

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE	PAGE OF PAGES 1 118
2. AMENDMENT/MODIFICATION NO. P00002	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (if applicable)
6. ISSUED BY Savannah River Operations Office U.S. Department of Energy Savannah River Operations P.O. Box A Aiken SC 29802	CODE 893037	7. ADMINISTERED BY (if other than Item 6) Savannah River Operations U.S. Department of Energy Savannah River Operations P.O. Box A Aiken SC 29802	CODE 00901
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) Savannah River Mission Completion, LLC Attn: Kathleen Vaselopoulos 109 Ramsey Pl Lynchburg VA 245016722		(x) 9A. AMENDMENT OF SOLICITATION NO.	
CODE 117486417		9B. DATED (SEE ITEM 11)	
FACILITY CODE		X 10A. MODIFICATION OF CONTRACT/ORDER NO. 89303322DEM000068	
		10B. DATED (SEE ITEM 13) 10/27/2021	

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended, is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or electronic communication which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by letter or electronic communication, provided each letter or electronic communication makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (if required)

See Schedule

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
X	D. OTHER (Specify type of modification and authority) FAR 43.103(a)(3)

E. IMPORTANT: Contractor is not is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

DUNS Number: 117486417

A. The purpose of this modification is to revise 89303322DEM000068 to add Clause H.70, COVID-19 3610 - Paid Leave under Section 3610 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to Maintain Employees and Subcontractors in a Ready State, as shown on page 2. This modification also revises 89303322DEM000068 to add Clause I.112, Ensuring Adequate COVID-19 Safety Protocols for Federal Contractors (OCT 2021) (DEVIATION), as shown on page 3. This modification also makes other administrative changes to the contract.

B. This modification does not add additional obligated funds to the contract. Accordingly, work under the Contract, such as described herein, must be performed
Continued ...

Except as provided herein, all terms and conditions of the document referenced in Item 9 A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Kathleen K. Vaselopoulos Director, Prime Contract Management		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Cynthia T. Strowbridge	
15B. CONTRACTOR/OFFEROR Kathleen K Vaselopoulos Digitally signed by Kathleen K Vaselopoulos Date: 2022.03.16 16:19:39 -0400 Previous edition unusable	15C. DATE SIGNED 3/18/2022	16B. UNITED STATES OF AMERICA <i>Cynthia Strowbridge</i> (Signature of Contracting Officer)	16C. DATE SIGNED 03/16/2022

CONTINUATION SHEET

REFERENCE NO. OF DOCUMENT BEING CONTINUED
89303322DEM000068/P00002

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NAME OF OFFEROR OR CONTRACTOR
Savannah River Mission Completion, LLC

ITEM NO. (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)
	<p>within the amount of funds which have been allotted to the contract in accordance with Clause I.147, FAR 52.232-22, Limitation of Funds (Apr 1984).</p> <p>C. Section H, "Special Contract Requirements", Clause H.43, "DOE-H-2070 Key Personnel - Alternate I (Oct 2014) (Revised)" is revised to correct the spelling of the Engineering Manager as follows:</p> <p>FROM: Thomas D. Bruns Jr. TO: Thomas D. Burns Jr.</p> <p>D. Section I, Contract Clauses, Clause I.2, FAR 52.252-6, Authorized Deviations in Clauses (Apr 1984), Clause No. I.98 is revised to correct the FAR reference as follows:</p> <p>FROM: 52.233-7 TO: 52.223-7</p> <p>E. There are no other changes to the terms and conditions of the contract.</p> <p>Payment:</p>				

H.70 COVID-19 3610 - Paid Leave under Section 3610 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to Maintain Employees and Subcontractors in a Ready State

- (a) The Contractor may submit for reimbursement and the Government (without requiring consideration but precluding additional fee) will treat as allowable (if otherwise allowable per federal regulations) the costs of paid leave (including sick leave) the Contractor or its subcontractors provide to keep employees in a ready state if--
- (1) The employees: cannot perform work on a site approved by the Federal Government (including a federally-owned or leased facility or site) due to facilities closures or other restrictions; and cannot telework because their job duties cannot be performed remotely during the public health emergency declared on January 31, 2020 for COVID-19.
 - (2) The costs are incurred from January 31, 2020 through September 30, 2021.
 - (3) The costs do not reflect any amount exceeding an average of 40 hours per week for paid leave.
- (b) Where other relief provided for by the CARES Act or any other Act would benefit the contractor or the contractor's subcontractors, including, but not limited to, funds available under sections 1102 and 1106 of the CARES Act, the contractor should evaluate the applicability of such benefits in seeking reimbursement under the contract.
- (c) The Contractor must represent in any request for reimbursement--
- (1) Either it: has not received, has not claimed, and will not claim any other reimbursement, including claims for reimbursement via letter of credit, for federal funds available under the CARES Act for the same purpose, including, but not limited to, funds available under sections 1102 and 1106 of the CARES Act; or if it has received, claimed, or will claim other reimbursement, that reimbursement has been reflected, or will be reflected when known, in requests for reimbursement but in no case reflected later than in its final proposal to determine allowable incurred costs.
 - (2) Its request reflects or will reflect as soon as known all applicable credits, including
 - (i) Tax credits, including credits allowed pursuant to division G of Public Law 116-127; and
 - (ii) Applicable credits allowed under the CARES Act, including applicable credits for loan guarantees.

(End of clause)

I.112 FAR 52.223-99 ENSURING ADEQUATE COVID-19 SAFETY PROTOCOLS FOR FEDERAL CONTRACTORS (OCT 2021) (DEVIATION)

(a) *Definition.* As used in this clause -

United States or its outlying areas means—

- (1) The fifty States;
- (2) The District of Columbia;
- (3) The commonwealths of Puerto Rico and the Northern Mariana Islands;
- (4) The territories of American Samoa, Guam, and the United States Virgin Islands; and
- (5) The minor outlying islands of Baker Island, Howland Island, Jarvis Island, Johnston Atoll, Kingman Reef, Midway Islands, Navassa Island, Palmyra Atoll, and Wake Atoll.

(b) *Authority.* This clause implements Executive Order 14042, Ensuring Adequate COVID Safety Protocols for Federal Contractors, dated September 9, 2021 (published in the Federal Register on September 14, 2021, 86 FR 50985).

(c) *Compliance.* The Contractor shall comply with all guidance, including guidance conveyed through Frequently Asked Questions, as amended during the performance of this contract, for contractor or subcontractor workplace locations published by the Safer Federal Workforce Task Force (Task Force Guidance) at <https://www.saferfederalworkforce.gov/contractors/>

(d) *Subcontracts.* The Contractor shall include the substance of this clause, including this paragraph (d), in subcontracts at any tier that exceed the simplified acquisition threshold, as defined in Federal Acquisition Regulation 2.101 on the date of subcontract award, and are for services, including construction, performed in whole or in part within the United States or its outlying areas.

(End of clause)

PART I – THE SCHEDULE
SECTION H – SPECIAL CONTRACT REQUIREMENTS

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H.1 DOE-H-2013 Consecutive Numbering (Oct 2014)

Due to automated procedures employed in formulating this document, clauses and provisions contained within may not always be consecutively numbered.

CONTRACTOR HUMAN RESOURCE MANAGEMENT (CHRM) CLAUSES

H.2 Definitions

For purposes of H Clauses entitled, *Workforce Transition and Employee Hiring Preferences*, DOE-H-2001, *Employee Compensation: Pay and Benefits (Oct 2017)*, and *Special Provisions Applicable to Workforce Transition and Employee Compensation: Pay and Benefits*, the following definitions are applicable (unless otherwise specified):

- (a) "Contract Award Date" means the date the Contract is signed by the Contracting Officer (CO), noted in Block 28 of the Standard Form 33, *Solicitation, Offer and Award*.
- (b) "Contract Transition Period" means the 90-day transition.
- (c) "SRR" means Savannah River Remediation, LLC, performing work under DOE Contract No. DE-AC09-09SR22505.
- (d) "SRS" means the Savannah River Site. SRS employees may work or may have worked for SRR, the Department of Energy and other contractors.
- (e) "SWPF" means Salt Waste Processing Facility work performed under DOE Contract No. DE-AC09-02SR22210.
- (f) "SWPF Service Contract Act (SCA) Covered Employees" means those SWPF contract employees whose positions will continue after the completion of the first year of operations and are covered by the SCA. These positions must be specifically identified by the Contractor and approved by DOE no later than 3 months prior to the anticipated transition of the SWPF operations to the Liquid Waste contract pursuant to Section C.2.1.4. It does not include managerial, supervisory, or other non-SCA positions.
- (g) "SWPF Non-SCA Covered Employees" means Managers, Supervisors and other SWPF employees whose job with SWPF/Parsons during the first year of SWPF operations is not covered by the SCA. The classifications of such employees must be specifically identified by the Contractor and approved by DOE no later than 3 months prior to the anticipated transition of the SWPF operations to the Liquid Waste contract pursuant to Section C.2.1.4.
- (h) "Initial Notice to Proceed (NTP)" means the authorization issued by the CO for the Contractor to start Incoming Transition performance of this Contract.

H.3 Workforce Transition and Employee Hiring Preferences Including Through Period of Performance

The Contractor and its subcontractors shall maintain and develop trained and qualified personnel to perform the work scope included in Section C, consistent with applicable law, and the terms of this Contract, including the paragraphs set forth below. Means of maintaining and developing a trained and qualified workforce may include, but are not limited to, the utilization of apprentices, interns, veterans, and summer hires.

The Contractor shall also comply with the hiring preferences set forth below:

- (a) Within 30 days before the anticipated transition of the SWPF operations to the Liquid Waste contract pursuant to Section C.2.1.4, the Contractor shall provide the SWPF SCA Covered Employees a preference in hiring for vacancies in non-managerial SWPF positions that are substantially equivalent to the positions such employees will hold at the time of the transition of the SWPF operations to the Liquid Waste contract pursuant to Section C.2.1.4. The Service Credit date for SWPF SCA Covered Employees is the later of 1) May 16, 2016 the start of Phase II of SWPF, or 2) the employee's hire date with Parsons/SWPF.
- (b) The Contractor shall provide, during the transition period and throughout the period of performance, preferences in hiring for vacancies for non-managerial positions (i.e., all those below the first line of supervision) in non-construction activities of the Performance Work Statement (PWS) under this Contract, in accordance with the hiring preferences in paragraphs (1) – (3) below (subject to paragraph (a) above), in descending order of priority, and in accordance with applicable law, and applicable site seniority lists as provided to the Contractor by the CO), as set forth below.
 - (1) The Contractor shall provide Incumbent Employees a preference in hiring for vacancies in non-managerial positions for the above employees who meet the qualifications for the position and who have been identified by their employer as being at risk of being involuntarily separated because of the transfer of this work scope to the Contractor.
 - (2) The Contractor shall give a preference in hiring to individuals set forth below in paragraphs (i) and (ii), in descending order of priority, who are eligible for the hiring preference contained in the clause in Section I of this Contract entitled DEAR 952.226-74, *Displaced Employee Hiring Preference*, consistent with the provisions of any applicable Work Force Restructuring Plan, as amended from time to time, regarding the preferential hiring of employees:
 - (i) Employees who are former employees of the Incumbent Contractors or any other DOE contractor at Savannah River Site; and
 - (ii) Former employees of any other U.S. Department of Energy (DOE) contractor or subcontractor at a DOE defense nuclear facility eligible for hiring preference.
 - (3) The Contractor shall give a preference in hiring to individuals (a) who have separated from employment with the Incumbent Contractors; (b) who are not precluded from seeking employment at the Savannah River Site by the terms of employee waivers or releases of claims they executed, absent repayment of severance consistent with the terms of those agreements; and (c) who are qualified for a particular position or who may not meet the qualifications for a particular position, but who agree to become qualified and can become qualified by the commencement of active employment under this Contract.
 - (4) The Contractor shall give a preference in hiring to individuals (a) who have separated from employment at the SRS, including former SWPF SCA Covered Employees and SWPF Non-SCA Covered Employees; (b) who are not precluded from seeking employment at either the SRS by the terms of employee waivers or releases of claims they executed, absent repayment of severance consistent with the terms of those agreements; and (c) who are qualified for a particular position or who may not meet the qualifications

for a particular position, but who agree to become qualified and can become qualified by the commencement of active employment under this Contract.

H.4 DOE-H-2001 Employee Compensation: Pay and Benefits (Oct 2017) (Revised)

(a) Contractor Employee Compensation Plan

The Contractor shall submit, for CO approval, by close of contract transition, a Contractor Employee Compensation Plan (to be submitted during contract transition only) demonstrating how the Contractor will comply with the compensation requirements of this Contract. The Contractor Employee Compensation Plan shall describe the Contractor's policies regarding compensation, pensions and other benefits, and how these policies will support, at reasonable cost, the effective recruitment and retention of a highly skilled, motivated, and experienced workforce.

A description of the Contractor Employee Compensation Program should include the following components:

- (1) Philosophy and strategy for all pay delivery programs;
- (2) System for establishing a job worth hierarchy;
- (3) Method for relating internal job worth hierarchy to external market;
- (4) System that links individual and/or group performance to compensation decisions;
- (5) Method for planning and monitoring the expenditure of funds;
- (6) Method for ensuring compliance with applicable laws and regulations;
- (7) System for communicating the programs to employees;
- (8) System for internal controls and self-assessment; and
- (9) System to ensure that reimbursement of compensation, including stipends, for employees who are on joint appointments with a parent or other organization shall be on a pro-rated basis.

