced workforce capable of carrying out the technical and other requirements set forth elsewhere in this Statement of Work.

3.1 Total Compensation System

Consistent with the requirement in 2.2, Pay and Benefits, the Contractor shall establish a market-based pay and benefits program. The objective is to provide a level of total compensation which attracts, motivates and retains a highly competent workforce and which helps the Contractor to maintain a competitive position in the applicable labor markets.

The Contractor shall develop, implement and maintain formal policies, practices, and procedures to be used in the administration of its compensation system. The Contractor's total compensation system (e.g., to be set forth in Section J, Appendix D, *Personnel Appendix*), shall meet the tests of allowability in FAR 31.205-6 *Compensation for Personal Services*, and DEAR 970.3102-05-6, *Compensation for Personal Services*, and be consistently applied.

In addition, the Contractor's total compensation system shall include the following components:

- (i) Philosophy and strategy for all pay delivery programs;
- (ii) System for establishing a job worth hierarchy;
- (iii) Method for relating internal job worth hierarchy to external market;
- (iv) System that includes a documented method and process for evaluating individual job performance and that bases individual and/or group compensation decisions on individual performance and Contractor performance as appropriate. In addition, the system must show the link to the annual evaluation of Contractor performance for individual compensation actions as appropriate;
- (v) Method for planning and monitoring the expenditure of funds;

- (vi) System for internal controls and self-assessment;
- (vii) System to ensure that reimbursement of compensation, including stipends, for employees who are on joint appointments with a parent or other organization shall be pro-rated according to the amount of time the employee spent performing work under this Contract;
- (viii) Means for communicating the pay programs to employees; and
- (ix) Methodology for ensuring compliance with applicable wage payment laws and regulations (e.g., Fair Labor Standards Act).

3.2 Cash Compensation

The Contractor shall submit the following to the Contracting Officer for a determination of cost allowability for reimbursement under the Contract.

3.2.1 Compensation Program Design Changes

Any proposed major compensation program design changes including changes to salary surveys shall be submitted to the Contracting Officer 60 days prior to implementation.

3.2.2 Annual Compensation Increase Plan (CIP)

- (i) The Contractor shall submit a full CIP to the Contracting Officer for an advance determination of cost allowability when the total weighted merit increase fund, combined promotion/adjustment fund, or salary structure adjustment exceeds the professionally recognized salary budget survey's salary increase projection (e.g., WorldatWork (W@W) projection).

The CIP shall include the following components and data:

- (1) Comparison of average pay to market average pay;
- (2) Information regarding surveys used for comparison;
- (3) Aging factors used for escalating survey data and supporting information;
- (4) Projection of escalation in the market and supporting information;
- (5) Information to support proposed structure adjustments, if any;
- (6) Analysis to support special adjustments;
- (7) Comparison of average pay to market average total cash compensation (TCC), if applicable;
- (8) Funding requests and supporting analysis for each pay structure to include breakouts of merit, promotions, variable pay, adjustments, and structure movement;
 - (a) The proposed plan totals shall be expressed as a percentage of the payroll for the end of the previous CIP year.

- (b) All pay actions covered under the CIP are fully charged at the beginning of the CIP year, without regard to the fact that an employee may terminate before realizing the entire allocated CIP amount.
 - (c) Specific payroll groups (e.g., exempt, nonexempt) for which CIP amounts are intended shall be defined by mutual agreement between the Contractor and the Contracting Officer.
 - (d) The Contracting Officer may unilaterally adjust the CIP amount after approval based on major changes in factors that significantly affect the plan amount (for example, in the event of a major reduction in force or significant ramp-up).
 - (e) The Contractor is authorized to make minor shifts (up to 10%) in funds between non-Key Personnel payroll groups without prior Contracting Officer approval. The Contractor shall notify the Contracting Officer at the time funds are shifted. However, adjustment funds and Key Personnel funds will not be interchangeable.
- (9) A discussion of the impact of the proposed CIP on the budget;
 - (10) A discussion of relevant factors other than market average pay (e.g., turnover and offer-to-acceptance statistics, collective bargaining provisions, geographic considerations, total compensation).
- (ii) The Contractor shall submit a notification to the Contracting Officer with summary level data, as outlined in the CIP guidance issued by NNSA annually only if the total weighted average merit increase fund, combined promotion/adjustment fund, and salary structure adjustments do not exceed the professionally recognized salary budget survey's salary increase projection (e.g., W@W projection).
 - (iii) Planned salary increases for specific payroll groups must be justified by market position and appropriate market data. No presumption of allowability shall exist as a result of changes to salary surveys, benchmarks, or payroll categories that exceed market position.

