

SECTION J
APPENDIX I
PERSONNEL APPENDIX

(Replaced 0018, 0114; Modified 0128)

**SECTION J APPENDIX I
PERSONNEL APPENDIX**

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1.0 INTRODUCTION

The Contract DE-NA0001942, Federal Acquisition Regulation (FAR) Part 31, Department of Energy Acquisition Regulation (DEAR) Part 931 and DEAR 970.30 govern the allowability of personnel and other related costs incurred pursuant to the Contract. This Appendix sets forth personnel and other related policies that have cost implications under this Contract and are not covered explicitly in FAR or DEAR cost principles. This Appendix identifies those costs deemed reasonable and allowable for reimbursement when incurred in the performance of Contractor work. The Contractor shall seek Contracting Officer approval prior to incurring costs not specifically identified as allowable in this Contract. The Contractor shall identify and treat all unallowable costs and directly associated unallowable costs in accordance with the criteria set forth in FAR 52.230-2, *Cost Accounting Standards*, including but not limited to placing unallowable costs in appropriate allocation bases.

The personnel policies under Contracts DE-AC54-00AL66620 and DE-AC05-00OR22800 do not transfer to this Contract, with the exception of personnel policies assumed during the Transition Term. The assumed personnel policies, procedures, and other related documents will expire with the various implementation dates contained in this Appendix. If there is a conflict between the Contractor's policies and the terms of this Contract, the Contract will govern. Nothing in this Appendix makes costs allowable or reasonable that would otherwise be unallowable or unreasonable. The effective date for all items contained herein is October 1, 2014 unless otherwise indicated in this Appendix.

The Contractor shall obtain prior Contracting Officer approval of changes within the scope of the Personnel Appendix when such changes are expected to increase costs to the Government. In situations where changes may set a precedent among the Department of Energy/National Nuclear Security Administration (DOE/NNSA) Contractors, the Contractor shall consult with the Contracting Officer regarding program cost reimbursement prior to implementation, even if there is no expected increase in cost. This requirement is not intended to prohibit the Contractor from taking advantage of efficiency gains realized from new and innovative approaches in providing Human Resource services.

The Contractor shall use effective management review procedures and internal controls to assure that the allowable costs set forth herein are not exceeded. In addition, the Contractor shall ensure that, cost items which require prior approval of the NNSA Contractor Officer or designated representative are reviewed and approved prior to incurrence of costs.

Either party may request revisions to this Appendix, and both the parties agree to give consideration in good faith to any such request. When revisions to this Appendix are made, a contract modification shall be executed to effect the changes.

This Appendix is for the exclusive benefit and convenience of the parties hereto. Nothing contained herein shall be construed as granting, vesting, creating, or conferring any right of action or any other right or benefit upon past, present, or future employees of the Contractor, or upon any other third party.

2.0 DEFINITIONS

The following terms as used in this Appendix have the meaning defined herein.

Ad Hoc Employee: Employees that are utilized on a project-type basis and their work hours are determined on a case-by-case basis by their management and the ad hoc employee. Ad Hoc employees are not eligible for company benefits.

Adjustment – an increase to an employee’s pay, but not job level, due to increased job scope, market comparability, internal equity, etc.

Basic Pay: Rate of pay per hour, per week, per pay period, per month, or per year exclusive of any premium.

Bargaining Unit Employees (Union Employees): Employees whose wages, hours of work, and working conditions have been negotiated into collective bargaining agreements.

Compensation Increase Plan (CIP): A plan for establishing need and specifying distribution of maximum dollar amounts and/or percentage of base payroll on an annualized basis, to be allocated to employee groups for base pay increases or lump sum payments during a pay year. The amounts approved are for granting merit, promotion, and adjustment increases.

Contractor: Refers to Consolidated Nuclear Security, LLC (CNS) or its successor under DE-NA0001942.

Employee: A person hired by and working for the Contractor.

Exempt Employees: Employees exempt from the provisions of the Fair Labor Standards Act (FLSA).

Immediate Family: Immediate family members include spouse, children, stepchildren, parents, stepparents, parents-in-law, brother, sister, half-brother, half-sister, brother-in-law, sister-in-law, grandparents, grandchildren of the employee of the employee, son-in-law, and daughter-in-law.

Nonexempt Non-bargaining (NENB) Employees: Employees entitled to overtime pay and minimum wage as described in the FLSA.

Overtime Pay: Payment for NENB employees at the rate of time and a half their basic pay for hours worked between 40 and 52 in a work week, and at a rate of double time their basic pay for hours worked in excess of 52 in a work week.

Promotion: The permanent placement of an Employee in a higher rated job classification due to an increase in the character or scope of his/her job assignment.

Straight time pay or straight time: Refers to overtime paid to exempt employees at their hourly Basic Rate.

Termination: Quit, discharge, layoff, retirement, death, and/or removal from the payroll because of disability (as distinguished from disability absence where the Employee is not removed from the payroll).

Variable Pay: A lump-sum, non-base cash payment separate from base salary.

Work Week: The employee's work schedule within a fixed and recurring period of 168 hours over 7 consecutive 24-hour periods.

3.0 COMPENSATION

The Compensation System program costs directly attributable to compensation provided to Contractor Employees will be allowable under this Appendix I. Section 3.0, Compensation, does not apply to Bargaining Unit Employees. Section 4.0 sets forth allowable costs associated with Bargaining Unit Employees.

A. Variable Pay

1. Variable pay is reimbursable as outlined in the Annual Compensation Increase Plan (CIP) and allows the company to maintain a competitive position in the external market to attract, retain, and motivate top talent.
2. Non-base payments determined concurrently with salary increases and certain non-base awards may be granted throughout the year. These awards are funded from the total non-base budget. Costs associated with the following non-base programs are allowable.
 - a. Appointments and Advancements
 - b. Other non-base bonus programs developed to respond to plant hiring and retention needs (e.g. sign-on bonuses; retention bonuses; Leadership Incentive Awards-bonus program includes supervisors, managers and high level individual contributors; Special Recognition Awards—award to recognize individuals for their contributions and milestones that have substantial impact on organizational programs; Critical Retention Program—award program established to retain critically skilled employees in technical areas such as engineering and information technology).
3. Additional Bonus for Non-Key Personnel

Non-base lump sum payments as a form of bonus to non-Key Personnel in accordance with the cost reduction clause (DEAR 970.5215-4 – NNSA Deviation dated November 2011) from resulted shared savings earned and negotiated cost reduction proposals will be allowable.