(b) Total Compensation System

The Contractor shall develop, implement and maintain formal policies, practices and procedures to be used in the administration of its compensation system consistent with Federal Acquisition Regulation (FAR) 31.205-6 and Department of Energy Acquisition Regulation (DEAR) 970.3102-05-6, *Compensation for Personal Services*. DOE-approved standards (e.g., set forth in an advance understanding or appendix), if any, shall be applied to the Total Compensation System. The Contractor's Total Compensation System shall be fully documented, consistently applied, and acceptable to the CO. Costs incurred in implementing the Total Compensation System shall be consistent with the Contractor's documented Contractor Employee Compensation Plan, as approved by the CO.

(c) Reports and Information

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

- (1) An Annual Contractor Salary-Wage Increase Expenditure Report to include, at a minimum, breakouts for merit, promotion, variable pay, special adjustments, and structure movements for each pay structure showing actual against approved amounts and planned distribution of funds

for the following year.

- (2) A list of the top five most highly compensated executives, as defined in FAR 31.205-6(p)(4)(ii) and their total cash compensation at the time of contract award and at the time of any subsequent change to their total cash compensation. This should be the same information provided to the System for Award Management (SAM) per FAR 52.204-10.
- (3) An Annual Report of Compensation and Benefits. Report to be submitted no later than, March 1 of each year in iBenefits or its successor.

(d) Pay and Benefit Programs

The Contractor shall establish pay and benefit programs for Incumbent Employees and Non-Incumbent Employees, as set forth in paragraphs (1) and (2) below and consistent with any applicable law, provided, however, that employees scheduled to work fewer than 20 hours per week receive only those benefits required by law. Employees are eligible for benefits, subject to the terms, conditions, and limitations of each benefit program.

- (1) Incumbent Employees are the employees who hold regular appointments or who are regular employees of SRR.
 - (A) Pay. Subject to the Workforce Transition Clause, the Contractor shall provide equivalent base pay, to Incumbent Employees as compared pay provided by SRR for at least the first year of the term of the Contract.
 - (B) Pension and Other Benefits. The Contractor shall provide a total package of benefits to Incumbent Employees comparable to that provided by SRR. Comparability of the total benefit package shall be determined by the Contracting Officer in his/her sole discretion.

Incumbent Employees shall remain in their existing pension plans (or comparable successor plans if continuation of the existing plans is not practicable) pursuant to pension plan eligibility requirements and applicable law.

- (2) Non-Incumbent Employees are new hires, i.e., employees other than Incumbent Employees who are hired by the Contractor after date of award. All Non-Incumbent Employees shall receive a total pay and benefits package that provides for market-based retirement and medical benefit plans that are competitive with the industry from which the Contractor recruits its employees, and in accordance with Contract requirements.

(3) Cash Compensation.

- (A) The Contractor shall submit the below information as applicable to the CO for a determination of cost allowability for reimbursement under the Contract:
 - (i) Any proposed major compensation program design changes prior to implementation.
 - (ii) Variable pay programs/incentives. If not already authorized in the contract, a justification shall be provided with proposed costs and impacts to budget, if any.
 - (iii) In the absence of Departmental policy to the contrary (e.g., Secretarial pay freeze) a Contractor that meets the criteria, as set forth below, is not required to submit a Compensation Increase Plan (CIP) request to the CO for an advance determination of cost allowability for a Merit Increase fund or Promotion/Adjustment fund.

- The Merit Increase fund does not exceed the mean percent increase included in the annual Departmental guidance providing the WorldatWork Salary Budget Survey's salary increase projected for the CIP year. The Promotion/Adjustment fund does not exceed 1.1 percent in total.
 - The budget used for both Merit Increase funds and Promotion/Adjustment funds shall be based on the payroll for the end of the previous CIP year.
 - Salary structure adjustments do not exceed the mean WorldatWork structure adjustments projected for the CIP year and communicated through the annual Department CIP guidance.
 - Please note: No later than the first day of the CIP cycle, Contractors must provide notification to the CO of planned increases and position to market data by mutually agreed-upon employment categories. No presumption of allowability will exist for employee job classes that exceed market position.
- (iv) If a Contractor does not meet the criteria included in (iii) above, a CIP must be submitted to the CO for an advance determination of cost allowability. The CIP should 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) Funding requests for each pay structure to include breakouts of merit, promotions, variable pay, special 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 granted under the compensation increase plan are fully charged when they occur regardless of time of year in which the action transpires and whether the employee terminates before year end. (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 CO. (d) The CO may 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);
 - (8) A discussion of the impact of budget and business constraints on the CIP amount;
 - (9) Comparison of pay to relevant factors other than market average pay.
- (v) After receiving DOE CIP approval or if criteria in (d)(3)(A)(iii) are met, contractors may make minor shifts of up to 10 percent of approved CIP funds by employment category (e.g., Scientist/Engineer, Admin, Exempt, Non-Exempt) without obtaining DOE approval.

- (vi) Individual compensation actions for the top contractor official (e.g., laboratory director/plant manager or equivalent) and Key Personnel not included in the CIP. For those key personnel included in the CIP, DOE will approve salaries upon the initial Contract award and when Key Personnel are replaced during the life of the Contract. DOE will have access to all individual salary reimbursements. This access is provided for transparency; DOE will not approve individual salary actions (except as previously indicated).
 - (B) The CO's approval of individual compensation actions will be required only for the top contractor official (e.g., laboratory director/plant manager or equivalent) and Key Personnel as indicated in (d)(3)(A)(iv) above. The base salary reimbursement level for the top contractor official establishes the maximum allowable base salary reimbursement under the Contract. Unusual circumstances may require a deviation for an individual on a case-by-case basis. Any such deviations must be approved by the CO.
 - (C) Except as set forth in a workforce restructuring plan approved by DOE, Severance Pay is not payable to an employee under this Contract if the employee:
 - (i) Voluntarily separates, resigns or retires from employment.
 - (ii) Is offered employment with a successor/replacement contractor;
 - (iii) Is offered employment with a parent or affiliated company; or
 - (iv) Is discharged for cause.
 - (D) Service Credit for purposes of determining severance pay does not include any period of prior service for which severance pay has been previously paid through a DOE cost-reimbursement contract or Task Order.
- (e) Pension and Other Benefit Programs
- (1) No presumption of allowability will exist when the Contractor implements a new benefit plan or makes changes to existing benefit plans that increase costs or are contrary to Departmental policy or written instruction or until the CO makes a determination of cost allowability for reimbursement for new or changed benefit plans. Changes shall be in accordance with and pursuant to the terms and conditions of the contract. Advance notification, rather than approval, is required for changes that do not increase costs and are not contrary to Departmental policy or written instruction.
 - (2) Cost reimbursement for employee pension and other benefit programs sponsored by the Contractor will be based on the CO's approval of Contractor actions pursuant to an approved "Employee Benefits Value Study" and an "Employee Benefits Cost Survey Comparison" as described below.

Unless otherwise stated, or as directed by the CO, the Contractor shall submit the reports required in paragraphs (A) and (B) below. The reports shall be used by the Contractor in calculating the cost of benefits under existing benefit plans. An Employee Benefits Value (BenVal) Study Method using no less than 15 comparator organizations and an Employee Benefits Cost Survey comparison method shall be used in this evaluation to establish an appropriate comparison method. In addition, the Contractor shall submit updated studies to the CO for approval prior to the adoption of any change to a pension or other benefit plan which increases costs.
 - (A) A BenVal, every two years for each benefit tier (e.g., group of employees receiving a benefit package based on date of hire) which 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 the CO-approved comparator companies. To the extent that the value studies do not address post-retirement benefits other than pensions, the Contractor shall provide a separate cost and plan design data comparison for those benefits using external benchmarks derived from nationally recognized and CO-approved survey sources and,

- (B) An Employee Benefits Cost Study Comparison, annually. A Cost Study Comparison analyzes the Contractor's employee benefits cost for employees as a percent of payroll and compares it with the cost as a percent of payroll, including geographic factor adjustments, reported by the U.S. Department of Labor's Bureau of Labor Statistics or other Contracting Officer approved broad based national survey.
- (4) When the net benefit value exceeds the comparator group by more than five percent, the Contractor shall submit a corrective action plan to the CO for approval, unless waived in writing by the CO.
- (5) When the benefit costs as a percent of payroll exceeds the comparator group by more than five percent, and if required by CO, the Contractor shall submit an analysis of the specific plan costs that result in or contribute to the percent of payroll exceeding the costs of the comparator group and submit a corrective action plan if directed by the CO.
- (6) Within two years, or longer period as agreed to between the Contractor and the CO, of the CO acceptance of the Contractor's corrective action plan, the Contractor shall align employee benefit programs with the benefit value and the cost as a percent of payroll in accordance with its corrective action plan.
- (7) The Contractor may not terminate any benefit plan during the term of the Contract without the prior approval of the CO in writing.
- (8) Cost reimbursement for post-retirement benefits other than pensions (PRB) is contingent on DOE approved service eligibility requirements for PRBs that shall be based on a minimum period of continuous employment service not less than 5 years under a DOE cost reimbursement contract(s) immediately prior to retirement. Unless required by Federal or state law, advance funding of PRBs is not allowable.
- (9) Each contractor sponsoring a defined benefit pension plan and/or postretirement benefit plan will participate in the plan management process which includes written responses to a questionnaire regarding plan management, providing forecasted estimates of future reimbursements in connection with the plan(s) and participating in a conference call to discuss the contractor submission (see (g)(6) below for Pension Management Plan requirements).
- (10) Each contractor will respond to data calls issued through iBenefits, or its successor system.
- (f) Establishment and Maintenance of Pension Plans for which DOE Reimburses Costs
- (1) Employees working for the Contractor shall only accrue credit for service under this Contract after the date of Notice to Proceed.
- (2) Except for Commingled Plans in existence as of the effective date of the Contract, any pension plan maintained by the Contractor for which DOE reimburses costs shall be maintained as a separate pension plan distinct from any other pension plan that provides credit for service not performed under a DOE cost-reimbursement contract. When deemed appropriate by the CO, Commingled Plans shall be converted to Separate Plans after the effective date of the transition task order.

(g) Basic Requirements

The Contractor shall adhere to the requirements set forth below in the establishment and administration of pension plans that are reimbursed by DOE pursuant to cost reimbursement contracts for management and operation of DOE facilities and pursuant to other cost reimbursement facilities contracts. Pension Plans include Defined Benefit and Defined Contribution plans.

- (1) The Contractor shall become a sponsor of the existing pension and other benefit plans, (or comparable successor plans), including other PRB plans, as applicable, with responsibility for management and administration of the plans. The Contractor shall be responsible for maintaining the qualified status of those plans consistent with the requirements of the ERISA and the Internal Revenue Code (IRC). The Contractor shall carry over the length of service credit and leave balances accrued as of the date of the Contractor's assumption of Contract performance.
- (2) Each Contractor's defined benefit and defined contribution pension plan shall be subjected to a limited-scope audit annually that satisfies the requirements of ERISA section 103, except that every third year the Contractor must conduct a full-scope audit of defined benefit plan(s) satisfying ERISA section 103. Alternatively, the Contractor may conduct a full-scope audit satisfying ERISA section 103 annually. In all cases, the Contractor must submit the audit results to the CO. In years in which a limited scope audit is conducted, the Contractor must provide the CO 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.

While there is no requirement to submit a full scope audit for defined contribution plans, contractors are responsible for maintaining adequate controls for ensuring that defined contribution plan assets are correctly recorded and allocated to plan participants.

- (3) For existing Commingled Plans, the Contractor shall maintain and provide annual separate accounting of DOE liabilities and assets for a Separate Plan.
- (4) For existing Commingled Plans, the Contractor shall be liable for any shortfall in the plan assets caused by funding or events unrelated to DOE contracts.
- (5) The Contractor shall comply with the requirements of ERISA if applicable to the pension plan and any other applicable laws.
- (6) The Pension Management Plan (PMP) shall include a discussion of the Contractor's plans for management and administration of all pension plans consistent with the terms of this Contract. The PMP shall be submitted in the iBenefits system, or its successor system no later than January 31 of each applicable year. A full description of the necessary reporting will be provided in the annual management plan data request. Within sixty (60) days after the date of the submission, appropriate Contractor representatives shall participate in a conference call to discuss the Contractor's PMP submission and any other current plan issues.

(h) Reimbursement of Contractors for Contributions to Defined Benefit Pension Plans

- (1) Contractors that sponsor single employer or multiple employer defined benefit pension plans will be reimbursed for the annual required minimum contributions under the Employee Retirement Income Security Act (ERISA), as amended by the Pension Protection Act (PPA) of 2006 and any other subsequent amendments. Reimbursement above the annual minimum required contribution will require prior approval of the CO. Minimum required contribution amounts will take into consideration all pre-funding balances and funding standard carryover

balances. Early in the fiscal year but no later than the end of January, the Contractor requesting reimbursement of a contribution above the minimum, may submit/update a business case for funding above the minimum if preliminary approval is needed prior to the Pension Management Plan process. The business case shall include a projection of the annual minimum required contribution and the proposed contribution above the minimum. The submission of the business case will provide the opportunity for the Department to provide preliminary approval, within 30 days after contractor submission, pending receipt of final estimates, generally after January 1st of the calendar year. Final approval of funding will be communicated by the Head of Contracting Activity (HCA) when discount rates are finalized, and it is known whether there are any budget issues with the proposed contribution amount.