3.2.3 Compensation Actions for Key Personnel

- (i) When any Key Person is replaced, the Contractor shall submit the compensation for the replacement for Contracting Officer approval. The request shall include supporting justification related to internal and external/market equity, individual performance, the Application for Contractor Compensation Approval Form (DOE 3220.5), and the Compensation Subject to the Compensation Cap Table. This documentation shall be provided to the Contracting Officer at least 30 days before the proposed effective date of the action.

- (ii) Except for promotions and “acting” situations, Key Personnel are permitted only one salary increase per individual during any twelve-month period.
- (iii) The Contractor shall submit any salary actions including merit pay increases for the top contractor official (i.e., Chief Executive Officer or equivalent) to the Contracting Officer for approval. The top contractor official’s approved reimbursed base salary will serve as the maximum allowable salary reimbursement under the Contract. The request shall include supporting justification related to internal and external/market equity, individual performance, the Application for Contractor Compensation Approval Form (DOE 3220.5), and the Compensation Subject to the Compensation Cap Table. This documentation shall be provided to the Contracting Officer at least 30 days before the proposed effective date of the action.

3.2.4 Incentive Compensation Plan

- (i) For any proposed establishment or modification of a non-base Incentive Compensation Plan (variable pay plan), documentation shall be provided to the Contracting Officer, for approval, no later than 60 days prior to proposed implementation. The Plan must include the following elements:
 - (1) A description of the design of the non-base Incentive Compensation Plan, including the funding methodology to be used, the total percentage of annual salary base, the eligible positions, the performance period, and how pay pursuant to this plan will be linked to Contract performance goals;
 - (2) A description of the specific pass-over rate, i.e., percent of participants who will not receive an incentive;
 - (3) A description of how the plan includes pay at risk; and
 - (4) Other information the Contracting Officer requests to assist with the determination of the non- base Incentive Compensation Plan.
- (ii) No person in, or acting in, a Key Personnel position may participate in any bonus plan (such as incentives, variable pay, sign-on, retention) that is a reimbursed cost under this Contract.
- (iii) The dollar amount authorized to fund the non-base Incentive Compensation Plan shall not exceed 2.0% of the total annual salary base as of the end of the previous plan year.

3.2.5 Assignments Outside of Normal Duty Station

The Contractor is authorized to send employees to work outside of their normal duty station on a short term basis. These assignments shall be in accordance with the Contractor Requirements Document included in NNSA Policy Letter, NAP-540.2, *NNSA M&O Off-Site Extended Duty Assignments*.

3.2.6 Contractor's Severance Plan

The Contractor shall submit a severance plan within 60 days of the start of the Base Period, which must include the notification period, pay-in-lieu of notice policy, and the severance schedule. Supporting documentation must include information regarding standards from nationally recognized sources and/or comparator firms (including Parent Organization(s)).

Severance Pay is not payable to an employee under this Contract if the recipient employee:

- (iv) Voluntarily separates, resigns or retires from employment, except in the event the Contractor conducts an NNSA approved voluntary separation program;
- (v) Is offered employment with a successor/replacement contractor;
- (vi) Is offered employment with the Contractor at a different Contractor facility or with a subsidiary, parent or affiliate of the Contractor;
- (vii) Is discharged for cause; or
- (viii) Is currently in a Key Personnel position.