B. Overtime Pay Program (effective January 1, 2015)

The Contractor shall maintain adequate internal controls to ensure that Employee overtime is authorized only if cost effective and necessary to ensure performance of

work under this Contract. The Contractor must submit to the Contracting Officer overtime utilization reports no later than one month after the end of each quarter (end of quarter = March 31, June 30, September 30 and December 31). If the report indicates that overtime comprised 4% or more of the overall payroll, the Contracting Officer may request that the Contractor submits a plan to lower the overall overtime rate as a percentage of payroll for the quarter following the quarter in which overtime exceeded 4% of total payroll. The Contractor shall notify the Contracting Officer when it is likely that overtime usage as a percentage (exempt and nonexempt base pay) of payroll may exceed, or is likely to exceed, 4% of overall payroll. For purposes of further defining language used below, hours worked is intended to describe hours charged where work was performed while time paid is intended to describe all hours paid.

1. Nonexempt Non-Bargaining (NENB)
 - a. All hours worked shall be included for computing Overtime Pay. Jury duty and Holiday time paid will be counted as hours worked in the computation of overtime.
 - b. Employee working a regular scheduled ten (10) hour shift and required to work thirteen (13) or more continuous hours will be granted thirty (30) minutes on company time to eat provided they will continue working and thirty (30) minutes for each subsequent four (4) hour period of work.
 - c. Employee working a regular scheduled nine (9) hour shift and required to work twelve (12) or more continuous hours will be granted thirty (30) minutes on company time to eat provided they will continue working and thirty (30) minutes for each subsequent four (4) hour period of work.
 - d. Employee working a regular scheduled eight (8) hour shift and required to work eleven (11) or more continuous hours will be granted thirty (30) minutes on company time to eat provided they will continue working and thirty (30) minutes for each subsequent four (4) hour period of work.
 - e. An Employee called in by the Contractor to work outside his/her regular shift to meet special requirements may be paid at the applicable overtime rate for all hours worked, or four (4) hours straight time pay, whichever is greater.
 - f. Call-In Allowance: An Employee who properly reports to work and is sent home because of lack of work shall receive a minimum of four (4) hours pay at his or her regular hourly rate.
 - g. Holdover Allowance: A NENB Employee who is held over at their end of their shift will be paid only for the actual time worked and held over.

2. Exempt

a. The following Exempt Employees are eligible for straight time pay for over 80 hours worked in a bi-weekly period or pay period or 40 hours worked in a Work Week, when overtime work is directed and approved:

- Supervisors of Bargaining Unit Employees
- Supervisors within the Fire Department
- Supervisors within the Utilities Department
- Supervisors within the Security Force Department
- Employees within the Emergency Operations Center/Plant Shift Superintendents Office

All hours worked shall be included for computing Overtime Pay. Jury duty and Holiday time paid will be counted as hours worked in the computation of overtime for the above exempt employees.

b. Extended Work Week - Under extenuating circumstances, where Exempt Employees are required to work greater than 50 hours/week or 100 hours in a bi-weekly pay period on a continuing basis for five weeks or greater to meet critical goals and milestones, the Contractor may pay for additional hours above 45 hours per week or 90 hours in a biweekly pay period at the straight time rate for those additional hours. The request requires the approval of both the affected Contractor’s Division Manager/Director and the Chief Human Resources Officer.

C. Shift Differential (effective January 1, 2015)

1. Shift Differentials will be applied according to the schedule below:

Shift Differentials									
	Pantex					Y-12			
	Evening Shifts, and Daytime Weekend Work as Part of a Regular Work Schedule		Overnight Shifts, Evening Weekend Work as Part of a Regular Work Schedule, and Rotating Shifts			Evening Shifts, and Daytime Weekend Work as Part of a Regular Work Schedule		Overnight Shifts, Evening Weekend Work as Part of a Regular Work Schedule, and Rotating Shifts	
	Exempt	NENB	Exempt	NENB		Exempt	NENB	Exempt	NENB
2015	10%	5%	10%	5%		6%	5%	8%	5%
2016	9%	5%	10%	6%		7%	5%	9%	6%
2017 and Beyond	8%	5%	10%	7%		8%	5%	10%	7%

2. Employees who work shifts subject to a shift differential and who work overtime during their work week will receive Overtime Pay computed on their basic pay plus Shift Differential, if any, in effect during their regularly scheduled shift.

D. Approval of Individual Compensation Actions

1. Approval of Key Personnel Compensation Actions

The compensation actions for all Key Personnel shall be submitted for approval upon replacement and at least thirty (30) days in advance of the proposed effective date, when possible. DOE/NNSA shall exert its best efforts to process the approval determination within the thirty (30) day window, subsequent approval may be made retroactive to the effective date proposed by the Contractor.

2. Approval of Individual Compensation Actions in Excess of Salary Range

The Contractor shall obtain DOE/NNSA approval for any proposed salary amount paid an Employee in excess of the salary range prior to payment.

E. Special Allowances

Special salary allowances may be paid to Employees for certifications and/or qualifications and in specific work environments, and reimbursed in accordance with the Special Allowance Plan approved by the Contracting Officer. The addition, deletion, or modification of any Special Allowance shall be based upon:

- Affordability within the existing budget
- Comparability to the market
- Notification to/Approval of the Contracting Officer prior to implementation

F. Pay in Lieu of Notice

In the event the Contractor allows an Exempt Employee to resign with notice and, as deemed by the Contractor, the services of such Employee cannot be productively utilized during the period of notice or if his/her presence at the work site during the notice period is not desired, the Contractor may pay the Employee at his/her base pay for two (2) weeks in lieu of continuing the Employee's employment for two weeks.