- (2) Contractors that sponsor multi-employer Defined Benefit (DB) pension plans will be reimbursed for pension contributions in the amounts necessary to ensure that the plans are funded to meet the annual minimum requirement under ERISA, as amended by the PPA. However, reimbursement for pension contributions above the annual minimum contribution required under ERISA, as amended by the PPA, will require prior approval of the CO and will be considered on a case-by-case basis. Reimbursement amounts will take into consideration all pre-funding balances and funding standard carryover balances. Early in the fiscal year but no later than the end of November, the Contractor requesting reimbursement for a contribution above the minimum may submit/update a business case for funding above the minimum if preliminary approval is needed prior to the Pension Management Plan process. The business case shall include a projection of the annual minimum required contribution and the proposed contribution above the minimum. The submission of the business case will provide the opportunity for the Department to provide preliminary approval, within 30 days after contractor submission, pending receipt of final estimates, generally after January 1st of the calendar year. Final approval of funding will be communicated by the HCA when discount rates are finalized, and it is known whether there are any budget issues with the proposed contribution amount.

(i) Reporting Requirements for Designated Contracts

The following reports shall be submitted to DOE as soon as possible after the last day of the plan year by the contractor responsible for each designated pension plan funded by DOE but no later than the dates specified below:

- (1) Actuarial Valuation Reports. The annual actuarial valuation report for each DOE-reimbursed pension plan and when a pension plan is commingled, the Contractor shall submit separate reports for DOE's portion and the plan total by the due date for filing IRS Form 5500.
- (2) Forms 5500. Copies of IRS Forms 5500 with Schedules for each DOE-funded pension plan, no later than that submitted to the IRS.
- (3) Forms 5300. 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.

(j) Changes to Pension Plans

At least sixty (60) days prior to the adoption of any changes to a pension plan, the Contractor shall submit the information required below, to the CO. The CO must approve plan changes that increase costs as part of a determination as to whether the costs are deemed allowable pursuant to FAR 31.205-6, as supplemented by DEAR 970.3102-05-6.

- (1) For proposed changes to pension plans and pension plan funding, the Contractor shall provide the following to the CO:

- (A) A copy of the current plan document (as conformed to show all prior plan amendments), with the proposed new amendment indicated in redline/strikeout;
 - (B) An analysis of the impact of any proposed changes on actuarial accrued liabilities and costs;
 - (C) Except in circumstances where the CO indicates that it is unnecessary, a legal explanation of the proposed changes from the counsel used by the plan for purposes of compliance with all legal requirements applicable to private sector defined benefit pension plans;
 - (D) The Summary Plan Description; and
 - (E) Any such additional information as requested by the CO.
- (2) Contractors shall submit new benefit plans and changes to plan design or funding methodology with justification to the CO for approval, as applicable (see (e)(1) above). The justification must:
- (A) Demonstrate the effect of the plan changes on the contract net benefit value or percent of payroll benefit costs;
 - (B) Provide the dollar estimate of savings or costs; and
 - (C) Provide the basis of determining the estimated savings or cost.

(k) Terminating Operations

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

- (1) No further benefits for service shall accrue.
- (2) The Contractor shall provide a determination statement in its settlement proposal, defining and identifying all liabilities and assets attributable to the DOE contract.
- (3) The Contractor shall base its pension liabilities attributable to DOE contract work on the market value of annuities or lump sum payments or dispose of such liabilities through a competitive purchase of annuities or lump sum payouts.
- (4) Assets shall be determined using the "accrual-basis market value" on the date of termination of operations.
- (5) DOE and the Contractor(s) shall establish an effective date for spin-off or plan termination. On the same day as the Contractor notifies the IRS of the spin-off or plan termination, all plan assets assigned to a spun-off or terminating plan shall be placed in a low-risk liability matching portfolio until the successor trustee, or an insurance company, is able to assume stewardship of those assets.

(l) Terminating Plans

- (1) DOE Contractors shall not terminate any pension plan (Commingled or site specific) without requesting Departmental approval at least 60 days prior to the scheduled date of plan termination.
- (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 lump sum payouts. The Contractor shall apply the assumptions and procedures of the Pension Benefit Guaranty Corporation.
- (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) If ERISA or IRC rules prevent a full transfer of excess DOE reimbursed assets from the terminated plan, the Contractor shall pay any deficiency directly to DOE according to a schedule of payments to be negotiated by the parties.
- (5) On or before the same day as the Contractor notifies the IRS of the spinoff or plan termination, all plan assets assigned to a spun-off or terminating plan shall be placed in a low-risk liability matching portfolio until the successor trustee, or an insurance company, is able to assume stewardship of those assets.
- (6) DOE liability to a Commingled pension plan shall not exceed that portion which corresponds to DOE contract service. The DOE shall have no other liability to the plan, to the plan sponsor, or to the plan participants.
- (7) After all liabilities of the plan are satisfied, the Contractor shall return to DOE 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 DOE. Such amount and such earnings shall be subject to DOE audit. To affect the purposes of this paragraph, DOE and the Contractor may stipulate to a schedule of payments.

(m) Special Programs

Contractors must advise DOE and receive prior approval for each early-out program, window benefit, disability program, plan-loan feature, employee contribution refund, asset reversion, or incidental benefit.

(n) Definitions

- (1) **Commingled Plans.** Cover employees from the Contractor's private operations and its DOE contract work.
- (2) **Current Liability.** The sum of all plan liabilities to employees and their beneficiaries. Current liability includes only benefits accrued to the date of valuation. This liability is commonly expressed as a present value.
- (3) **Defined Benefit Pension Plan.** Provides a specific benefit at retirement that is determined pursuant to the formula in the pension plan document.
- (4) **Defined Contribution Pension Plan.** Provides benefits to each participant based on the amount held in the participant's account. Funds in the account may be comprised of employer contributions, employee contributions, investment returns on behalf of that plan participant and/or other amounts credited to the participant's account.
- (5) **Designated Contract.** For purposes of this clause, a contract (other than a prime cost reimbursement contract for management and operation of a DOE facility) for which the Head of the Departmental Contracting Activity determines that advance pension understandings are necessary or where there is a continuing Departmental obligation to the pension plan.
- (6) **Pension Fund.** The portfolio of investments and cash provided by employer and employee contributions and investment returns. A pension fund exists to defray pension plan benefit outlays and (at the option of the plan sponsor) the administrative expenses of the plan.
- (7) **Separate Accounting.** Account records established and maintained within a Commingled plan for assets and liabilities attributable to DOE contract service. NOTE: The assets so represented are not for the exclusive benefit of any one group of plan participants.

- (8) **Separate Plan.** Must satisfy IRC Sec. 414(l) definition of a single plan, designate assets for the exclusive benefit of employees under DOE contract, exist under a separate plan document (having its own Department of Labor plan number) that is distinct from corporate plan documents and identify the Contractor as the plan sponsor.
- (9) **Spun-off Plan.** A new plan which satisfies IRC Reg. 1.414 (l)-1 requirements for a single plan and which is created by separating assets and liabilities from a larger original plan. The funding level of each individual participant's benefits shall be no less than before the event, when calculated on a "plan termination basis."

H.5 Special Provisions Applicable to Workforce Transition and Employee Compensation: Pay and Benefits

- (a) **Service Credit.** The Contractor shall provide pension and other benefit plans, to Incumbent Employees and all other employees hired by the Contractor and service credit for leave as set forth below:
 - (1) **Service Credit for Leave.** For Incumbent Employees hired by the Contractor as set forth in H Clause entitled, *Definitions*, the Contractor shall carry over the length of service credit from the Incumbent Employers for purposes of determining rates of accruing leave for these employees as required by and consistent with applicable law.
 - (2) **Service Credit for Fringe Benefits Other Than Leave.** Service credit for all individuals hired by the Contractor shall be applied consistent with any applicable law, and the terms of the applicable benefit plan(s). Service credit for purposes of severance pay is subject to H Clause entitled, *DOE-H-2001 Employee Compensation: Pay and Benefits (Oct 2017)*.
- (b) **Allowable Salary for Key Personnel:** Within 20 days after the effective date of the transition task order, or as identified by the CO, the Contractor will submit EM Form 3220.5, *Application for Contractor Compensation Approval*, to the CO for each Key Personnel position listed in the Contract for a determination of cost allowability for reimbursement under the Contract. To support a reasonableness determination, the contractor shall also provide compensation market survey data to support/justify the requested salary and any other information as requested by the CO.

H.6 Workforce Transition and Benefits Transition: Plans and Timeframes

- (A) **Workforce Transition Plan.** The Contractor shall submit a Workforce Transition Plan (WF Transition Plan) for CO approval, describing in detail the Contractor's plans and procedures as to how the Contractor will comply with the hiring preferences set forth in H Clause entitled *Workforce Transition and Employee Hiring Preferences Including through Period of Performance*, and Section I. DEAR 952.226-74, *Displaced Employee Hiring Preference*. The WF Transition Plan shall also detail the Contractor's plan for incorporating, if applicable, multiple unions with separate bargaining agreements. Notwithstanding timeframes identified elsewhere in the Contract, the Contractor shall perform the following activities in the specified timeframes:
 - (1) Within 10 days after the effective date of the transition task order, the Contractor shall:
 - (a) Provide the CO with a list of Contractor personnel who will be responsible for transitioning the employees of the Incumbent Contractor and for development of the transition agreements, including specifically the personnel responsible for ensuring that the Contractor complies with the National Labor Relations Act and H Clause entitled, *Labor Relations*, and contact information for the above personnel;

- (b) Submit to the CO a description of any and all transition agreements that it intends to enter into with SRR to ensure compliance with H Clause entitled *Workforce Transition and Employee Hiring Preferences during the Contract Transition Period*;
 - (c) Establish and submit to the CO a draft communication plan detailing the communication the Contractor and its subcontractors will engage in with their prospective employees, and any labor organizations representing those employees, regarding implementation of the requirements set forth in H Clauses entitled, *Workforce Transition and Employee Hiring Preferences*, and *Employee Compensation: Pay and Benefits*.
 - (d) Submit to the Contracting Officer a description of the process for regularly obtaining updated information from the Incumbent Contractor regarding the Incumbent Employees throughout the Contract Transition Period.
- (2) Within 15 days after the effective date of the transition task order, the Contractor shall:
- (a) Submit to the CO copies of the draft WF Transition Plan for the Contractor and its first and second tier subcontractors, including processes and procedures regarding how the Contractor will implement and ensure compliance with the hiring preferences set forth in H Clause entitled *Workforce Transition and Employee Hiring Preferences*, and with the requirements of H Clause entitled *Labor Relations*, as applicable.
 - (b) Establish and provide a copy to the CO of its final written communication plan regarding:
 - (i) Implementation of the hiring preferences in H Clause entitled *Workforce Transition and Employee Hiring Preferences*; and
 - (ii) The communication process among DOE, site tenants, and, if applicable, labor organizations representing Incumbent Employees.
- (3) Within 30 days after the effective date of the transition task order, the Contractor shall provide to the CO a copy of the final WF Transition described in paragraph (A) above.
- (4) Within 60 days after the effective date of the transition task order, the Contractor shall provide to the CO copies of the final WF transition agreements described in paragraph (A)(1)(b) above.
- (5) The Contractor shall submit reports to the CO regarding the Contractor's and its subcontractors' implementation of the hiring preferences required by H Clause entitled, *Workforce Transition and Employee Hiring Preferences*, including paragraph (A) regarding the right of first refusal in accordance with the timeframes set forth below. These reports shall include the following information: employee, hire date or anticipated hire dates, and, where applicable, the Incumbent Contractor or subcontractor that employed the employee and the Contractor or subcontractor that hired the employee.
- (a) During the 90-day Contract Transition Period, such reports shall be provided to the CO on a weekly basis; or
 - (b) On a less frequent basis, if requested by the CO.
- (6) The Contractor shall implement the transition activities as set forth in the approved transition plan and such other transition activities as may be authorized or directed by the CO.

(B) Benefits Transition Plan.

- (1) The Contractor shall submit a draft Benefits Transition Plan for the approval of the CO, as set forth herein.
 - (a) A detailed description of the Contractor's plans and procedures showing how the Contractor will comply with H Clauses entitled *DOE-H-2001 Employee Compensation: Pay and Benefits (Oct 2017) (Revised)* and *Special Provisions Applicable to Workforce Transition and Employee Compensation: Pay and Benefits*, and this Paragraph (B).
 - (b) A detailed description of the Contractor's policies regarding pensions and other benefits for which the Department reimburses costs under this Contract, and how these policies will support at reasonable cost the effective recruitment and retention of a highly skilled, motivated, and experienced workforce.
 - (c) A written description of how pension and other benefit plans provided to employees pursuant to Clauses referenced in (a), above, will be transitioned, or if needed, developed and implemented on or before the last day of the 90-day Transition Period.
 - (d) If needed, an asset transfer(s) agreement to transfer assets from the existing SRNS defined benefit plan to a new defined benefit plan to cover past eligibility service in order for the Contractor to adhere to the benefits sponsorship requirements set forth in this Contract. On or before the last day of the 90-day Transition Period, the Contractor shall provide (1) a description of the necessary transactions, including but not limited to how the Contractor proposes to comply with the Contract and applicable law governing such transactions; and (2) a schedule for CO approval for when the benefit plan will be developed and assets transferred.
- (2) The Contractor shall perform the following activities involving benefit transition within the timeframes specified below.
 - (a) Within 10 days after the effective date of the transition task order, the Contractor shall:
 - (1) Provide the CO with a list of Contractor personnel who will be responsible for the transition of existing benefit plans, and, if needed, development of new benefit plans, including specifically the personnel responsible for ensuring that the Contractor develops and implements a defined benefit pension plan and a defined contribution pension plan and contact information for the above personnel; and
 - (2) Request the Incumbent Contractors to provide information and documents necessary for the Contractor to adhere to the requirements set forth in this Contract pertaining to sponsoring existing benefits plans and the establishment of any new benefits plans, including, if needed, the transfer of assets from SRR's existing defined pension plan and other benefit plans on or before the end of the 90-day Contract Transition Period.
 - (3) Provide estimated costs and detailed breakouts of the costs to accomplish workforce and benefits transition activities within the timeframes specified, including the costs for enrolled actuaries and counsel.
 - (b) Within 15 days after the effective date of the transition task order, the Contractor shall provide to the CO a list of the information and documents that the Contractor has requested from the Incumbent Contractors pertaining to the existing benefit plans. The Contractor shall notify the CO on a timely basis of any issues or problems that it encounters in obtaining information or documents requested from the Incumbent Contractors. Regardless of such notification, the Contractor remains responsible under this

Contract for ensuring compliance with the terms of this Contract, including the timeframes set forth in this clause and the requirements in the H Clauses identified in (1) (a) above.