3.3 Reports and Information: Compensation

The Contractor shall provide the Contracting Officer with the following reports and information with respect to pay and benefits provided under this Contract:

- (i) An Annual Contractor Salary-Wage Increase Expenditure Report to include, at a minimum, breakouts for merit, promotion, variable pay, adjustments, and structure movements for each pay structure, showing actual amounts against approved amounts or planned amounts specified within notification (i.e., notification in 3.2.2(ii)), no later than 30 days after CIP year;
- (ii) Other compensation reports as requested by the Contracting Officer.

4.0 Benefits

4.1 Establishment of New Benefit Plans and/or Changes to Existing Benefit Plans

- 4.1.1** To the extent the Contractor seeks to establish new benefit plans or change existing benefit plans, plan design, or funding methodology that do not increase cost and are not contrary to written Departmental policy, the Contractor shall provide notification to the Contracting Officer 30 days prior to implementation. Proposed changes must also include cost impact, the basis of determining cost, and the impact, if any, on the Benefits Value and Benefits Cost results, as discussed in 4.1.5. The Contractor must obtain approval from the Contracting Officer 60 days prior to implementation of benefit changes that increase costs, long-term liabilities or are contrary to written Departmental policy.

- 4.1.2** Cost reimbursement for pension and other benefit programs sponsored by the Contractor for non-bargaining and bargaining unit employees will be based on the “Employee Benefits Value Study” as described in 4.1.5.1 and 4.1.5.2 and an “Employee Benefits Cost Study Comparison” as described in 4.1.5.6 below.
- 4.1.3** If the Contractor seeks to terminate any benefit plan during the term of the Contract, the Contractor must submit a proposal for Contracting Officer approval for such termination 60 days prior to the scheduled date of plan termination.
- 4.1.4** Service Credit for employee benefits (including PRB eligibility) will be determined in accordance with NNSA Supplemental Directive NA SD 350.1, *M&O Contractor Service Credit Recognition*.
- 4.1.5** Unless otherwise stated, or as directed by the Contracting Officer, the Contractor shall participate in and/or submit the studies required in the subparagraphs below. The studies shall be used by the Contractor in calculating the cost or value of benefits in its benefit plans.
- 4.1.5.1** The NNSA Consolidated Employee Benefits Value Study for non-bargaining unit employees, shall be completed every two years and submitted to the Contracting Officer no later than July 31 of the applicable year. An Employee Benefits Value Study (Ben Val) is an actuarial study of the relative value (RV) of the benefits programs offered by the Contractor to employees measured against the RV of benefit programs offered by comparator companies. The Contractor shall use the comparator companies used in the last Consolidated Employee Benefit Value Study. When the net benefit value for non-bargaining employees exceeds the comparator group average by more than five percent, the Contractor may be required to submit a corrective action plan to the Contracting Officer, describing the specific actions they plan to take to get to the 105%, no later than 60 days after the Ben Val is submitted.
- 4.1.5.2** A Ben Val for bargaining unit employees shall be submitted to the Contracting Officer no later than 6 months prior to the end of the collective-bargaining agreement. The Ben Val Study for bargaining unit employees must include at least 15 comparator companies approved by the Contracting Officer.
- 4.1.5.3** For non-bargaining and bargaining unit employees, if any of the comparator companies no longer participate, the Contractor shall recommend replacement companies for approval by the Contracting Officer.
- 4.1.5.4** For non-bargaining and bargaining unit employees, the Contractor shall include major non-statutory benefit plans offered by the Contractor, including qualified defined contribution (DC) retirement plans; capital accumulation plans; and death, disability, health, and paid time off welfare benefit programs in its Ben Val.
- 4.1.5.5** For non-bargaining and bargaining unit employees, M&O Contractor DB plans, closed to new entrants, are not included in the Ben Val

measurement.