G. Pay to Surviving Spouse or Dependents after the Death of an Active non-bargaining Employee.

In case of the death of an active, non-bargaining Employee, salary payments shall be continued until the end of the month following the month in which death occurs.

H. Part Time Employment

Part-time Employees may be hired at the salary ranges consistent with internal and external market pricing for comparable jobs.

The provisions of this paragraph shall apply to Employees hired as part-time and/or Employees transferring from full-time to part-time status who apply and receive approval for part-time employment status. Part-time status is defined as working between 20 – 39 hours during a work week. All part time Employees will be paid in accordance with hours worked, no matter whether their duties would typically exempt them from FLSA coverage.

1. All part-time Employees are considered nonexempt for overtime purposes consistent with the FLSA.
2. Part-time Employees will be paid straight time for all hours worked up to 40 in a week, no matter how many hours are worked in any one day.
3. Part-time employees are not eligible for paid personal leave.
4. Part-time Employees shall be eligible to participate in the Compensation Increase Program.
5. Part-time Employees are eligible to participate in certain company benefit plans, policies and procedures as described below.

Benefit	20 to 39 hours week;
Jury Duty	Pro-rated
Severance Pay	Pro-rated
Military Leave of Absence	Pro-rated
Bereavement	Pro-rated
PTO	Pro-rated
Holiday Pay	Pro-rated
Group Insurance, Medical, Dental, Vision	Full
Tuition Assistance Program	Full
Savings Plan	Full
Retirement	Full
Rewards & Recognition Program	Full
Short Term Disability	Pro-rated
Long Term Disability	Pro-rated

Pro-rated benefits will be determined annually by calculating a percentage of hours paid versus available hours of work for the previous calendar year. In cases where there is a plant delay and the part-time employee is enroute to/from work, he/she will be paid for that time. If the part-time employee is at work and the plant is subsequently closed, he/she will be paid for the remainder of the scheduled shift. If advance notice is provided, plant closure time will not be paid.

I. Ad Hoc Employees

Ad Hoc Employees may be hired at the salary ranges consistent with internal and external market pricing for comparable jobs. Ad Hoc Employees are utilized on a project-type basis and their work hours are determined on a case-by-case basis by their

management. Ad Hoc Employees are not eligible to participate in any Contractor benefits plans.

4.0 LABOR RELATIONS – COLLECTIVE BARGAINING AGREEMENTS

Costs of wages and fringe benefits to Employees represented by collective bargaining units and all other costs and expenses incurred pursuant to the provisions of collective bargaining agreements and revisions thereto are allowable costs provided the Contractor adheres to requirements provided in Section J Appendix A, *Statement of Work*, Chapter III Section 5.0, Labor Relations.

The terms and conditions set forth in the following collective bargaining agreements between the Contractor and recognized bargaining agents for its Employees assigned to work under this Contract constitute the allowable costs for Bargaining Unit Employees' compensation and benefits for reimbursement by DOE/NNSA. The following collective bargaining agreements are incorporated by reference:

1. The Atomic Trades and Labor Council AFL-CIO and its affiliated unions.
2. International Guards Union of America Local #3 (IGUA - Security Police Officers).
3. International Guards Union of America Local #3 (IGUA – Central Alarm Station and Beta-9 Operators, Central Training Facility Instructors).
4. Knoxville Building and Construction Trades Council.
5. The Metal Trades Council of Amarillo Texas and Vicinity, AFL-CIO.
6. The Pantex Guards Union.
7. United Steel Workers (USW), Local #9-288.
8. West Texas Building Trades.
9. Teamsters Local 519.

Expenses associated with employee representation activities that are not prohibited by Section 302 of the Labor Management Relations Act, 29 U.S.C. § 186, or any other applicable law, are allowable costs.

5.0 BENEFITS

A. Group Insurance and Legally Required Payments

1. Costs incurred in implementing, administering, auditing, and funding comprehensive DOE/NNSA approved group insurance plans are allowable. Administrative costs associated with the effective administration of the plans include such items as publicizing, enrolling, maintaining records, and providing Employees with assistance in understanding and collecting their benefits.
2. Annual renewal of the group insurance policies, certificates and accounts, cost-sharing arrangements, renewal of Group Services Agreements establishing new premium rates and the implementation of changes of minor significance does not require Contracting Officer approval.

3. The employee benefit plans, any third party vendor costs, and other related costs listed below are approved by DOE/NNSA for application to Employees working on this Contract. In addition, eligible retirees of the Contractor are entitled to limited coverage of these benefits.
4. The combined health and welfare plans for the non-bargaining active Employees and retirees may include the following:

Company Sponsored Plans	Contractor Cost
Group Life Insurance	Employer provides one times salary at 100% cost. For Y-12 non-bargaining employees hired prior to January 1, 2012 who were participants in the plan on December 31, 2014, employee purchases one times salary and employer provides one times. Cost is shared equally.
Group Life Insurance Accidental Death and Dismemberment	Employer provides one times salary at 100% cost.
Medical (including prescription drug coverage)	<p>Employer pays applicable percentage of the full cost of the core medical plan as approved by Contracting Officer.</p> <p>Employer provides an additional annual contribution for employees who enroll in the high-deductible medical plan. Employees electing single coverage receive \$250 and those enrolling dependents receive \$500 each year.</p> <p>A one-time early adopter credit was provided to non-bargaining employees who elected the high-deductible medical plan in 2015. Employees who elected single coverage received \$1,000 and those enrolling dependents received \$1,500. The early adopter credit was in addition to the annual contribution amount.</p> <p>CNS non-bargaining active: <u>Pantex</u></p> <ul style="list-style-type: none"> • Employer pays 82% of full cost effective 1/1/14 • Employer pays 81% of full cost effective 1/1/15 • Employer pays 81% of full cost effective 1/1/16 • Employer pays 80% of full cost effective 1/1/17 • Employer pays 79% of full cost effective 1/1/18 • Employer pays 78% of full cost effective 1/1/19 • Employer pays 77% of full cost effective 1/1/20 • Employer pays 76% of full cost effective 1/1/21 • Employer pays 75% of full cost effective 1/1/22 • Employer pays 75% of full cost effective 1/1/23