- (c) Within 20 days after the effective date of the transition task order, the Contractor shall:
 - (1) Submit the final draft Benefits Transition Plan; and
 - (2) Submit a detailed description of its plans and processes, including timeframes and specific projected dates for accomplishment of each activity necessary to ensure compliance with the requirements set forth in the H Clauses identified in (1) (a) above, including requirements pertaining to the transition of existing benefit plans and, if needed, the establishment of employee benefit plans; and
 - (3) Meet via televideo, teleconference, and/or in person with relevant personnel who administer the benefit plans for the Contractor, if and when necessary. The meeting shall include the Contractor's benefit plan administrators and personnel, head of human resources, ERISA counsel, actuaries, and any and all other personnel deemed necessary by the Contractor. During such meeting, the Contractor shall discuss all matters necessary to ensure the Contractor adheres to its obligations under the H Clauses identified in (1) (a) above, including execution of transition agreements with the Incumbent Contractor and other applicable entities. The minutes of the meeting as well as a written description of any substantive issues identified at the meeting shall be submitted to the CO within two days after the meeting.
- (d) Within 30 days after the effective date of the transition task order, the Contractor shall provide the following to the CO:
 - (1) A final written Benefits Transition Plan, to include a written description of how the existing benefit plans provided to employees pursuant to H Clause entitled *DOE-H-2001 Employee Compensation: Pay and Benefits (Oct 2017) (Revised)* will be amended and restated on or before the last day of the Contract Transition Period.
 - (2) Draft copies of the transition agreements the Contractor will enter into with the Incumbent Contractor(s), to ensure the Contractor's compliance with the pay and benefits requirements set forth in the H clause entitled *Special Provisions Applicable to Workforce Transition and Employee Compensation: Pay and Benefits*; and
 - (3) Drafts of all amendments to or restatements of the pension and other benefit plans presently sponsored by the Incumbent Contractor. If applicable, the Contractor shall also submit all draft restated benefit plans and draft Special Plan Descriptions (SPD) for pension and other benefit plans sponsored by the Incumbent Contractors. Any and all such amendments shall comply with applicable law governing such transactions and changes in sponsorship of the plans; or
 - (4) If needed, as agreed to in the final written Benefits Transition Plan in (d) above, draft or proposed final versions of any new defined benefit and defined contribution pension plans and other benefit plans. The Contractor shall also submit draft SPDs for the pension and any other benefit plans.
- (e) No later than 45 days after the effective date of the transition task order and prior to the adoption or execution of those documents, the Contractor shall submit to the Contracting

Officer for approval the proposed final versions of the documents provided in paragraph (d) above.

- (f) The Contractor shall respond to any comments provided by the Contracting Officer under any of the above paragraphs within two days of receipt of the comments.
- (g) After the Contract Transition Period and throughout the remaining period of performance of the Contract, the Contractor shall provide the following information promptly to the Contracting Officer upon the request of the Contracting Officer:
 - (1) Documents relating to benefit plans offered to Contractor's employees, including but not limited to SPDs, all Plan documents, applicable amendments, employee handbooks that summarize benefits provided to employees, and other documents that describe benefits provided to employees of the Contractor who perform work on this Contract, and
 - (2) Any and all other documents pertaining to implementation of and compliance with implementation of the compensation and benefit programs identified in H Clause entitled *DOE-H-2001 Employee Compensation: Pay and Benefits (Oct 2017) (Revised)*.

Additionally, the Contractor shall provide timely data responses to Departmental annual and ad hoc pension and PRB data requests. Such data responses shall be provided within the timeframe established by the contracting officer for each response and, if no timeframe is specified, the Contractor shall provide the data response within one calendar day.

H.7 DOE-H-2004 Post Contract Responsibilities for Pension and Other Benefit Plans (Oct 2014)

- (a) If this Contract expires and/or terminates and DOE has awarded a contract under which a new contractor becomes a sponsor and assumes responsibility for management and administration of the pension or other benefit plans *covering active or retired contractor employees with respect to service at DOE-SRS* (collectively, the Plans), 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 CO. If a Commingled plan is involved, the Contractor shall:
 - (1) Spin off the DOE portion of any Commingled Plan used to cover employees working at the DOE facilities into a separate plan. The new plan will normally provide benefits similar to those provided by the commingled plan and shall carry with it the DOE assets on an accrual basis market value, including DOE assets that have accrued in excess of DOE liabilities.
 - (2) Bargain in good faith with DOE or the successor contractor to determine the assumptions and methods for establishing the liabilities involved in a spinoff. DOE and the contractor(s) shall establish an effective date of spinoff. On or before the same day as the contractor notifies the IRS of the spinoff or plan termination, all plan assets assigned to a spun-off or terminating plan shall be placed in a low-risk liability matching portfolio until the successor trustee, or an insurance company, is able to assume stewardship of those assets.
- (b) If this Contract expires or terminates and DOE 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 CO determines that the scope of work under the Contract has been completed (any one such event may be deemed by the CO to be "Contract Completion" for

purposes of this clause), whichever is earlier, and notwithstanding any other obligations and requirements concerning expiration or termination under any other clause of this Contract, the following actions shall occur regarding the Contractor's obligations regarding the Plans at the time of Contract Completion:

- (1) Subject to subparagraph (2) below, and notwithstanding any legal obligations independent of the Contract that 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.
- (2) 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 CO 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 CO, the Contractor's costs will be reimbursed pursuant to applicable Contract provisions.

H.8 DOE-H-7025 Labor Relations (Sep 2017)

- (a) The Contractor shall respect the right of employees to organize and to form, join, or assist labor organizations, to bargain collectively through their chosen labor representatives, to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection, and to refrain from any or all of these activities.
- (b) The Contractor shall meet with the Contracting Officer or designee(s) for the purpose of reviewing the Contractor's bargaining objectives prior to negotiations of any collective bargaining agreement or revision thereto. The Contractor shall submit its economic bargaining parameters to, and obtain the approval of, the Contracting Officer regarding allowability of the costs, and compliance with the terms and conditions of the contract, including those for pension and medical benefit costs, prior to the Contractor entering into the collective bargaining process. During the collective bargaining negotiations, the Contractor shall notify, and obtain the approval of the Contracting Officer before submitting or agreeing to any collective bargaining proposal that increases or may increase allowable costs above those previously approved in the economic bargaining parameters, or that could involve changes in any pension or other benefit plans, and such other items of special interest to DOE as are identified by the Contracting Officer. The preliminary approval of the Contracting Officer under this paragraph does not waive any other terms and conditions of the contract.
- (c) The Contractor will seek to maintain harmonious bargaining relationships that reflect a judicious expenditure of public funds, equitable resolution of disputes and effective and efficient bargaining relationships consistent with the requirements of FAR 22.1 and DEAR 970.2201 and all applicable Federal and State Labor Relations laws.
- (d) The Contractor shall use its best efforts to ensure that collective bargaining agreements negotiated under this Contract contain provisions designed to assure no disruption in services during the performance of the Contract. All such collective bargaining agreements entered into during the Contract period of performance should, to the extent that the parties voluntarily agree provide that grievances and disputes involving the interpretation or application of the collective bargaining

agreement will be settled without resorting to strike, lockout, or other disruption in services. For this purpose, each collective bargaining agreement should provide an effective grievance procedure with arbitration as its final step, unless the parties mutually agree upon some other method of assuring no disruption in services. The Contractor shall include the substance of this subparagraph (e) in any subcontracts.

- (e) In addition to FAR 52.222-1. Notice to the Government of Labor Disputes and other requirements in the contract the Contractor shall immediately notify the Contracting Officer of labor relations issues including, but not limited to, organizing efforts, unfair labor practice, picketing, labor arbitrations, National Labor Relations Board (NLRB) charges, legal or judicial proceedings, and settlement agreements, and will furnish such additional information as may be required from time to time by the Contracting Officer.
- (f) The Contractor shall immediately notify the Contracting Officer of any planned or actual strike or work stoppage involving its employees or employees of a subcontractor.
- (g) The Contractor shall provide the Contracting Officer a copy of all arbitration decisions issued by an arbitrator within one week of receipt of the decision.
- (h) The Contractor shall provide the Contracting Officer with a "Report of Settlement" after ratification of a collective bargaining agreement by accessing and inputting the information into the Labor Relations module (GCLR) of DOE's iBenefits reporting system, or its successor system, during the next open quarter. Such information shall include negotiated wages pension, medical and other benefits costs, and a copy of the collective bargaining agreement and any subsequent modifications.
- (i) The Contractor shall provide to the Contracting Officer a semi-annual report on grievances for which further judicial or administrative proceedings are anticipated and all final step grievances. Within one day of receipt, the Contractor shall provide information on all arbitration requests. The reports are due June 30 and December 31, of each year, and should include the following information:
 - 1. A list of all final step grievances filed during the previous six-month period and grievances for which further judicial or administrative proceedings are anticipated, together with the dates filed;
 - 2. A brief description of issues regarding each grievance;
 - 3. If settled, the date of settlement and terms of the settlement. If a denial is made at the final step and the period for requesting arbitration passes report the matter as closed;
 - 4. If not settled during the six-month reporting period, carry the item over to the subsequent six-month reporting periods until settlement. Request for arbitration, closure, or other proceeding occurs.

H.9 DOE-H-7026 Additional Labor Requirements (Sep 2017)

The Contractor shall conduct payroll and job-site audits and conduct investigations of complaints as authorized by DOE on all Davis-Bacon Act activity, including any subcontracts, as may be necessary to determine compliance with the Davis-Bacon Act. Where violations are found, the Contractor shall report them to DOE Contracting Officer. The Contracting Officer may require that the Contractor assist in the determination of the amount of restitution and withholding of funds from a subcontractor so that

sufficient funds are withheld to provide restitution for back wages due for workers inappropriately classified and paid, fringe benefits owed, overtime payments due, and liquidated damages assessed.

The Contractor shall notify the Contracting Officer of any complaints and significant labor standards violations whether caused by the Contractor or subcontractors. The Contractor shall assist DOE and/or the Department of Labor in the investigation of any alleged violations or disputes involving labor standards. The Contractor shall furnish a Davis-Bacon Semi-Annual Enforcement Report to DOE by April 21 and October 21 each year.

H.10 Workforce Restructuring

- (a) The Contractor shall regularly analyze workforce requirements and will develop appropriate workforce restructuring strategies to ensure continued availability of the critical workforce knowledge, skills, and abilities necessary for performance under this Contract.
- (b) When the Contractor determines that a change in the workforce is necessary, the Contractor shall accomplish the workforce restructuring in a manner consistent with the DOE General Workforce Restructuring Plan, if applicable, in effect for the facility or site. The General Plan lays out how contractor workforce restructuring will be conducted at the applicable site in a manner that is consistent with DOE policy.

The Contractor is only required to provide notification of Self-Select Voluntary Separation Programs (SSVSP) if consistent with the following parameters: 1) in accordance with approved laboratory and contractor policies and contract requirements; 2) no enhanced benefits (severance or pension); 3) no backfilling or re-employment of employees for a one-year period after severance is paid; 4) business case submitted 5 days in advance of notification date that includes maximum number of voluntary separations, maximum dollars, positions/skills impacted; reasons separations are needed, including how conducting a SSVSP will better position the contractor to conduct the mission work; copies of the self-select application and any employee waivers or releases of claims, and a communication plan; and 5) voluntary separations offered to employees in a non-discriminatory and legally compliant manner. There is no backfilling where a separating employee is replaced by an internal candidate so long as:

- (A) The separating employee is leaving voluntarily;
 - (B) The internal replacement is a regular, permanent employee on the contractor's payroll, not a temporary hire, staff augmentee, or someone serving under a post-doctoral program, etc.;
 - (C) The replacement results in a net reduction in headcount and costs of regular employees; and
 - (D) The replacement is accomplished in an otherwise legally compliant manner, including no unlawful intent to discriminate based upon age.
- (c) The Contractor shall ensure it does not hire or rehire individuals who volunteered for termination during a Self-Select Voluntary Separation Program, at any DOE or NNSA site, during the one-year period following the separation. If an employee is hired or rehired prior to the one-year period, the employee shall be required to pay back, to the contractor who provided the severance payment, all or a pro-rata amount of the severance received under the Voluntary Separation Program.
 - (d) The Contractor must prepare and submit to the Contracting Officer a specific workforce restructuring plan (Specific Plan), as described below in paragraph (e), if the Contractor intends

to reduce its workforce by 100 or more employees through an involuntary separation action within a rolling 12-month period.