- 4.1.5.6** An Employee Benefits Cost Study Comparison (Cost Study), shall be completed annually and submitted to the Contracting Officer by July 31st. The Cost Study must utilize a professionally recognized measure approved by the Contracting Officer that analyzes the Contractor's employee benefits cost for employees as a percentage of payroll and compares it with the cost as a percentage of payroll including geographic factor adjustments, reported by the U.S. Labor's Bureau of Labor Statistics or other Contracting Officer approved comparator group or broad-based national benefit cost study. **For non-bargaining and bargaining unit employees, M&O Contractor DB plans, closed to new entrants, are not included in the Benefit Cost Study measurement.**
- 4.1.5.7** When the average of the Contractor's Cost Study, discussed in 4.1.5.6 above, total benefit costs for the non-bargaining employees as a percentage of payroll, exceeds the comparator group by more than five percent, the Contracting Officer may require the Contractor to submit an analysis of the specific plan costs that result in or contribute to the percentage of payroll exceeding the costs of the comparator group. Based on this analysis, the NNSA will determine whether a corrective action plan is necessary.
- 4.1.5.8** Within two years, or longer period as agreed to between the Contractor and the Contracting Officer, the Contractor should implement the actions identified in the corrective action plan, to align employee benefit programs with the benefit value and benefit cost study requirements.

4.2 Reports and Information: Benefits

The Contractor shall enter all data requested into DOE's iBenefits management system (or any successor database) including, but not limited to, the Compensation and Benefits Report.

4.3 Workers' Compensation

- 4.3.1** The Contractor shall submit to the Contracting Officer for approval all new workers' compensation policies and all initial proposals for self-insurance unless workers' compensation coverage is provided through a state funded arrangement or a corporate benefits program. Additionally, Contractors shall provide copies of all workers' compensation renewal policies to the Contracting Officer.
- 4.3.2** The Contractor shall ensure that all workers' compensation loss income benefit payments when supplemented by other programs (such as salary continuation, short term disability) are to be administered so that the total benefit payments from all sources shall not exceed 100% of employee's net pay.

4.4 Retirement Plans

- 4.4.1 For cost allowability and reimbursement purposes, any DB or DC pension plans established by the Contractor and any DB or DC plans for which the Contractor assumes sponsorship upon the start of the Base Term, shall be maintained consistent with the requirements of the Internal Revenue Code (IRC), Employee Retirement Income Security Act of 1974 (ERISA) as amended and any other applicable laws.
- 4.4.2 Any pension plan maintained by the Contractor, for which NNSA reimburses costs, shall be maintained as a separate pension plan distinct from any other pension plan which provides credit for service not performed under a DOE cost-reimbursement contract.
- 4.4.3 Each applicable Contractor plan shall be subjected to an audit satisfying the requirements of ERISA Section 103: annually, the audit may be full or limited scope; every 3 years, the Contractor shall complete a full scope audit. In all cases, the Contractor shall submit the audit results to the Contracting Officer within 30 days from the completion of the audit.
- In years in which a limited scope audit is conducted, the Contractor shall provide the Contracting Officer with a copy of the qualified trustee or custodian's certification regarding the investment information that provides the basis for the plan sponsor to satisfy reporting requirements under ERISA section 104.
- 4.4.4 The Contractor will be reimbursed for DB pension contributions in the amounts necessary to ensure that the plans are funded to meet the annual minimum required contribution under ERISA, as amended. Reimbursement above the annual ERISA required minimum contribution will require prior approval in conjunction with the Pension Management Plan review. The timing and amount of contributions to the plan will be made to satisfy Section 430 of the IRC and Section 302 of ERISA and avoid any penalties associated with contributions made after a required installment date.
- 4.4.5 The Contractor shall obtain the Contracting Officer's advance written approval for any proposed changes to DB and/or DC plans that are not required by law, may increase costs and/or liabilities, or any proposed changes to the DB plan that are contrary to written Departmental policy. The Contractor shall submit the proposal at least 60 days prior to the proposed effective date of the change(s), which shall include the following:
- (i) A clean copy of the current plan document (as conformed to show all prior plan amendments), with the proposed new amendment indicated in redline/strikeout;
 - (ii) An analysis of the impact of any proposed changes on actuarial accrued liabilities and an analysis of relative benefit value and a cost study index;
 - (iii) Except in circumstances where the Contracting Officer indicates that