	<ul style="list-style-type: none">• Employer pays 75% of full cost effective 1/1/24 <p><u>Y-12</u></p> <ul style="list-style-type: none">• Employer pays 78% of full cost effective 7/1/14• Employer pays 77% of full cost effective 1/1/15• Employer pays 77% of full cost effective 1/1/16• Employer pays 77% of full cost effective 1/1/17• Employer pays 77% of full cost effective 1/1/18• Employer pays 77% of full cost effective 1/1/19• Employer pays 76% of full cost effective 1/1/20• Employer pays 76% of full cost effective 1/1/21• Employer pays 75% of full cost effective 1/1/22• Employer pays 75% of full cost effective 1/1/23• Employer pays 75% of full cost effective 1/1/24 <p>CNS – Pre-65 retirees with 10 or more years of service:</p> <p><u>Pantex</u></p> <ul style="list-style-type: none">• Employer pays 78% of full cost effective 1/1/14• Employer pays 77% of full cost effective 1/1/15• Employer pays 77% of full cost effective 1/1/16• Employer pays 77% of full cost effective 1/1/17• Employer pays 76% of full cost effective 1/1/18• Employer pays 75% of full cost effective 1/1/19• Employer pays 74% of full cost effective 1/1/20• Employer pays 73% of full cost effective 1/1/21• Employer pays 72% of full cost effective 1/1/22• Employer pays 71% of full cost effective 1/1/23• Employer pays 70% of full cost effective 1/1/24 <p><u>Y-12</u></p> <ul style="list-style-type: none">• Employer pays 75% of full cost effective 7/1/14• Employer pays 73% of full cost effective 1/1/15• Employer pays 73% of full cost effective 1/1/16• Employer pays 73% of full cost effective 1/1/17• Employer pays 73% of full cost effective 1/1/18• Employer pays 73% of full cost effective 1/1/19• Employer pays 72% of full cost effective 1/1/20• Employer pays 70% of full cost effective 1/1/21• Employer pays 68% of full cost effective 1/1/22• Employer pays 66% of full cost effective 1/1/23• Employer pays 65% of full cost effective 1/1/24
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Vision Plan	CNS non-bargaining active: Employer pays 75% of full cost. CNS pre-65 retirees with 10 or more years of service: Employer pays 75% of full cost.
Health Reimbursement Account (for post-65 retirees at Y-12)	Employer provides annual contribution to retirees who elect medical coverage under the Retiree Healthcare Exchange. Currently, the annual employer contribution is \$1,800 per participant.
Dental Plan	CNS non-bargaining active: Employer pays 75% of full cost for basic coverage and 65% of full cost for the buy-up option CNS pre-65 retirees with 10 or more years of service: Employer pays 75% of full cost for basic coverage and 65% of full cost for buy-up option.
Business and Foreign Travel Insurance	100% paid by employer.
Short-Term Disability	Employer provides income replacement at 100% for the first six weeks of an approved disability; 80% for the second six weeks (weeks 7 – 12) of an approved disability; and 70% for the next fourteen weeks (weeks 13 – 26) or an approved disability up to a maximum of 26 weeks.
Long-Term Disability	Employer provides a benefit equal to 30% of base pay, up to a monthly maximum of \$5,000. Employee may purchase an additional 30% benefit to provide total coverage of 60% of pay, up to an \$8,000 monthly maximum.
Employee Voluntary Plans: Voluntary Employee plans such as Special Accident Insurance Plan, Health and dependent Care Spending Accounts, Spouse/Child Life Insurance, and supplemental Life Insurance, etc. may be offered with the employer paying administrative cost only.	

B. Displaced Workers Medical Benefits Program (DWMBP)

The Contractor may provide Displaced Workers Medical Benefits to displaced workers if provision of such benefit is set forth in a DOE/NNSA approved workforce restructuring plan (see Section J, Appendix A, 6.2).

Benefits under the DWMBP are available to displaced workers who are not eligible for health insurance coverage under another plan, e.g., another employer’s health plan, the Contractor’s retiree medical plan, a spouse’s medical plan or Medicare. The DWMBP benefits are as follows:

1. For the first 12-month period after the Termination date, the Contractor shall continue to pay the employer portion of the medical premium and the separated

Employee will pay a premium equal to the monthly premium paid by active Employees for the type and level of coverage the separated Employee has at the Termination Date.

2. Beginning in the second year after the Termination date (months 13 - 24), the separated Employee will be responsible for one-half of the full Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) rate for this coverage and the Contractor shall pay the remainder.
3. Beginning in the third year and final year of the DWMBP (months 25 – 36), the separated Employee will be responsible for paying the full COBRA. At the end of the third year the Employee’s coverage eligibility ends.

C. Retirement Plans

The Contractor shall administer the following plans:

Qualified – Pantex

- Retirement Plan for Metal Trades Council Bargaining Unit Employees of Consolidated Nuclear Security, LLC at Pantex, Texas
- Retirement Plan for Pantex Guards Union Bargaining Unit Employees of Consolidated Nuclear Security, LLC at Pantex, Texas
- Retirement Plan for Non-Bargaining Unit Employees of Consolidated Nuclear Security, LLC at Pantex, Texas
- Consolidated Nuclear Security, LLC 401k Plan for Bargaining Unit Employees at Pantex, Texas
- Consolidated Nuclear Security, LLC 401k Plan for Non-bargaining Unit Employees at Pantex, Texas

Qualified – Y-12

- Retirement Program Plan for Employees of Consolidated Nuclear Security, LLC at the U.S. Department of Energy Facilities at Oak Ridge, Tennessee
- Savings Plan for Employees of Consolidated Nuclear Security, LLC at the U.S. Department of Energy Facilities at Oak Ridge, Tennessee.