- (e) The Contractor's Specific Plan shall lay out how the Contractor will conduct its workforce restructuring action at the site. The Contractor's Specific Plan for reducing 100 or more employees through an involuntary separation action shall be submitted to the Contracting Officer for approval at least 10 working days in advance of the first communication planned to be given to the employees and public. Any other Specific Plans must be submitted just in advance of the first communication planned to be given to the employees and public. The templates for contractor Involuntary Separation Plan, as well as the General Release and Waiver Forms, are available online at: <http://www.energy.gov/gc/services/technology-transfer-and-procurement/office-assistant-general-counsel-labor-and-pension>.
- (f) Pay-in-lieu of notice beyond two workweeks requires written advance Contracting Officer approval. The Contractor shall submit the request to the Contracting Officer as part of the Workforce Restructuring package submitted for approval in (e) above and include the number of days of pay-in-lieu of notice requested, above two work-weeks, a detailed business justification, and the associated costs.
- (g) The Contractor is encouraged to consider the use of employee waivers and releases. DOE has developed a model waiver and release of claims. The forms are available online at the website set forth in (e) above. Any deviation from the models must be approved by the Contracting Officer.
- (h) The Contractor must perform an adverse impact analysis (also known as a diversity analysis) as part of its determination to undertake involuntary separation action(s). A copy of the diversity analysis for involuntary separation action(s) affecting 100 or more contractor employees within a rolling 12-month period shall be submitted to the DOE or National Nuclear Security Administration (NNSA) site counsel, as applicable, prior to notification of employees selected for involuntary separation.
- (i) The Contracting Officer will review and approve any Specific Plan or diversity analysis affecting the reduction of 100 or more employees through an involuntary separation action within 10 business days after submission of a complete package by the Contractor unless the Contractor is notified of issues necessitating an extension of time. Should DOE request additional information from the Contractor regarding any Specific Plan or diversity analysis, the Contractor will respond to such request within 3 business days.
- (j) The Contractor is responsible and accountable for conducting and defending all voluntary and involuntary separation actions in compliance with applicable laws, regulations, and the contract terms and conditions.
- (k) Questions of cost allowability related to: a) any SSVSPs for which the Contractor provides only notification, or b) any involuntary separation program(s) conducted without Contracting Officer approval will be resolved consistently with applicable laws and regulations and with the terms and conditions of this contract, including, but not limited to, Department of Energy Acquisition Regulation (DEAR) at 48 C.F.R. 952.231-71(f).

H.11 Labor Standards

- (a) The CO will determine the appropriate labor standards that apply to specific work activities in accordance with the Wage Rate Requirements (Construction) statute (formerly known as

the Davis-Bacon Act), the Service Contract Labor Standards (SCLS) statute (formerly known as the Service Contract Act of 1965 [SCA]), or other applicable Federal labor standards law. Prior to the start of any proposed work activities, the Contractor shall request a labor standards determination from the CO for specific work activities by submitting proposed work packages that describe the specific activities to be performed for particular work and other information as necessary for DOE to make a determination regarding the appropriate labor standard(s) for the work or aspects of the work. Once a determination is made and provided to the Contractor, the Contractor shall comply with the determination and shall ensure that appropriate labor standards clauses and requirements are flowed down to and incorporated into any applicable subcontracts.

- (b) The Contractor shall comply, and shall be responsible for compliance by any subcontractor, with the Wage Rate Requirements (Construction), SCLS, or other applicable labor standards law. The Contractor shall conduct such payroll and job-site reviews for construction work, including interviews with employees, with such frequency as may be necessary to assure compliance by its subcontractors and as requested or directed by the DOE. When performing work subject to the Wage Rate Requirements (Construction), the Contractor shall maintain payroll records for a period of three years, from completion of the applicable Task Order, for laborers and mechanics performing the work. In accordance with FAR 52.222-41(g) and FAR 52.222-6(b)(4), the Contractor and its subcontractors shall post in a prominent job-site location, the wage determination and, as applicable, Department of Labor Publications WHD 1321, *Employee Rights under the Davis-Bacon Act*, and/or WHD 1313, *Employee Rights on Government Contracts*.
- (c) For subcontracts determined to be subject to the SCLS, the Contractor will prepare Standard Form 98 (e98), *Notice of Intention to Make a Service Contract and Response Notice*. This form is available on the Department of Labor website at: <http://www.dol.gov/whd/govcontracts/sca/sf98/index.asp>. The form shall be submitted to the CO.
- (d) In addition to any other requirements in the Contract, the Contractor shall as soon as possible notify the CO of all labor standards issues, including all complaints regarding incorrect payment of prevailing wages and/or fringe benefits, received from contractor or subcontractor employees; significant labor standards violations, as defined in 29 CFR 5.7; disputes concerning labor standards pursuant to 29 CFR Parts 4, 6, and 8 and as defined in FAR 52.222-41(t); disputed labor standards determinations; Department of Labor investigations; or legal or judicial proceedings related to the labor standards under this Contract/Task Order or a subcontract. The Contractor shall furnish such additional information as may be required from time to time by the CO.
- (e) The Contractor shall prepare and submit to the CO the Office of Management and Budget (OMB) Control Number: 1910-5165, *Semi-Annual Davis-Bacon Enforcement Report*, by April 21 and October 21 of each year. Form submittal will be administered through the DOE iBenefits system or its successor system.

H.12 DOE-H-2003 Worker's Compensation Insurance (OCT 2014)

- (a) Contractors, other than those whose workers' compensation coverage is provided through a state funded arrangement or a corporate benefits program, shall submit to the Contracting Officer for approval all new compensation policies and all initial proposals for self-

insurance (contractors shall provide copies to the Contracting Officer of all renewal policies for workers compensation).

- (b) Workers compensation loss income benefit payments when supplemented by other programs (such as salary continuation, short-term disability) are to be administered so that total benefit payments from all sources shall not exceed 100 percent of the employee's net pay.
- (c) Contractors approve all workers compensation settlement claims up to the threshold established by the Contracting Officer for DOE approval and submit all settlement claims above the threshold to DOE for approval.
- (d) The Contractor shall obtain approval from the Contracting Officer before making any significant change to its workers compensation coverage and shall furnish reports as may be required from time to time by the Contracting Officer.

H.13 DOE-H-2073 Risk Management and Insurance Programs (Dec 2014)

Contractor officials shall ensure that the requirements set forth below are applied in the establishment and administration of DOE-funded prime cost reimbursement contracts for management and operation of DOE facilities and other designated long-lived onsite contracts for which the contractor has established separate operating business units.

1. BASIC REQUIREMENTS

- (a) Maintain commercial insurance or a self-insured program, (i.e., any insurance policy or coverage that protects the Contractor from the risk of legal liability for adverse actions associated with its operation, including malpractice, injury, or negligence) as required by the terms of the Contract. Types of insurance include automobile, general liability, and other third-party liability insurance. Other forms of coverage must be justified as necessary in the operation of the Department facility and/or the performance of the Contract and approved by the DOE.
- (b) Contractors shall not purchase insurance to cover public liability for nuclear incidents without DOE authorization (see DEAR 970.5070, Indemnification, and DEAR 950.70, *Nuclear Indemnification of DOE Contractors*).
- (c) Demonstrate that insurance programs and costs comply with the cost limitations and exclusions at FAR 28.307, *Insurance Under Cost Reimbursement Contracts*, FAR 31.205-19, *Insurance and Indemnification*, and DEAR 952.231-71, *Insurance - Litigation and Claims*.
- (d) Demonstrate that the insurance program is being conducted in the Government's best interest and at a reasonable cost.
- (e) The Contractor shall submit copies of all insurance policies or insurance arrangements to the CO no later than 30 days after the purchase date
- (f) When purchasing commercial insurance, the Contractor shall use a competitive process to ensure costs are reasonable.
- (g) Ensure self-insurance programs include the following elements:
 - (1) Compliance with criteria set forth in FAR 28.308 entitled, *Self-Insurance*. Approval of self-insurance is predicated upon submission of verifiable proof that the self-insurance charge does not exceed the cost of purchased insurance. This includes hybrid plans (i.e.,

commercially purchased insurance with self-insured retention (SIR), such as large deductible, matching deductible, retrospective rating cash flow plans, and other plans where insurance reserves are under the control of the insured). The SIR components of such plans are self-insurance and are subject to the approval and submission requirements of FAR 28.308, as applicable.

- (2) Demonstration of full compliance with applicable state and federal regulations and related professional administration necessary for participation in alternative insurance programs.
 - (3) Safeguards to ensure third party claims and claims settlements are processed in accordance with approved procedures.
 - (4) Accounting of self-insurance charges.
 - (5) Accrual of self-insurance reserve. The CO's approval is required and predicated upon the following:
 - (i) The claims reserve shall be held in a special fund or interest-bearing account.
 - (ii) Submission of a formal written statement to the CO stating that use of the reserve is exclusively for the payment of insurance claims and losses, and that DOE shall receive its equitable share of any excess funds or reserve.
 - (iii) Annual accounting and justification as to the reasonableness of the claims reserve submitted for CO review.
 - (iv) Claim reserves, not payable within the year the loss occurred, are discounted to present value based on the prevailing Treasury rate.
 - (h) Separately identify and account for interest cost on a Letter of Credit used to guarantee self-insured retention, as an unallowable cost and omitted from charges to the DOE contract.
 - (i) Comply with the CO's written direction for ensuring the continuation of insurance coverage and settlement of incurred and/or open claims and payments of premiums owed or owing to the insurer for prior DOE contractors.
2. Plan Experience Reporting. The Contractor shall:
- (a) Provide the CO with annual experience reports for each type of insurance (e.g., automobile and general liability), listing the following for each category:
 - (1) The amount paid for each claim.
 - (2) The amount reserved for each claim.
 - (3) The direct expenses related to each claim.
 - (4) A summary for the plan year showing total number of claims.
 - (5) A total amount for claims paid.
 - (6) A total amount reserved for claims.
 - (7) The total amount of direct expenses.
 - (b) Provide the CO with an annual report of insurance costs and/or self-insurance charges. When applicable, separately identify total policy expenses (e.g., commissions, premiums, and costs for claims servicing) and major claims during the year, including those expected to become major

claims (e.g., those claims valued at \$100,000 or greater).

(c) Provide additional claim financial experience data, as may be requested, on a case-by-case basis.

(3) Terminating Operations. The Contractor shall:

(a) Ensure protection of the Government's interest through proper recording of cancellation credits due to policy terminations and/or experience rating.

(b) Identify and provide continuing insurance policy administration and management requirements to a successor, other DOE contractor, or as specified by the CO.

(c) Reach agreement with DOE on the handling and settlement of self-insurance claims incurred but not reported at the time of contract termination; otherwise, the Contractor shall retain this liability.

(4) Successor Contractor or Insurance Policy Cancellation. The Contractor shall:

(a) Obtain the written approval of the CO for any change in program direction; and

(b) Ensure insurance coverage replacement is maintained as required and/or approved by the CO.

BUSINESS SYSTEM CLAUSES

H.14 DOE-H-2022 Contractor Business Systems (Oct 2014)

(a) Definitions. As used in this clause:

“Acceptable contractor business systems” means contractor business systems that comply with the terms and conditions of the applicable business system clauses listed in the definition of “contractor business systems” in this clause.

Contractor business systems means:

(1) “Accounting system”, if this contract includes the Section H clause entitled, *Accounting System Administration*;

(2) “Earned value management system”, if this contract includes the Section H clause entitled, *Earned Value Management System*;

(3) Estimating system, if this contract includes the Section H clause entitled, *Cost Estimating System Requirements*;

(4) “Property management system”, if this contract includes the Section H clause entitled, *Contractor Property Management System Administration*; and

(5) “Purchasing system”, if this contract includes the Section H clause entitled, *Contractor Purchasing System Administration*.

Significant deficiency, in the case of a Contractor business system, means a shortcoming in the system that materially affects the ability of officials of the Department of Energy to rely upon information produced by the system that is needed for management purposes.

(b) General. The Contractor shall establish and maintain acceptable business systems in accordance with the terms and conditions of this Contract. If the Contractor plans to adopt any existing business

system from the previous Contractor, the Contractor is responsible for the system and shall comply with the system requirements and criteria required in that specific business system clause.

(c) Significant deficiencies.

- (1) The Contractor shall respond, in writing, within 30 days to an initial determination that there are one or more significant deficiencies in one or more of the Contractor's business systems.**
- (2) The CO will evaluate the Contractor's response and notify the Contractor, in writing, of the final determination as to whether the Contractor's business system contains significant deficiencies. If the CO determines that the Contractor's business system contains significant deficiencies, the final determination will include a notice to withhold payments.**

(d) Withholding payments.