it is unnecessary, an explanation of the proposed changes from the Contractor's legal counsel for purposes of compliance with all legal requirements applicable to private sector DB and DC pension plans;

- (iv) The Summary Plan Description; and
- (v) Any such additional information as requested by the Contracting Officer.

4.4.6 When changes to DB and/or DC plans are required by law, or the changes do not increase costs or liabilities under the plan(s), the Contractor shall provide to the Contracting Officer a copy of the current plan document (as conformed to show all prior plan amendments), with the proposed new amendment indicated in redline/strikeout, no later than 60 days before the new amendment is to take effect.

4.4.7 In addition, any new proposed special programs (including, but not limited to, cost of living adjustments, plan-loan features, employee contribution refunds, or ancillary benefits) shall be submitted to the Contracting Officer for prior approval with an analysis of the impact of special programs on the actuarial accrued liabilities of the pension plan, and impact on the Ben Val and Benefit Cost study, if applicable. The analysis should also describe the potential impact on the plan's qualified status at present and the potential impact of the special programs on the qualified status through the duration of the Contract.

4.4.8 When operations at a designated NNSA facility are terminated and no further work is to occur under the prime Contract, the following apply:

4.4.8.1 No further benefits for service shall accrue;

4.4.8.2 The Contractor shall provide a determination statement in its settlement proposal, defining and identifying all liabilities and assets attributable to the Contract;

4.4.8.3 The Contractor shall base its DB pension liabilities attributable to NNSA Contract work on the market value of annuities or dispose of such liabilities through a competitive purchase of annuities. The Contractor, as pension plan sponsor, must adhere to Department of Labor guidance set forth at 29 CFR 2509.95-1 regarding selection of an annuity provider for the purpose of benefit distributions from a DB pension plan;

4.4.8.4 Assets shall be determined using the "accrual-basis market value" on the date of termination of operations; and

4.4.8.5 The Parties shall establish an effective date for spinoff or plan termination. On the same day as the Contractor notifies the IRS of the spinoff or plan termination, all NNSA assets assigned to a spun-off or terminating plan shall be placed in a high-yield, fixed-income portfolio until the successor trustee, or an insurance company, is able to assume stewardship of those assets. The portfolio shall be rated no lower than Standard & Poor's "AA."