Non-Qualified – Y-12

- Consolidated Nuclear Security, LLC Supplemental Retirement Income Plan

1. General Provisions

Reasonable costs involved in implementing, administering, and funding DOE/NNSA approved pension plans are allowable. Reasonable administrative costs associated with the effective administration of the plans include such items as publicizing, enrolling, maintaining records, and providing Employees with assistance in understanding and collecting their benefits. In addition, only

compensation reimbursed by DOE/NNSA under the Contract is authorized to be considered as pensionable earnings for purposes of the qualified and non-qualified plans.

a. Qualified Defined Contribution Plan

Contractor funds contributed on behalf of participating Employees, who cancel their participation in the plan or whose employment is terminated, which are not vested pursuant to the provisions of the plan, shall be used to offset the Contractor’s contributions obligated to be made on behalf of other participants in the plan or to offset reasonable plan expenses if permitted by the plan. In the event this Contract with the Contractor is terminated, funds not committed to participants pursuant to provisions of the plans in effect at Y-12 and Pantex shall be returned to DOE/NNSA.

b. Nonqualified Plans

The Contractor will be reimbursed for costs for the Supplemental Retirement Income Plan only in accordance with the allowable salary cost parameters established by DOE/NNSA and agreed to by Consolidated Nuclear Security, LLC, in conjunction with applicable regulatory provisions. No later than 60 days before the end of the fiscal year, the Contractor shall report the following data to the Contracting Officer: number of individuals receiving benefits under the nonqualified plan, benefits amount paid to include supporting data to determine the benefit paid; and, any other data as requested by the Contracting Officer.

D. Severance Pay

Severance pay provisions will apply to non-bargaining employees who are involuntarily terminated in a reduction in force.

1. Pay Schedule

Non-bargaining employees laid off due to a reduction in force:

<u>Company Service</u>	<u>Severance pay at basic pay</u>
<u>1 full year or greater</u>	Severance equal to 1 week’s pay for each full year of Company Service up to 26 weeks
<u>Total Maximum Benefits</u>	26 weeks’ pay

2. Disqualification for Severance Benefits

Contractor will not be reimbursed for costs associated with severance provided to the following categories of employees:

- any individual who is employed in a temporary position, as determined by the Contractor;
- any individual who is categorized by the Contractor as a bargaining unit employee;
- any individual who has less than one year of Company Service;
- any individual who occupies one of the Key Positions identified in Section J, Appendix J;
- any individual who is paid as an independent contractor or who is a leased employee; even if it is determined that the individual is a common law employee, the individual will not be eligible to participate unless the individual is paid through the employer's regular payroll and has wages reported by the Contractor on IRS Form W-2;
- any individual who terminates employment due to death;
- any individual who leaves the employment of the Contractor voluntarily, or who initiates the termination of employment, unless the individual voluntarily terminates employment pursuant to an approved voluntary separation program;
- any individual who is terminated for cause which includes, but is not limited to, poor performance, misconduct, or a violation of the Contractor's rules or policies, all as determined by the Contractor;
- any individual who has an outstanding debt owed to the Contractor, unless the individual agrees in writing that the Contractor may withhold the total amount of the outstanding debt from the severance payment;
- any individual whose employment is terminated due to a temporary suspension of work;
- any individual who is employed by or receives an offer of employment with a contractor awarded a contract by the U.S. Department of Energy or the National Nuclear Security Administration for the management and operation of the Y-12 National Security Complex or the Pantex Plant, or any portion thereof;
- any individual who has signed a waiver of benefits, whether or not the waiver was executed before or in connection with his or her termination of employment;
- any individual who declined to sign a waiver claims as required by the Contractor as a condition to receipt of severance pay and
- any individual who is employed by or receives an offer of employment 1) with the Contractor 2) with one of the members of the LLC that comprises the Contractor at another facility, 3) or with a subsidiary, affiliate or parent company of any Contractor member.

Contractor employees who are involuntarily separated and receive severance pay and then become rehired by 1) the Contractor, 2) one of the members of the LLC that comprises the Contractor at another facility or 3) a subsidiary, affiliate or parent company of any Contractor member, will be required to repay a pro rata portion of severance if the individual becomes reemployed before the expiration of the number of weeks corresponding to the severance pay received. For example, if a Contractor employee receives 16 weeks of severance pay, but becomes reemployed 8 weeks

after termination, CNS will seek to recoup from the individual 1/2 of the severance pay provided to him/her.

In the situations described in the preceding paragraph, the Contractor is responsible for remitting to DOE/NNSA the amount associated with severance it is required to attempt to recover from the individual, even if the Contractor is not fully successful in its efforts to recoup the severance pay from the individual. This requirement may be waived by the Contracting Officer.

3. Voluntary Separation Plans:

Section J, Appendix A, Section 6.2.1 permits the use of a Voluntary Separation Program (VSP) to minimize the number of involuntary separations and mitigate the impact on affected employees. Section 6.2.1 also states the Contractor shall submit the VSP for approval by the Contracting Officer prior to implementation regardless of the number of employees involved. Any VSP document submitted to the Contracting Officer for approval must include the requirement that VSP participants will be required to repay a portion of severance pay in the event the VSP participant becomes reemployed by the Contractor or a DOE/NNSA contractor at another facility within one year of terminating employment with the Contractor.