- (1) If the CO issues the final determination with a notice to withhold payments for significant deficiencies in a Contractor business system required under this contract, the CO will direct the Contractor, in writing, to withhold five (5) percent from its invoices until the CO has determined that the Contractor has corrected all significant deficiencies as directed by the CO's final determination. The Contractor shall, within 45 days of receipt of the notice, either:
 - (i) Correct the deficiencies; or**
 - (ii) Submit an acceptable corrective action plan showing milestones and actions to eliminate the deficiencies. The plan shall contain:
 - (A) Root cause(s) identification of the problem(s);**
 - (B) The proposed corrective action(s) to address the root cause(s);**
 - (C) A schedule for implementation; and**
 - (D) The name of the person responsible for the implementation.******
- (2) If the Contractor submits an acceptable corrective action plan within 45 days of receipt of a notice of the CO's intent to withhold payments, and the CO, in consultation with the auditor or functional specialist, determines that the Contractor is effectively implementing such plan, the CO will direct the Contractor, in writing, to reduce the percentage withheld on invoices to two (2) percent until the CO determines the Contractor has corrected all significant deficiencies as directed by the CO's final determination. However, if at any time, the CO determines that the Contractor has failed to follow the accepted corrective action plan, the CO will increase withholding and direct the Contractor, in writing, to increase the percentage withheld on invoices to the percentage initially withheld, until the CO determines that the Contractor has corrected all significant deficiencies as directed by the CO's final determination.**
- (3) Payment withhold percentage limits.
 - (i) The total percentage of payments withheld on amounts due on this Contract shall not exceed:
 - (A) Five (5) percent for one or more significant deficiencies in any single contractor business system; and**
 - (B) Ten (10) percent for significant deficiencies in multiple contractor business systems.******

- (ii) If this Contract contains pre-existing withholds, and the application of any subsequent payment withholds will cause withholding under this clause to exceed the payment withhold percentage limits in paragraph (d)(3)(i) of this clause, the CO will reduce the payment withhold percentage in the final determination to an amount that will not exceed the payment withhold percentage limits.
- (4) For the purpose of this clause, payment means invoicing for any of the following payments authorized under this contract:
 - (i) Interim payments under:
 - (A) Cost-reimbursement contracts;
 - (B) Incentive type contracts;
 - (C) Time-and-materials contracts; or
 - (D) Labor-hour contracts.
 - (ii) Progress payments to include fixed-price contracts.
- (5) Performance-based payments to include fixed-price contracts. Payment withholding shall not apply to payments on fixed-price line items where performance is complete, and the items were accepted by the Government.
- (6) The withholding of any amount or subsequent payment to the Contractor shall not be construed as a waiver of any rights or remedies the Government has under this Contract.
- (7) Notwithstanding the provisions of any clause in this Contract providing for interim, partial, or other payment withholding on any basis, the CO may withhold payment in accordance with the provisions of this clause.
- (8) The payment withholding authorized in this clause is not subject to the interest-penalty provisions of the Prompt Payment Act.
- (e) Correction of deficiencies.
 - (1) The Contractor shall notify the CO, in writing, when the Contractor has corrected the business system's deficiencies.
 - (2) Once the Contractor has notified the CO that all deficiencies have been corrected, the CO will take one of the following actions:
 - (i) If the CO determines that the Contractor has corrected all significant deficiencies as directed by the CO's final determination, the CO will direct the Contractor, in writing, to discontinue the payment withholding from invoices under this Contract associated with the CO's final determination, and authorize the Contractor to bill for any monies previously withheld that are not also being withheld due to other significant deficiencies. Any payment withholding under this Contract due to other significant deficiencies, will remain in effect until the CO determines that those significant deficiencies are corrected.
 - (ii) If the CO determines that the Contractor still has significant deficiencies, the Contractor shall continue withholding amounts from its invoices in accordance with paragraph (d) of this clause, and not invoice for any monies previously withheld.

- (iii) If the CO determines, based on the evidence submitted by the Contractor, that there is a reasonable expectation that the corrective actions have been implemented and are expected to correct the significant deficiencies, the CO will discontinue withholding payments, and release any payments previously withheld directly related to the significant deficiencies identified in the Contractor notification, and direct the Contractor, in writing, to discontinue the payment withholding from invoices associated with the CO's final determination, and authorize the Contractor to bill for any monies previously withheld.
- (iv) If, within 90 days of receipt of the Contractor notification that the Contractor has corrected the significant deficiencies, the CO has not made a determination in accordance with paragraphs (e)(2)(i), (ii), or (iii) of this clause, the CO will direct the Contractor, in writing, to reduce the payment withholding from invoices directly related to the significant deficiencies identified in the Contractor notification by a specified percentage that is at least 50 percent, but not authorize the Contractor to bill for any monies previously withheld until the CO makes a determination in accordance with paragraphs (e)(2)(i), (ii), or (iii) of this clause.
- (v) At any time after the CO directs the Contractor to reduce or discontinue the payment withholding from invoices under this Contract, if the CO determines that the Contractor has failed to correct the significant deficiencies identified in the Contractor's notification, the CO will reinstate or increase withholding and direct the Contractor, in writing, to reinstate or increase the percentage withheld on invoices to the percentage initially withheld, until the CO determines that the Contractor has corrected all significant deficiencies as directed by the CO final determination.

H.15 DOE-H-2023 Cost Estimating System Requirements (Oct 2014) (Revised)

(a) Definitions.

Acceptable estimating system means an estimating system that complies with the system criteria in paragraph (d) of this clause, and provides for a system that:

- (1) Is maintained, reliable, and consistently applied;
- (2) Produces verifiable, supportable, documented, and timely cost estimates that are an acceptable basis for negotiation of fair and reasonable prices;
- (3) Is consistent with and integrated with the Contractor's related management systems; and
- (4) Is subject to applicable financial control systems.

Estimating system means the Contractor's policies, procedures, and practices for budgeting and planning controls, and generating estimates of costs and other data included in proposals submitted to customers in the expectation of receiving contract awards or contract modifications. Estimating system includes the Contractor's:

- (1) Organizational structure;
- (2) Established lines of authority, duties, and responsibilities;
- (3) Internal controls and managerial reviews;
- (4) Flow of work, coordination, and communication; and
- (5) Budgeting, planning, estimating methods, techniques, accumulation of historical costs, and other analyses used to generate cost estimates.

Significant deficiency means a shortcoming in the system that materially affects the ability of officials of the DOE to rely upon information produced by the system that is needed for management purposes.

- (b) General. The Contractor shall, maintain an acceptable estimating system and a certified EVMS, per the DOE-H-2024 Earned Value Management System (Mar 2019) (Revised) clause below.
- (c) Applicability. Paragraphs (d) and (e) of this clause apply if the Contractor is a large business to include a Contractor teaming arrangement, as defined at 48 CFR 9.601(1), performing a Contract in support of a Capital Asset Project (other than a management and operating contract as described at 48 CFR 917.6), as prescribed in DOE Order (DOE O) 413.3B or current version; or a non-capital asset project and either:
 - (1) The total prime contract value exceeds \$50 million, including options; or
 - (2) The Contractor was notified, in writing, by the CO that paragraphs (d) and (e) of this clause apply.
- (d) System requirements.
 - (1) The Contractor shall disclose its estimating system to the CO, in writing. If the Contractor wishes the Government to protect the information as privileged or confidential, the Contractor must mark the documents with the appropriate legends before submission. If the Contractor plans to adopt the existing system from the previous contractor, the Contractor is responsible for the system and shall comply with the system requirements required in this clause.
 - (2) An estimating system disclosure is acceptable when the Contractor has provided the CO with documentation no later than 60 days after the effective date of the transition task order that:
 - (i) Accurately describes those policies, procedures, and practices that the Contractor currently uses in preparing cost proposals; and
 - (ii) Provides sufficient detail for the Government to reasonably make an informed judgment regarding the acceptability of the Contractor's estimating practices.
 - (3) The Contractor shall:
 - (i) Comply with its disclosed estimating system; and
 - (ii) Disclose significant changes to the cost estimating system to the CO on a timely basis.
 - (4) The Contractor's estimating system shall provide for the use of appropriate source data, utilize sound estimating techniques and good judgment, maintain a consistent approach, and adhere to established policies and procedures. An acceptable estimating system shall accomplish the following functions:
 - (i) Establish clear responsibility for preparation, review, and approval of cost estimates and budgets.
 - (ii) Provide a written description of the organization and duties of the personnel responsible for preparing, reviewing, and approving cost estimates and budgets.

- (iii) Ensure that relevant personnel have sufficient training, experience, and guidance to perform estimating and budgeting tasks in accordance with the Contractor's established procedures.
 - (iv) Identify and document the sources of data and the estimating methods and rationale used in developing cost estimates and budgets.
 - (v) Provide for adequate supervision throughout the estimating and budgeting process.
 - (vi) Provide for consistent application of estimating and budgeting techniques.
 - (vii) Provide for detection and timely correction of errors.
 - (viii) Protect against cost duplication and omissions.
 - (ix) Provide for the use of historical experience, including historical vendor pricing information, where appropriate.
 - (x) Require use of appropriate analytical methods.
 - (xi) Integrate information available from other management systems.
 - (xii) Require management review, including verification of compliance with the company's estimating and budgeting policies, procedures, and practices.
 - (xiii) Provide for internal review of, and accountability for, the acceptability of the estimating system, including the budgetary data supporting indirect cost estimates and comparisons of projected results to actual results, and an analysis of any differences.
 - (xiv) Provide procedures to update cost estimates and notify the CO in a timely manner.
 - (xv) Provide procedures that ensure subcontract prices are reasonable based on a documented review and analysis provided with the prime proposal, when practicable.
 - (xvi) Provide estimating and budgeting practices that consistently generate sound proposals that are compliant with the provisions of the solicitation and are adequate to serve as a basis to reach a fair and reasonable price.
 - (xvii) Have an adequate system description, including policies, procedures, and estimating and budgeting practices, that comply with the Federal Acquisition Regulation (48 CFR chapter 1) and DEAR (48 CFR chapter 9).
- (e) Significant deficiencies.
- (1) The CO will provide an initial determination to the Contractor, in writing, of any significant deficiencies. The initial determination will describe the deficiency in sufficient detail to allow the Contractor to understand the deficiency.
 - (2) The Contractor shall respond within 30 days to a written initial determination from the CO that identifies significant deficiencies in the Contractor's estimating system. If the Contractor disagrees with the initial determination, the Contractor shall state, in writing, its rationale for disagreeing.

In the event the Contractor did not respond in writing to the initial determination within the response time, this lack of response shall indicate that the Contractor agrees with the initial determination.

- (3) The CO will evaluate the Contractor's response or the Contractor's lack of response and notify the Contractor, in writing, of the CO's final determination concerning:
 - (i) Remaining significant deficiencies;
 - (ii) The adequacy of any proposed or completed corrective action; and
 - (iii) System disapproval, if the CO determines that one or more significant deficiencies remain.
- (f) If the Contractor receives the CO's final determination of significant deficiencies, the Contractor shall, within 45 days of receipt of the final determination, either correct the significant deficiencies or submit an acceptable corrective action plan showing milestones and actions to eliminate the significant deficiencies.
- (g) Withholding payments. If the CO makes a final determination to disapprove the Contractor's estimating system, and the contract includes the Section H clause entitled, *Contractor Business Systems*, the CO will withhold payments in accordance with that clause.

H.16 DOE-H-2024 Earned Value Management System (Mar 2019) (Revised)

- (a) Extending Incumbent Contractor's certified Earned Value Management System (EVMS): Upon start of Transition, the Contractor shall adopt the existing system from the Incumbent Contractor. The Contractor will be responsible for the system and shall comply with the DOE-approved EVMS System Description (EVMS SD) system requirements, processes and procedures associated with the Incumbent Contractor's system. Throughout Transition, and a one-year period of execution of additional task order(s) (or as otherwise directed by DOE), the Contractor shall—
 - (1) Be responsible for continued implementation of and compliance with the Incumbent Contractor's EVMS.
 - (i) The Contractor shall evaluate requirements and associated implementing instructions, as defined in the remainder of this section, and EVMS SD requirements from section C.5.1.2, and provide DOE an EVMS Requirements Gap Analysis associated with the Incumbent Contractor's EVMS, for DOE consideration.
 - (ii) In addition to, and with submittal of, the EVMS Requirements Gap Analysis, the Contractor may submit a proposal to replace, in its entirety, the Incumbent Contractor's EVMS systems, processes, procedures, and other associated documentation, for DOE consideration. If replacement will be using a system from a contractor at another DOE site, see section (1) requirements.
 - (2) Within 90 days of DOE receipt of the Contractor submittals described under (a), DOE will provide the Contractor with direction regarding DOE intent for modification to, or replacement of, the Incumbent Contractor's EVMS.

For modification to, or replacement of, the Incumbent Contractor's EVMS, the Contractor shall:

- (i) Submit a cost / benefit analysis for each modification to the EVMS, or, if proposing to replace the EVMS in its entirety, a cost / benefit analysis for replacement of the EVMS, on the submittal schedule defined by DOE at that time.
- (ii) Any proposal associated with making changes to, or deviation from, existing required / associated documentation for a Post CD-0 project being executed under DOE O 413.3 shall be made as an independent and stand-alone proposal.

If DOE determines modification(s) to, or replacement of, the Incumbent Contractor's EVMS will be pursued, the Contractor and the Contracting Officer shall identify and, if appropriate, agree to any changes to other contract terms and conditions, including cost and schedule, associated with proposals submitted for the purposes described above, pursuant to applicable requirements of the Task Ordering Procedure in Section H, and the changes clauses in Section I, of this contract.

Upon conclusion of all changes made to the EVMS per the process described above, and contractor validation that system data is compliant with changed requirements (but not to exceed two reporting months), DOE shall perform an implementation review. DOE will advise the contractor of the acceptability of changes as soon as practicable (generally within 30 calendar days) after receipt of the contractor's validation notification. Significant deficiencies identified by DOE shall be addressed by the contractor per the significant deficiencies requirements of section (i) below.

- (3) After Transition, and after the conclusion of any system change(s) made through the process described above, the DOE Contracting Office (CO) may require an Integrated Baseline Review, per section (f) below.

Definitions: As used in this section -

"Acceptable Earned Value Management System" means an EVMS that complies with system criteria set forth in paragraph (a) this clause.

"Contract Funds Status Report" (CFSR) includes data to support forecasting, planning and decision making. DOE's CFSR Data Item Description (DID) is to be used for the CFSR and shall be used for each project being executed under DOE O 413.3.

"Earned Value Management System" (EVMS) means an integrated set of policies, procedures and practices to objectively track performance on a project or program.

"Integrated Master Plan" (IMP) means an event-based plan consisting of a hierarchy of program events, each supported by specific accomplishments, and each accomplishment associated with specific criteria to be satisfied for its completion. For this contract, it shall mean the Liquid Waste System Plan (SP).

"Integrated Master Schedule" (IMS) means a networked, multi-layered scheduled list of tasks required to complete the work captured in a related IMP over the authorized period of performance of the contract. The IMS should include all IMP events and accomplishments and support each accomplishment closure criteria. The IMS should contain a critical path and be resource-loaded with labor, material and equipment costs to include unit prices and quantities.