4.4.9 Requests for Terminating Plans

- 4.4.9.1** If the Contractor seeks to voluntarily terminate any pension plan during the term of the Contract, the Contractor must submit its proposal to the Contracting Officer for approval, no later than 60 days prior to the scheduled date of plan termination.
- 4.4.9.2** To the extent possible, the Contractor shall satisfy plan liabilities to plan participants by the purchase of annuities through competitive bidding on the open annuity market or through lump sum payouts. The Contractor, as pension plan sponsor, must adhere to Department of Labor guidance set forth at 29 CFR 2509.95-1 regarding selection of an annuity provider for the purpose of benefit distributions from a DB pension plan. With respect to standard plan terminations, the Contractor must adhere to all Pension Benefit Guaranty Corporation regulations regarding the termination of a pension plan.
- 4.4.9.3** Funds to be paid or transferred to any party as a result of settlements relating to pension plan termination or reassignment shall accrue interest from the effective date of termination or reassignment until the date of payment or transfer.
- 4.4.9.4** If ERISA or the IRC prevents a full transfer of excess NNSA reimbursed assets from the terminated plan, the Contractor shall pay any deficiency directly to NNSA according to a schedule of payments to be negotiated by the Parties.
- 4.4.9.5** On the same day as the Contractor notifies the IRS of the plan termination, all NNSA assets will be placed in a high-yield, fixed-income portfolio until full disposition of the terminating plan's liabilities. The portfolio shall be rated no lower than Standard & Poor's "AA."
- 4.4.9.6** NNSA liability to a commingled pension plan shall not exceed that portion which corresponds to participants' service accrued for their work under an NNSA contract. The NNSA shall have no other liability to the plan, to the plan sponsor, or to the plan participants.
- 4.4.9.7** After all liabilities of the plan are satisfied, the Contractor shall return to NNSA an amount equaling the asset reversion from the plan termination and any earnings which accrue on that amount because of a delay in the payment to NNSA. Such amount and such earnings shall be subject to NNSA audit. To effect the purposes of this paragraph, NNSA and the Contractor may stipulate to a schedule of payments.

4.4.10 Post Contract Responsibilities for Pension and Other Benefit Plans

- 4.4.10.1** If this Contract expires or terminates and NNSA has awarded a contract under which the new contractor becomes a sponsor

and assumes responsibility for management and administration of the pension or other benefit plans (Plans) covering active or retired Contractor employees with respect to service, the Contractor shall cooperate and transfer to the new contractor its responsibility for sponsorship, management and administration of the plans consistent with direction from the Contracting Officer. If a commingled plan is involved, the Contractor shall:

- (i) Spin off the NNSA portion of any commingled plan that provides benefits for employees working at the NNSA facility into a separate plan. The new plan shall provide benefits similar to those provided by the commingled plan and shall carry with it the NNSA assets on an accrual basis market value, including NNSA assets that have accrued in excess of NNSA liabilities.
- (ii) Bargain in good faith with NNSA or the successor contractor to determine the assumptions and methods for establishing the liabilities involved in a spinoff. The Parties shall establish an effective date of spinoff.
- (iii) The Contractor must also comply with the requirements of 4.4.5.5.

4.4.10.2 If this Contract expires or terminates and NNSA has not awarded a contract to a new contractor under which the new contractor becomes a sponsor and assumes responsibility for management and administration of the Plans, or if the Contracting Officer determines that the scope of work under the Contract has been completed (any one such event may be deemed by the Contracting Officer to be “Contract Completion” for purposes of this paragraph), whichever is earlier, and notwithstanding any other obligations and requirements concerning expiration or termination elsewhere in this Contract, the following actions shall occur regarding the Contractor’s obligations regarding the Plans at the time of Contract Completion:

- (i) Subject to paragraph 4.4.10.2(ii) below, and notwithstanding any legal obligations independent of the Contract the Contractor may have regarding responsibilities for sponsorship, management, and administration of the Plans, the Contractor shall remain the sponsor of the Plans, in accordance with applicable legal requirements.
- (ii) The Parties shall exercise their best efforts to reach agreement on the Contractor's responsibilities for sponsorship, management and administration of the Plans prior to or at the time of Contract Completion.

However, if the Parties have not reached agreement on the Contractor's responsibilities for sponsorship, management and administration of the Plans prior to or at the time of Contract Completion, unless and until such agreement is reached, the Contractor shall comply with written direction from the Contracting Officer regarding the Contractor's responsibilities for continued provision of pension and welfare benefits under the Plans, including but not limited to continued sponsorship of the Plans, in accordance with applicable legal requirements. To the extent that the Contractor incurs costs in implementing direction from the Contracting Officer, the Contractor's costs will be reimbursed pursuant to applicable Contract provisions.