6.0 PAID AND UNPAID TIME OFF

A. Paid Time Off (PTO) (effective January 1, 2015)

- 1. Employees will accrue PTO hours every pay period based on years of service up to a maximum accrual of 200 hours annually. PTO hours can be used for vacation, sick leave and personal time off from work. Employees can bank up to 240 hours in their PTO accounts in addition to their annual accrual amounts.
- 2. Employees will begin accruing their next level of additional PTO on the first day of the pay period in which their company anniversary falls. Company service includes continuous time worked for predecessor DOE/NNSA management and operating contractors at Pantex and Y-12.
- 3. Beginning with the first pay period of January 2015, PTO hours will be accrued based on the following:

Years of Service	Annual PTO Accrual
Less than 5 Years	120 hours
5-10 Years	160 hours
More than 10 Years	200 hours

4. Beginning January 1, 2015 and each January thereafter, all banked PTO hours in excess of 240 at the end of the calendar year will be paid out as soon as administratively possible.
5. An Employee shall be paid for unused PTO at the time of termination.
6. PTO donation policies and programs will continue at both sites.
7. The Contractor may, grant a newly-hired Employee service credit for purposes of PTO accrual when it is deemed necessary in order to attract and hire requisite highly-skilled staff. A maximum of 40 additional hours of annual PTO accrual may be granted, and these cases must be reported to the Contracting Officer on a quarterly basis or as requested.

B. Paid Personal Leave (effective January 1, 2016)

Effective January 1, 2016, non-bargaining employees will receive 40 hours of paid personal leave annually. Employees may use personal leave if they are unable to attend work due to one or more of the following reasons:

- Employee's personal illness or injury
- Medical or dental appointments that cannot be scheduled outside the regular shift
- Serious illnesses within the immediate family which require the employee's presence. (effective October 1, 2017)

Employees must use all paid personal leave within a given calendar year. Any remaining hours will be forfeited at the end of the calendar year and will not be paid out to the employee under any circumstances.

C. Sick Leave Bank (effective January 1, 2015)

If applicable, any hours remaining in the sick leave bank of a non-bargaining Employee as of 12/31/14 will be "frozen" and available for use in the event of the employee's own serious health condition where coverage under the Contractor's short term disability would be available.

D. Parent Company Transfer of Service Credit (effective July, 1, 2014)

1. Recognition for service with a Parent Organization, as that term is defined in NNSA SD 350.1, of the performing entity will transfer to the Contractor for purposes of PTO accrual amount, 401k vesting and eligibility, and short term disability.

Benefit Available	Recognition for Service with Parent Organization NOT UNDER DOE or NNSA M&O or Site Management Control	Recognition for Service with Parent Organization UNDER DOE or NNSA M&O or Site Management Control
Eligibility for and accrual rate for PTO	Yes	Yes
Eligibility for vesting and receipt of benefit for defined contribution Plans	Yes	Yes
Eligibility for short term disability	Yes	Yes

2. Individuals that are deemed eligible for parent service credit recognition will not receive DOE/NNSA reimbursed sign-on bonuses.
3. Recognized service with a Parent Organization cannot be used for eligibility for post-retirement health benefits or for any other purpose other than those in the chart under Section 6.0(D)(1).
4. The Contractor shall report bi-annually, on October 1 and March 1, to the Contracting Officer, the names of individuals receiving service credit recognition and the amount of service recognized. The Contractor shall keep records showing that the company service credit was verified.

E. Holidays (effective January 1, 2015)

Each full-time non-bargaining Employee may, when the work schedule permits, be granted 90 hours or 10 days of paid holiday time annually. The Holiday schedule in effect June 30, 2014 will remain in effect through December 31, 2014.

Beginning January 1, 2015, observed holidays include seven named holidays and three floating holidays but shall not exceed 90 hours or 10 days of holiday pay per Employee.

- New Year’s Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Day after Thanksgiving (companion to Thanksgiving Day—standard day off for Employees on 4 10-hour day schedule)
- Christmas Day

1. The three floating holidays can be used on days of Employee’s choice during the year with prior management approval.

2. Floating holidays must be used by the end of the year given that they do not carry over to the following year.
3. A non-exempt employee required to work on a designated holiday will receive applicable holiday premiums.

F. Jury and Witness Duty (effective January 1, 2015)

Employees who have been called to serve or who ultimately serve on a jury impaneled by a civil authority, or who have been called to testify as witnesses in legal proceedings to which the Employee is not a party under subpoena, will be granted time off with pay. Time off with pay will not exceed the number of hours in their scheduled workday.

G. Bereavement Leave (effective January 1, 2015)

In the event of the death of a member of the Employee's Immediate Family, an active Employee may be granted up to 3 days paid leave based on current regular work schedule. Bereavement leave may be granted where the deceased relative is not a member of the Immediate Family as defined above subject to approval of the Contractor's Chief Human Resources Officer.

H. Voting Time (effective January 1, 2015)

Employees may be excused from work without loss of pay for the minimum time needed, not to exceed (2) hours to vote in a national, state, county or municipal election consistent with state laws.

I. Plant Shut Down

The Contractor's CEO or COO, in conjunction with the NPO Manager, has the responsibility to decide whether a natural or civil emergency condition exists to the extent it prevents Employees from reporting to work, or requires that they leave the work location during scheduled work hours. When normal attendance requirements are waived or modified due to emergency situations, Exempt Employees will receive their normal salary and will not be docked PTO due to the closure. Nonexempt Employees will be paid at their base pay rate not to exceed the number of hours they were scheduled to work during the day(s) of the facility closure.

J. Leaves of Absence

An Employee may be granted a leave of absence without pay, for a period of up to twelve months with an option of extending the leave of absence by the Contractor provided the absence will not interfere with the Contractor's operations or create any conflict of interest. Continuation of benefits and service credit during the leave of absence shall be administered according to the Contractor's policy.

K. Military Leave of Absence

- 1. Training/Active Duty Training/Inactive Duty Training
 - a. Employees, who are members of the National Guard or Reserve Component of any military branch, shall be granted a leave of absence of up to three weeks [fifteen (15) workdays] per calendar year for training, active duty training, or inactive duty training.
 - b. During this absence, non-bargaining Employees shall be paid the difference between their basic pay for the number of hours in their regular work schedule at the time of training and the base Guard or Reserve Component pay received for workdays absent (excluding allowances and travel pay).
- 2. Active Duty/Deployment/Individual Augmentee
 - a. Employees, who are members of the National Guard or Reserve component of any military branch, shall be granted a paid leave of absence of up to two (2) months for active duty, deployment or individual augmentee assignments.
 - b. During this absence, non-bargaining Employees shall be paid the difference between their basic pay for the number of hours in their regular work schedule at the time of deployment and their base Guard or Reserve Component pay received for workdays absent (excluding allowances and travel pay).