"Integrated Performance Management Report" (IPMR) includes data submitted monthly by the contractor from its EVMS. DOE's IPMR DID is to be used for the IPMR and shall be used for each project being executed under DOE O 413.3. Formats 1 and 5 shall be used for reporting on the rest of the PWS.

“Over Target Baseline” (OTB) means an overrun to the Contract Budget Base (CBB) of a post Critical Decision 2 (CD-2) project being executed under DOE O 413.3, current awarded Task Order(s) and / or the Contract. The OTB shall be formally incorporated into the Performance Measurement Baseline (PMB), Task Order Baseline (OB) and / or Contract Performance Baseline (CPB), for management purposes.

“Over Target Schedule” (OTS) means the condition in which a baseline schedule is time-phased beyond the completion date of a post Critical Decision 2 (CD-2) project being executed under DOE O 413.3, current awarded Task Order(s) and / or the Contract.

“Significant deficiency” means a shortcoming in the system that materially affects the ability of DOE officials to rely upon information produced by the EVMS for management purposes.

“Work Breakdown Structure” means a product-oriented hierarchy of tasks to be performed by the project team in support of project objectives.

(a) System criteria. In performing this contract, the Contractor shall establish, maintain, and use--

- (1) Integrated performance management system. Central to this system shall be an EVMS that complies with the Electronic Industries Alliance Standard 748 (EIA-748, current version at time of award), including an EVMS System Description (SD). The EVMS shall be linked to and supported by the contractor’s various management systems, including work definition, planning and scheduling, work authorization and budgeting, performance measurement and analysis, change management, materials and subcontract management, cost estimating, accounting, and risk management.
- (2) Management procedures. The contractor shall have procedures that enable timely, reliable, and verifiable information.
 - (i) Pursuant to the IPMR and IMS data items under this contract, the contractor shall maintain an IPMR and IMS that logically networks all project activities, reflecting the National Defense Industrial Association (NDIA) Planning & Scheduling Excellence Guide and the GAO Schedule Assessment Guide, for all work under this PWS, while using reporting formats 1 and 5 for PWS scope not required to be executed under DOE O 413.3. EVMS Certification and associated surveillance reviews will only be performed for projects being executed under DOE O 413.3 within this PWS.
 - (ii) As required by the CFSR data item under this contract, the contractor shall develop and submit a CFSR, and must reconcile the CFSR with the IPMR on a quarterly basis, for each project being executed under DOE O 413.3.
 - (iii) All reporting must correspond to the applicable WBS elements, and shall be submitted timely and accurately and be current as of the close of the previous month's accounting period. (Note: The contractor should not establish a separate or unique internal performance management system solely for the purposes of the contract.)
 - (iv) For projects being executed under DOE O 413.3, IPMR and CFSR data shall be submitted by the Contractor by uploading the data into Project Assessment and Reporting System (PARS) in accordance with the "Contractor Project Performance Upload Requirements" document maintained by the DOE Office of Project Management.

(b) EVMS certification.

- (1) If changes are made to the EVMS under section (a) above, for contracts supporting projects being performed under DOE O 413.3 valued at \$100M or more, the contractor's EVMS must be formally certified by the cognizant Federal agency as compliant with the EIA-748 guidelines (current version at the time of award). Pursuant to DOE Order 413.3B, the DOE Office of Project Management is DOE's EVMS certifying authority.

- (1) For contracts supporting projects valued at less than \$100M but greater than \$50M, the contractor's EVMS must be compliant with EIA-748; however, external certification is not required. The use of the contractor's EVMS for this contract does not imply a Government determination of EIA-748 compliance for application to future contracts.

- (c) Changes to the EVMS after any made under section (a). The Contractor shall submit notification of all proposed changes to the EVMS procedures and the impact of those changes to the Contracting Officer. If the contractor has one or more contracts in support of DOE capital asset projects that are valued at \$100M or more, unless a waiver is granted by DOE, any EVMS changes proposed by the contractor require approval of DOE prior to implementation. DOE will advise the contractor of the acceptability of such changes as soon as practicable (generally within 30 calendar days) after receipt of the contractor's notice of proposed changes. If DOE waives the advance approval requirements, the Contractor shall disclose EVMS changes to DOE at least 14 calendar days prior to the effective date of implementation.

- (d) Integrated baseline reviews. The Contractor shall deliver a task baseline with each Task Order proposal. The task baseline shall represent the cost, schedule, and entire scope over the period of performance of the associated task. DOE will conduct an Integrated Baseline Review (IBR) for Task Orders not later than 60 calendar days after award of the Task Order. DOE and the contractor will use the IBR process described in the NDIA IBR Guide (or current version). During IBRs, the project baseline will be jointly scrutinized by the Government and the contractor to ensure complete coverage of the statement of work, logical scheduling of the work activities, adequate resourcing, and identification of inherent risks.

- (e) Access to records. The Contractor shall provide access to all pertinent records and data requested by the Contracting Officer or duly authorized representative to permit surveillance to ensure that the EVMS continues to comply with the DOE approved system.

- (f) Restructuring actions. In the event that the contractor concludes the performance baseline no longer represents a realistic plan, the contractor may determine that an over-target schedule or over-target baseline restructuring action is necessary. The contractor shall obtain approval of the Contracting Officer prior to implementing such restructuring actions. The request should also include detailed implementation procedures as well as a timeframe in accordance with the System Description. DOE will acknowledge receipt of the request in a timely manner (generally within 30 calendar days).

- (g) Significant deficiencies.

- (1) The Contracting Officer will provide a determination to the contractor, in writing, on any significant EVMS deficiencies. The determination will describe the deficiency in sufficient detail to allow the contractor to understand the deficiency.

- (2) The contractor shall respond within 30 working days to a written determination from the Contracting Officer that identifies significant deficiencies in the contractor's EVMS. If the contractor disagrees with the determination, the contractor shall state, in writing, its rationale for disagreeing. In the event the contractor does not respond in writing to the determination within the response time, this shall indicate that the Contractor agrees with the determination.
- (3) The Contracting Officer will evaluate the contractor's response or lack of response and notify the contractor, in writing, of the Contracting Officer's final determination concerning:
 - (i) Remaining significant deficiencies;
 - (ii) The adequacy of any proposed or completed corrective action;
 - (iii) System noncompliance, when the contractor's existing EVMS fails to comply with the EVMS guidelines in EIA-748; and
 - (iv) System disapproval, if corrections to the contractor's EVMS are not successfully completed within the timeframe set forth by the Contracting Officer. When the Contracting Officer determines that the existing EVMS contains one or more significant deficiencies, the Contracting Officer will use discretion to disapprove the EVMS based on input received from the DOE Office of Project Management.
- (4) When the contractor receives the Contracting Officer's determination of significant deficiencies, the contractor shall, within 45 days of receipt of the final determination, either correct the significant deficiencies or submit an acceptable corrective action plan showing milestones and actions to eliminate the significant deficiencies.
- (h) Withholding payments. In the event that the contractor's EVMS is disapproved in accordance with subparagraph (i)(3)(iv), the Contracting Officer will withhold payments until which time the contractor has resolved all EVMS deficiencies.
- (i) Flowdown requirements. With the exception of paragraphs (i) and (j) of this clause, for contracts supporting projects requiring EVMS, the contractor shall flow down appropriate EVMS requirements to its subcontractors.
 - (1) The EVMS certification requirement applies to subcontractors meeting the criteria in paragraph (b) of this clause. In this event, the cognizant Federal agency, working through the prime contractor, will assess whether the subcontractor's system satisfies the EVMS guidelines contained in EIA-748.
 - (2) The prime contractor is responsible for reviewing and assuring the validity of all subcontractor reports. Cost and schedule reporting requirements are not to be confused with EVMS certification, as described in paragraph (k) (1) above.
 - (3) For subcontracts valued at \$100 million or more, the following subcontractors shall comply with the requirements of this clause, excluding those in paragraphs (i) and (j):

[Contracting Officer to insert names of subcontractors (or FFP subcontracted effort if subcontractors have not been selected) designated for application of the EVMS requirements of this clause.]

- (4) For subcontracts valued at less than \$100 million, the following subcontractors shall comply with the requirements of this clause, excluding those in paragraphs (i) and (j):

[Contracting Officer to insert names of subcontractors (or subcontracted effort if subcontractors have not been selected) designated for application of the EVMS requirements of this clause.]

- (j) Extending or adopting a contractor's certified EVMS from another DOE site. If the contractor plans to adopt an existing system from the contractor of another DOE site, the contractor is responsible for the system and shall comply with the system requirements, and shall utilize the same DOE-approved processes and procedures as that contractor's system, following the same process and requirements defined in (a) of this section. The contractor shall—
- (1) Identify the corporate entity that owns the certified EVMS and provide the certification documentation;
 - (2) Obtain prior approval from the Contracting Officer, who will be advised by the Office of Project Management, for proposed EVMS and surveillance changes;
 - (3) Be responsible for full compliance with paragraph (a) of this clause; and
 - (4) Be responsible for correcting any significant deficiencies previously identified to the previous contractor by the Contracting Officer in accordance with paragraph (i) of this clause. Within 45 days after receiving a copy of the previous contractor's final determination, the contractor shall either correct any significant deficiencies or submit an acceptable corrective action plan. The Contracting Officer, working jointly with the Office of Project Management, will provide a written final determination—to potentially include an implementation review—before extending the certification.

H.17 DOE-H-2025 Accounting System Administration (Oct 2014) (Revised)

(a) Definitions. As used in this clause:

- (1) Acceptable accounting system means a system that complies with the system criteria in paragraph (c) of this clause, to provide reasonable assurance that:
 - (i) Applicable laws and regulations are complied with;
 - (ii) The accounting system and cost data are reliable;
 - (iii) Risk of misallocations and mischarges are minimized; and
 - (iv) Contract allocations and charges are consistent with billing procedures.
- (2) Accounting system means the Contractor's system or systems for accounting methods, procedures, and controls established to gather, record, classify, analyze, summarize, interpret, and present accurate and timely financial data for reporting in compliance with applicable laws, regulations, and management decisions, and may include subsystems for specific areas such as indirect and other direct costs, compensation, billing, labor, and general information technology.
- (3) Significant deficiency means a shortcoming in the system that materially affects the ability of officials of DOE to rely upon information produced by the system that is needed for management purposes.

(b) General.

The Contractor shall establish and maintain an acceptable accounting system without interruption to adoption of the Incumbent Contractor's EVMS, per the DOE-H-2024 Earned Value Management System (Mar 2019) (Revised) clause above. If the Contractor plans to adopt the existing system from

the previous Contractor, the Contractor is responsible for the system and shall comply with the system criteria required in this clause. The Contractor shall provide in writing to the CO documentation that its accounting system meets the system criteria in paragraph (c) of this clause no later than 60 days after the effective date of the transition task order. Failure to maintain an acceptable accounting system, as defined in this clause, shall result in the withholding of payments if the contract includes the Section H clause, *Contractor Business Systems*, and also may result in disapproval of the system.

(c) System criteria.

The Contractor's accounting system shall provide for:

- (1) A sound internal control environment, accounting framework, and organizational structure;
- (2) Proper segregation of direct costs from indirect costs;
- (3) Identification and accumulation of direct costs by contract;
- (4) A logical and consistent method for the accumulation and allocation of indirect costs to intermediate and final cost objectives;
- (5) Accumulation of costs under general ledger control;
- (6) Reconciliation of subsidiary cost ledgers and cost objectives to general ledger;
- (7) Approval and documentation of adjusting entries;
- (8) Management reviews or internal audits of the system to ensure compliance with the Contractor's established policies, procedures, and accounting practices;
- (9) A timekeeping system that identifies employees' labor by intermediate or final cost objectives;
- (10) A labor distribution system that charges direct and indirect labor to the appropriate cost objectives;
- (11) Interim (at least monthly) determination of costs charged to a contract through routine posting of books of account;
- (12) Exclusion from costs charged to Government contracts of amounts which are not allowable in terms of 48 CFR 31 entitled, *Contract Cost Principles and Procedures*, and other contract provisions;
- (13) Identification of costs by contract line item and by units (as if each unit or line item were a separate contract), if required by the contract;
- (14) Segregation of preproduction costs from production costs, as applicable;
- (15) Cost accounting information, as required:
 - (i) By contract clauses concerning limitation of cost (48 CFR 52.232-20), limitation of funds (48 CFR 52.232-22), or allowable cost and payment (48 CFR 52.216-7); and
 - (ii) To readily calculate indirect cost rates from the books of accounts.

- (16) Billings that can be reconciled to the cost accounts for both current and cumulative amounts claimed and comply with contract terms;
 - (17) Adequate, reliable data for use in pricing follow-on acquisitions; and
 - (18) Accounting practices in accordance with standards promulgated by the Cost Accounting Standards Board, if applicable, otherwise, Generally Accepted Accounting Principles.
- (d) Significant deficiencies.
- (1) The CO will provide an initial determination to the Contractor, in writing, on any significant deficiencies. The initial determination will describe the deficiency in sufficient detail to allow the Contractor to understand the deficiency.
 - (2) The Contractor shall respond within 30 days to a written initial determination from the CO that identifies significant deficiencies in the Contractor's accounting system. If the Contractor disagrees with the initial determination, the Contractor shall state, in writing, its rationale for disagreeing. In the event the Contractor does not respond in writing to the initial determination within the response time, this lack of response shall indicate that the Contractor agrees with the initial determination.
 - (3) The CO will evaluate the Contractor's response or the Contractor's lack of response and notify the Contractor, in writing, of the CO final determination concerning:
 - (i) Remaining significant deficiencies;
 - (ii) The adequacy of any proposed or completed corrective action; and
 - (iii) System disapproval, if the CO determines that one or more significant deficiencies remain.
- (e) If the Contractor receives the CO's final determination of significant deficiencies, the Contractor shall, within 45 days of receipt of the final determination, either correct the significant deficiencies or submit an acceptable corrective action plan showing milestones and actions to eliminate the significant deficiencies.
- (f) Withholding payments. If the CO makes a final determination to disapprove the Contractor's accounting system, and the Contract includes the Section H clause entitled, *Contractor Business Systems*, the CO will withhold payments in accordance with that clause.