4.4.11 Reports and Information - Retirement Plans

For each DB and DC pension plan as applicable or portion of a pension plan for which NNSA reimburses costs, the Contractor shall provide the following information into iBenefits or its successor system as requested:

- (i) The annual actuarial valuation report for each NNSA- reimbursed pension plan. When a pension plan is commingled, the Contractor shall submit separate reports for NNSA's portion and the plan total.
- (ii) Copies of all forms in the 5300 series submitted to the IRS that document the establishment, amendment, termination, spin-off, or merger of a plan submitted to the IRS.

4.5 Pension Management Plan (PMP) & Post Retirement Benefit (PRB) Management Plan

No later than January 31 of each applicable year, the Contractor shall submit a Pension Management Plan and Post-Retirement Management Plan for management and administration of its DB pension and PRB plans via iBenefits consistent with the terms of the Contract. The Pension Management Plan shall include but is not limited to the DB plans' projected assets, projected liabilities, and estimated contributions. A full description of the Contractor's required reporting will be provided in the annual management plan data request. Within 60 days after the date of submission, appropriate Contractor representatives shall participate in a conference call to discuss the Contractor's PMP and PRB submission and any other current plan issues or concerns.

5.0 Labor Relations

5.1 No later than 60 days before the commencement of bargaining, the Contractor shall provide to the Contracting Officer in writing a request for parameters that includes:

- (i) Proposed changes to the current collective bargaining agreement that will

increase costs over and above the current collective bargaining agreement costs. Cost increase figures shall be provided for each of the following distinct categories: wages, health benefits, retirement benefits and all other benefits that increase costs under the existing collective bargaining agreement. To the extent that wage increases are proposed, provide upon request the full financial impact of the proposed wage increases, including but not limited to the impact on overtime and shift differential costs and an estimate of overhead burden increases that will occur as a result of the proposed wage and benefit increases over the life of the collective bargaining agreement.

- (1) the proposed savings to the current collective bargaining agreement;
- (2) the dollar amounts associated with the proposed changes to reflect a total cost and total net cost (or savings) and
- (3) a strike contingency plan.

- 5.2** No later than 60 days prior to the commencement of bargaining, the Contractor shall provide regional wage survey information, a compensation analysis, and any other information to support the collective bargaining cost figures set forth in the Contractor's request for parameters.
- 5.3** Prior to the commencement of collective bargaining, the Contracting Officer will communicate to the Contractor the total approved, aggregate cost ceiling for the cost associated with the successor collective bargaining agreement. Once the aggregate threshold is determined and provided to the Contractor, no further approval of economic parameters is required unless:
- (i) The changes would exceed the aggregate figure;
 - (ii) The changes proposed are contrary to Departmental policy or written instructions.
- 5.4** To the extent the Contractor assumes savings from new negotiation positions not set forth in the Contractor's initial request for parameters, the Contractor must notify the Contracting Officer of such assumed savings by no later than 15 days after the collective bargaining agreement is executed. Any assumed savings cannot be used to increase approved parameters.
- 5.5** The Contractor shall provide an electronic copy of the bargaining agreement to the Contracting Officer 30 days after formal ratification. The Contractor shall provide to the Contracting Officer the "Report of Settlement" 30 days after formal ratification.
- 5.6** The Contractor shall provide information requested by the Contracting Officer regarding ratified collective bargaining agreements to which the Contractor is a party.
- 5.7** The Contractor shall enter information, including but not limited to the executed collective bargaining agreements, into the iBenefits system (or any successor database) quarterly, or upon Contracting Officer request.
- 5.8** The Contractor shall notify the Contracting Officer in a timely fashion of labor relations issues that may cause a significant impact to the workforce.

5.9 The Contractor shall advise the Contracting Officer within twenty-four hours of the following:

- (i) Possible strike situations or other actions affecting the continuity of operations including work stoppages and picketing;
- (ii) Formal action by the National Labor Relations Board (NLRB) including but not limited to, issuance of a complaint against the Contractor. Copies of complaints, settlement agreements, judgments and any other documents issued in connection with Contractor actions with respect to labor practices shall be provided to the Contracting Officer;
- (iii) Recourse to procedures under the Labor-Management Relations Act of 1947 as amended or any other state law;
- (iv) Any grievance scheduled for arbitration under any collective bargaining agreement that has the potential for significant economic or other impact as well as the decision of the arbitrator; and
- (v) Other significant issues that may involve review by other federal or state agencies.