L. Decision Making Leave

Time off with pay under the company disciplinary policy is allowable. Certain instances of this leave will be without pay in accordance with the company disciplinary policy.

7.0 TRAINING AND EDUCATION

A. General

- 1. The training and education shall be directly related to the Employee’s current position or to another position to which the Employee may reasonably be moved.
- 2. The Contractor shall establish written procedures outlining a system of approval for all requests for training and education. Such system shall provide an approval structure for in-house and outside training programs and educational assistance. Local colleges and universities will be utilized as primary sources.

B. Training

- 1. Internal Training Programs – Internal training programs may include but are not limited to orientation, job training, supervisory training, and executive development. Such training programs may be conducted during Employee’s workday or after hours. Employees are not paid for afterhours attendance except

for NENB Employees who are required to attend and will be paid overtime, if applicable. Reasonable costs of in-house training including necessary equipment, materials, and instructor personnel are allowable.

2. External Training Programs – Employees may be selected by the Contractor to participate in job related training courses, technical meetings, professional society meetings, seminars, conferences, and other specialized training courses away from the site(s) facilities. Allowable costs for such training courses may include Employee’s regular pay, travel and subsistence expenses, and the cost of tuition, fees, and course materials. Business travel and conference management shall be managed in accordance with the DOE/NNSA conference management requirements.

C. Tuition Assistance Program

1. Employees (and students who have accepted a permanent job offer and signed an employment commitment letter under the Contractor’s pre-hire program and with the Contractor’s Chief Human Resources Officer approval) may be reimbursed one hundred percent (100%) of books, tuition costs including lab and other such fees, and other costs related to their approved coursework. If an Employee is receiving educational assistance specifically for tuition, fees and books from Federal or State assistance; scholarships; grants; or college discounts, such assistance will be deducted in determining Employee’s benefits under the Tuition Assistance Program. Reimbursement of costs shall be subject to the following conditions:
 - a. Courses are taken outside of paid working hours.
 - b. Courses are related to the Employee’s current position or to another position within the Contractor’s organization to which the Employee may reasonably be moved or related to a degree program with a direct relationship to the Employee’s career path with the Contractor.
 - c. An Employee is eligible to enter the Tuition Assistance Program on the first day of employment with the Contractor.
 - d. A student pursuing a degree in a critical skill area may be eligible to enter the Tuition Assistance Program upon acceptance of a permanent job offer and signed employment commitment stating his/her commitment to remain employed by the Contractor for the following specific periods of time.

Degree	Service Length
Certificate, Continuing Education, and Student Pre-Hire	Employee must fulfill an employment commitment of two (2) times the length of the educational period (Example: Certification class lasts three (3) months, employee owes six (6) months employment from the final reimbursement date)
Courses toward Undergraduate Degree	Employee must fulfill an employment commitment of 12 months after final reimbursement date

Courses toward Graduate Degree	Employee must fulfill an employment commitment of 24 months after final reimbursement date
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In the event such Employee does not fulfill the conditions of his/her commitment, the Contractor shall use its best efforts in a cost efficient manner to recover from the Employee the cost of tuition assistance received. In the event the Contractor is unable to fulfill the employment commitment to the student for reasons outside its control, including budgetary deficits, the Contractor agrees to reimburse the student for the tuition assistance that would have otherwise been paid under the Tuition Assistance Program.

- e. Courses may only be taken at or through an accredited institution of higher learning.
- f. Reimbursement of funds shall be provided for tuition, lab fees, other such fees directly related to enrollment in a course, the cost of required textbooks and similar necessary expenses, but does not include transportation, meals, and like ancillary expenses.
- g. The allowance provided for herein shall be paid to an Employee after completion of each semester session or term, provided that the Employee shall have submitted evidence authenticated by the educational institution certifying that a grade of "C" or its equivalent or better was received by such Employee in each course for which reimbursement is sought.
 - i. If an Employee withdraws from a course because of a Contractor directed job or shift transfer, because of involuntary entry into military service, or for some other reason beyond his/her control, the Employee may be reimbursed for that portion of tuition not refunded by the educational institution.
- h. Tuition Assistance is not allowable if any one of the following conditions occur:
 - i. Employee terminates employment prior to completion of the course, either voluntarily or for cause. However, if termination results from a reduction in force, educational assistance costs will be allowable.
 - ii. Employee withdraws from the course for personal reasons.
 - iii. Employee fails to submit evidence that a course was satisfactorily completed

- i. Upon completion of Contractor reimbursed education, including tuition, fees, textbooks, subsistence, salary and other related expenses, the Contractor must require Employees to complete a service requirement as follows:

Degree	Service Length
Certificate, Continuing Education, and Student Pre-Hire	Employee must fulfill an employment commitment of two (2) times the length of the educational period (Example: Certification class lasts three (3) months, employee owes six (6) months employment from the final reimbursement date)
Courses toward Undergraduate Degree	Employee must fulfill an employment commitment of 12 months after final reimbursement date
Courses toward Graduate Degree	Employee must fulfill an employment commitment of 24 months after final reimbursement date

- j. The Contractor shall make reasonable efforts to recoup education and related expenses when an Employee fails to fulfill the service requirements. Reasonable efforts may include sending a demand letter to the individual or pursuing appropriate legal action.

D. Paid Education Leave/Sabbatical Leave

Leave may be granted to an Employee who is obtaining an advanced degree that will further the DOE/NNSA mission. Leave may be approved for a cumulative duration not to exceed 24 months. No more than 4 Employees can be on paid educational leave/sabbatical leave at any one time. The Contractor must require the Employee departing on paid leave to sign a document agreeing to repay salary and benefit costs received during leave if the Employee does not come back to work for the Contractor upon expiration of the period of paid leave. If the Employee leaves company prior to 3 years after returning to active work, the Employee will pay back a prorated portion of the salary continuation and benefit costs based on the time the Employee has been back as an active Employee. No educational assistance, travel or relocation expenses will be paid to these Employees.