H.18 DOE-H-2026 Contractor Purchasing System Administration (Oct 2014) (Revised)

- (a) Definitions. As used in this clause:

"Acceptable purchasing system" means a purchasing system that complies with the system criteria in paragraph (c) of this clause.

"Purchasing system" means the Contractor's system or systems for purchasing and subcontracting, including make-or-buy decisions, the selection of vendors, analysis of quoted prices, negotiation of prices with vendors, placing and administering of orders, and expediting delivery of materials.

"Significant deficiency" means a shortcoming in the system that materially affects the ability of officials of the DOE to rely upon information produced by the system that is needed for management purposes.

- (b) General.

The Contractor shall establish and maintain an acceptable purchasing system without interruption to adoption of the Incumbent Contractor's EVMS, per the DOE-H-2024 Earned Value Management System (Mar 2019) (Revised) clause above. If the Contractor plans to adopt the existing system from the previous Contractor, the Contractor is responsible for the system and shall comply with the system criteria required in this clause. The Contractor shall provide in writing to the CO documentation that its purchasing system meets the system criteria in paragraph (c) of this clause no later than 60 days after the effective date of the transition task order. Failure to maintain an acceptable purchasing system, as defined in this clause, may result in disapproval of the system by the CO and/or withholding of payments.

(c) System criteria.

The Contractor's purchasing system shall:

- (1) Have an adequate system description including policies, procedures, and purchasing practices that comply with the FAR (48 CFR Chapter 1) and the DOE Acquisition Regulation (48 CFR Chapter 9);
- (2) Ensure that all applicable purchase orders and subcontracts contain all flow down clauses, including terms and conditions and any other clauses needed to carry out the requirements of the prime contract;
- (3) Maintain an organization plan that establishes clear lines of authority and responsibility;
- (4) Ensure all purchase orders are based on authorized requisitions and include a complete and accurate history of purchase transactions to support vendor selected, price paid, and document the subcontract/purchase order files which are subject to Government review;
- (5) Establish and maintain adequate documentation to provide a complete and accurate history of purchase transactions to support vendors selected and prices paid;
- (6) Apply a consistent make-or-buy policy that is in the best interest of the Government;
- (7) Use competitive sourcing to the maximum extent practicable, and ensure debarred or suspended contractors are properly excluded from contract award;
- (8) Evaluate price, quality, delivery, technical capabilities, and financial capabilities of competing vendors to ensure fair and reasonable prices in accordance with 48 CFR 15.404-1;
- (9) Require management level justification and adequate cost or price analysis, as applicable, for any sole or single source award;
- (10) Perform timely and adequate cost or price analysis and technical evaluation for each subcontractor and supplier proposal or quote to ensure fair and reasonable subcontract prices in accordance with 48 CFR 15.404-3;
- (11) Document negotiations in accordance with 48 CFR 15.406-3;
- (12) Seek, take, and document economically feasible purchase discounts, including cash discounts, trade discounts, quantity discounts, rebates, freight allowances, and company-wide volume discounts;
- (13) Ensure proper type of contract selection in accordance with 48 CFR 16 and prohibit issuance of cost-plus-a-percentage-of-cost subcontracts;

- (14) Maintain subcontract surveillance to ensure timely delivery of an acceptable product and procedures to notify the Government of potential subcontract problems that may impact delivery, quantity, or price;
- (15) Document and justify reasons for subcontract changes that affect cost or price;
- (16) Notify the Government of the award of all subcontracts that contain the 48 CFR Chapter 1 and 48 CFR Chapter 9 flow down clauses that allow for Government audit of those subcontracts, and ensure the performance of audits of those subcontracts;
- (17) Enforce adequate policies on conflict of interest, gifts, and gratuities, including the requirements of the 41 USC chapter 87, Kickbacks;
- (18) Perform internal audits or management reviews, training, and maintain policies and procedures for the purchasing department to ensure the integrity of the purchasing system;
- (19) Establish and maintain policies and procedures to ensure purchase orders and subcontracts contain mandatory and applicable flow down clauses, as required by 48 CFR chapter 1, including terms and conditions required by the prime contract and any clauses required to carry out the requirements of the prime contract;
- (20) Provide for an organizational and administrative structure that ensures effective and efficient procurement of required quality materials and parts at the best value from responsible and reliable sources;
- (21) Establish and maintain selection processes to ensure the most responsive and responsible sources for furnishing required quality parts and materials and to promote competitive sourcing among dependable suppliers so that purchases are reasonably priced and from sources that meet contractor quality requirements;
- (22) Establish and maintain procedures to ensure performance of adequate price or cost analysis on purchasing actions;
- (23) Establish and maintain procedures to ensure that proper types of subcontracts are selected, and that there are controls over subcontracting, including oversight and surveillance of subcontracted effort;
- (24) Establish and perform Annual Subcontract Audit plans with audits consistent with IIA and/or Generally Accepted Government Auditing Standards (GAGAS) audit standards;
and
- (25) Establish and maintain procedures to timely notify the CO, in writing, if:
 - (i) The Contractor changes the amount of subcontract effort after award such that it exceeds 70 percent of the total cost of the work to be performed under the Contract, Task Order, or delivery order. The notification shall identify the revised cost of the subcontract effort and shall include verification that the Contractor will provide added value; or
 - (ii) Any subcontractor changes the amount of lower-tier subcontractor effort after award such that it exceeds 70 percent of the total cost of the work to be performed under its subcontract. The notification shall identify the revised cost of the subcontract effort and shall include verification that the subcontractor will provide added value as related to the work to be performed by the lower-tier subcontractor(s).

(d) Significant deficiencies.

- (1) The CO will provide notification of initial determination to the Contractor, in writing, of any significant deficiencies. The initial determination will describe the deficiency in sufficient detail to allow the Contractor to understand the deficiency.
 - (2) The Contractor shall respond within 30 days to a written initial determination from the CO that identifies significant deficiencies in the Contractor's purchasing system. If the Contractor disagrees with the initial determination, the Contractor shall state, in writing, its rationale for disagreeing. In the event the Contractor does not respond in writing to the initial determination within the response time, this lack of response shall indicate that the Contractor agrees with the initial determination.
 - (3) The CO will evaluate the Contractor's response or the Contractor's lack of response and notify the Contractor, in writing, of the CO's final determination concerning:
 - (i) Remaining significant deficiencies;
 - (ii) The adequacy of any proposed or completed corrective action; and
 - (iii) System disapproval, if the CO determines that one or more significant deficiencies remain.
- (e) If the Contractor receives the CO's final determination of significant deficiencies, the Contractor shall, within 45 days of receipt of the final determination, either correct the significant deficiencies or submit an acceptable corrective action plan showing milestones and actions to eliminate the deficiencies.
- (f) Withholding payments. If the CO makes a final determination to disapprove the Contractor's purchasing system, and the contract includes the Section H clause entitled, *Contractor Business Systems*, the CO will withhold payments in accordance with that clause.

**H.19 DOE-H-2027 Contractor Property Management System Administration (Oct 2014)
(Revised)**

(a) Definitions. As used in this clause:

- (1) "Acceptable property management system" means a property system that complies with the system criteria in paragraph (c) of this clause.
- (2) "Property management system" means the Contractor's system or systems for managing and controlling Government property.
- (3) "Significant deficiency" means a shortcoming in the system that materially affects the ability of officials of the DOE to rely upon information produced by the system that is needed for management purposes.

(b) General.

The Contractor shall establish and maintain an acceptable property management system without interruption to adoption of the Incumbent Contractor's EVMS, per the DOE-H-2024 Earned Value Management System (Mar 2019) (Revised) clause above. If the Contractor plans to adopt the existing system from the previous contractor, the Contractor is responsible for the system and shall comply with the system criteria required in this clause. The Contractor shall provide in writing to the CO documentation that its property management system meets the system criteria in paragraph (c) of this

clause no later than 60 days after the effective date of the transition task order. Failure to maintain an acceptable property management system, as defined in this clause, may result in disapproval of the system by the CO and/or withholding of payments.

(c) System criteria.

The Contractor's property management system shall be in accordance with paragraph (f) of the Contract clause at 48 CFR 52.245-1.

(d) Significant deficiencies.

- (1) The CO will provide an initial determination to the Contractor, in writing, of any significant deficiencies. The initial determination will describe the deficiency in sufficient detail to allow the Contractor to understand the deficiency.
 - (2) The Contractor shall respond within 30 days to a written initial determination from the CO that identifies significant deficiencies in the Contractor's property management system. If the Contractor disagrees with the initial determination, the Contractor shall state, in writing, its rationale for disagreeing. In the event the Contractor does not respond in writing to the initial determination within the response time, this lack of response shall indicate that the Contractor agrees with the initial determination.
 - (3) The CO will evaluate the Contractor's response or the Contractor's lack of response and notify the Contractor, in writing, of the CO's final determination concerning:
 - (i) Remaining significant deficiencies;
 - (ii) The adequacy of any proposed or completed corrective action; and
 - (iii) System disapproval, if the CO determines that one or more significant deficiencies remain.
- (e) If the Contractor receives the CO's final determination of significant deficiencies, the Contractor shall, within 45 days of receipt of the final determination, either correct the significant deficiencies or submit an acceptable corrective action plan showing milestones and actions to eliminate the significant deficiencies.
- (f) Withholding payments. If the CO makes a final determination to disapprove the Contractor's property management system, and the Contract includes the Section H clause entitled, *Contractor Business Systems*, the CO will withhold payments in accordance with that clause.

DOE CORPORATE CLAUSES OTHER THAN CHRM OR BUSINESS SYSTEMS

H.20 DOE-H-2014 Contractor Acceptance of Notices of Violation or Alleged Violations, Fines, and Penalties (Oct 2014) (Revised)

- (a) The Contractor shall accept, in its own name, notices of violation(s) or alleged violations (NOVs/NOAVs) issued by federal or state regulators to the Contractor resulting from the Contractor's performance of work under this contract, without regard to liability. The allowability of the costs associated with fines and penalties shall be subject to other provisions of this Contract.
- (b) Liability and responsibility for fines or penalties and associated costs arising from or related to violations of environmental requirements imposed by applicable Federal, state, and local environmental laws and regulations, including, without limitation, statutes, ordinances, regulations,

court orders, consent decrees, administrative orders, or compliance agreements, consent orders, permits, and licenses; and safety, health or quality requirements shall be borne by the party that caused the violation(s). This clause resolves liability for fines and penalties through the cognizant regulatory authority may assess such fines or penalties upon either party or both parties without regard to the allocation of responsibility or liability under this contract. The allocation of liability for such fine or penalty is effective regardless of which party signs permit application, manifest, reports or other required documents, is assessed a fine or penalty, is a permittee, or is named subject of an enforcement action.

- (c) After providing DOE advance written notice, the Contractor shall conduct negotiations with regulators regarding NOV/NOAVs and fine and penalties. DOE may participate in all negotiations with regulatory agencies regarding permits, fines, penalties, and any other proposed notice, administrative order, and any similar type of notice as described in paragraphs (a) and (b) above. However, the Contractor shall not make any commitments or offers to regulators that would bind the Government, including monetary obligations, without first obtaining written approval from the CO. Failure to obtain advance written approval may result in otherwise allowable costs being declared unallowable and/or the Contractor being liable for any excess costs to the Government associated with or resulting from such offers/commitments.
- (d) The Contractor shall notify DOE promptly when it receives service from the regulators of NOV/NOAVs and fines and penalties.

H.21 DOE-H-2016 Performance Guarantee Agreement (Oct 2014)

The Contractor's parent organization(s) or all member organizations if the Contractor is a joint venture, limited liability company, or other similar entity, shall guarantee performance of the contract as evidenced by the Performance Guarantee Agreement incorporated in the Contract in Section J, Attachment J-4. If the Contractor is a joint venture, limited liability company, or other similar entity where more than one organization is involved, the parent(s) or all member organizations shall assume joint and severable liability for the performance of the contract. In the event any of the signatories to the Performance Guarantee Agreement enters into proceedings related to bankruptcy, whether voluntary or involuntary, the Contractor agrees to furnish written notification of the bankruptcy to the CO.

H.22 DOE-H-2017 Responsible Corporate Official and Corporate Board of Directors (Oct 2014) (REVISED)

The Contractor has provided a guarantee of performance from its parent company(s) in the form set forth in Section J, Attachment J-4 entitled, *Performance Guarantee Agreement*. The individual signing the *Performance Guarantee Agreement* for the parent company(s) should be the Responsible Corporate Official. The Responsible Corporate Official is the person who has sole corporate (parent company(s)) authority and accountability for Contractor performance. DOE may contact, as necessary, the single Responsible Corporate Official identified below regarding Contract performance issues. The parent companies shall proactively support the Responsible Corporate Official to ensure adverse contract performance issues are avoided, identified and/or resolved in a timely manner. The Responsible Corporate Official shall promptly notify the DOE Contracting Officer of the corrective actions (both taken and planned) to address the adverse contract performance.

Responsible Corporate Official:

Name: **Kenneth R. Camplin**

Position: **Director**