6.0 Workforce Planning

6.1 Workforce Plan

The Contractor shall analyze workforce requirements consistent with current and future mission requirements. The Contractor shall develop a written plan describing appropriate workforce strategies and how it will ensure appropriate skills to perform the current mission work and the anticipated future mission work across the NNSA's Future Years Nuclear Security Program (FYNSP).

The document and analysis shall include a discussion of the following topics: overall workforce look, identification of critical and essential skills, future hiring needs for the site including in critical skills areas, plans to recruit and retain individuals possessing critical skills, and the impact of anticipated retirements or other attrition. This workforce plan shall be provided to the Contracting Officer no later than November 30th each year.

6.2 Reductions in Contractor Employment – Workforce Restructuring

6.2.1 Voluntary Separations:

6.2.1.1 In order to minimize the number of involuntary separations and mitigate the impact on affected employees, in consultation with the Contracting Officer, the Contractor shall consider the use of a Voluntary Separation Program (VSP) before consideration is given to conducting an Involuntary Separation Program (ISP).

6.2.1.2 The Contractor shall submit the VSP to the Contracting Officer for approval prior to implementation regardless of the number of employees involved.

6.2.1.3 Advance approval of a VSP by the Contracting Officer is required for any such costs to be considered allowable. However, advance approval is not required and the Contractor may instead notify the Contracting Officer if the VSP is consistent with the following parameters: 1) the VSP is conducted in accordance with approved contractor policies and contract requirements; 2) no enhanced benefits (severance or pension) are provided; 3) no backfilling or re-employment of VSP employees' positions occurs after severance is paid; 4) business case is submitted 5 days in advance of notification date and includes the maximum number of voluntary reductions, maximum dollars, positions/skills impacted; reasons reductions are needed, copy of self-select waivers, and communication plan; and 5) VSP provides that voluntary reductions are offered to all eligible employees in an operational unit.

6.2.2 Involuntary Reductions in Contractor Employment

6.2.2.1 If the restructuring involves separating between 10-99 employees in a rolling twelve-month period, the Contractor shall notify the Contracting Officer no later than 15 days in advance of the action.

6.2.2.2 For restructuring actions that involve separating between 50-99 employees, the Contractor shall prepare a specific workforce restructuring plan and submit the plan to the Contracting Officer for informational purposes. The workforce restructuring plan must include: the rationale for the proposed separations, costs, timelines for notifications, the jobs classifications of the Contractor employees involved, number of impacted employees and any other information specified by the Contracting Officer. In addition, the Contractor shall perform an adverse impact analysis and provide a copy of the analysis to the NNSA Field Counsel for any restructuring actions that involve 50 or more employees within a 12-month period.

6.2.2.3 If the restructuring may involve the separation of 100 or more employees within a 12-month period, the Contractor shall submit a workforce restructuring plan to the Contracting Officer for approval to enable compliance with Section 3161 of the National Defense Authorization Act for Fiscal Year 1993 at a minimum, no later than 90 days in advance of the date the Contractor needs to begin notification to employees in accordance with the law and its attendant timeframes to effect the separations.

6.2.2.4 All notifications to the Contracting Officer regarding Contractor workforce restructuring must contain the rationale for the proposed

separations, costs, timelines for notification, the job classifications of the Contractor employees involved and the number of impacted employees.

6.2.2.5 The Contractor may submit a multi-year workforce restructuring plan to the Contracting Officer for consideration and approval. Any payment of separation benefits beyond those already approved under the Contract must be approved by the Contracting Officer.