8.0 EMPLOYEE PROGRAMS (MODIFIED 0128)

A. Employee Recognition and Memberships

- 1. The costs of employee recognition programs and organizational and individual memberships are allowable based on a budget formula not to exceed ¼ of 1% of base payroll on September 30 of the prior fiscal year. Program costs include the following:
 - a. Company service awards for achieving milestones consistent with the corporate service awards program.

- b. Safety awards and recognition to promote health and safety.
 - c. Awards, recognition, and celebrations for participating in management initiatives, special achievements, retirement, and similar activities to the extent they are reasonable and consistent with industry practice.
 - d. The costs of organization and employee memberships in trade, business, and technical organizations necessary for effective performance of work under the Contract provided they are reasonable and do not constitute payment for, or in support of, partisan and political (lobbying) activity.
 - e. Five hundred (\$500) for each inventor (or each co-inventor) for each invention filed in the U.S. Patent and Trademark Office which benefits the objectives of the Contractor and DOE/NNSA.
 - f. Participation in Contractor sponsored sports teams may include the following types of expenditures: trophies and awards, and individual and league entrance fees. The costs of the program will be allowable not to exceed in any fiscal year an amount derived by multiplying the monthly average number of employees for the preceding year by sixteen dollars (\$16.00).
2. Additionally, the Contractor may establish and maintain programs to promote a strong safety culture through increased focus on safety and health awareness, acknowledgement of safety milestone achievements, and Employee/team safety performance recognition and awards. Examples of existing programs are the Voluntary Protection Program (VPP) at Y-12 and the Safety & Health Awareness and Recognition Program at Pantex. The cost of the program will be allowable not to exceed \$200,000 per fiscal year, provided the costs are reasonable and in accordance with the cost principles.

B. Work Apparel

Expenses for safety/protection on the job; laundry or similar service is allowable for Employees who are required or allowed to wear such special clothing, shoes, and/or protective equipment.

9.0 TRAVEL, RELOCATION, AND SUBSISTENCE (EFFECTIVE JULY 1, 2014)

- A. The Contractor may pay transportation, lodging, meals, and incidental expenses for Employees required to travel in conjunction with the performance of work under this Contract. Travel costs shall be allowable to the extent they are incurred in accordance with the Federal Acquisition Regulation (FAR), Department of Energy Acquisition Regulation (DEAR), Federal Travel Regulation (FTR), and the IRS auto allowance and do not exceed the maximum per diem rates in effect at the time of travel set forth in the FTR, prescribed by the General Services Administration.
- B. The Contractor may deviate from this Appendix in specific instances where it is determined and approved by the Contracting Officer to be economically

advantageous to DOE/NNSA and to the extent such deviations conform to regulations and law.

- C. Relocation expenses, Short Term Assignments (30 days up to one year) and Long Term Assignments (1 year up to 3 years) are applicable to Exempt Employees and shall be incurred in accordance with the provisions, limitations and exclusions of FAR, DEAR and FTR. In consideration of special business requirements, the Contractor's Chief Human Resources Officer, may authorize the temporary assignment or relocation of nonexempt Employees. Under these circumstances, the same provisions apply for nonexempt Employees.

10.0 RECRUITING

- A. The costs of recruitment of personnel including cooperative education programs, summer internship programs, nominal costs for promotional items/gifts for recruitment purposes, employment advertising, services of staffing sourcing vendors, services of employment agencies at rates not in excess of standard commercial rates, participation in corporate recruiting activities, campus recruiting, career fairs, and operation of recruiting stations are allowable.
- B. Applicants who are requested by the Contractor to report for a pre-employment interview shall be allowed transportation expenses. Reasonable actual costs of lodging not to exceed per diem and meals and incidental expenses (M&IE) shall be allowed.
- C. Reasonable actual costs of housing for personnel in summer internship and/or co-op programs will be allowed up to \$70 per week per intern in accordance with the Contractors Student Programs Policy. Two meals shall also be provided through the internship program (1) welcome and introduction to mentors meal and (2) end of assignment appreciation with mentor's meal. Both meals are catered on site and the costs will be reasonable in nature.

11.0 SPECIAL EMPLOYEE ACTIVITIES

- A. Educational and Community Outreach

The Contractor may authorize Employees to participate in educational and community outreach. The salaries, wages, and fringe benefits of Employees while engaged in such approved activities will be treated as allowable costs. Educational and community outreach does not include activities conducted by elected and officially appointed officials that take place during an Employee's regularly scheduled work day. Hours associated with educational and community outreach outside of the Employee's normal work schedule shall not be compensated by the Contractor. The total amount of time associated with educational and community outreach activities shall not exceed 3,000 hours per year in the aggregate for both Pantex and Y-12. The Contractor shall submit a report annually, no later than November 1, to the Contracting Officer on the types of usage and number of hours

authorized. Some examples of permissible educational and community outreach include, but are not limited to:

- Promotion of Science, Technology, Engineering, and Mathematics in the educational setting (elementary school through higher education institutions)
- Tutoring in local community schools sanctioned by the Contractor
- Science Bowl and Science Fairs

B. Personnel Support Activities and Employee Publications

1. Cost of activities incidental to promotion of morale, welfare, health and safety such as employee publications, health and first aid clinics, and net cost of in-plant food services, Employees' time to promote Employee participation in blood drives, United Way Campaigns, and other activities sanctioned by the Contractor.
2. The Contractor may furnish certain services for an employee-sponsored credit union. The Contractor is authorized to provide office space, utilities, janitorial services, office furniture and equipment, if reasonably available. Employees, as officers and committee members of the employee-sponsored credit union, may be allowed a reasonable amount of on-the-job time to conduct credit union business.

C. Personnel Temporarily Assigned to Contractor Work

1. The cost associated with the Corporation's employees not employed under the Contract, borrowed for incidental work under this Contract, is reimbursable subject to the terms and conditions of the Contract. Reimbursement for the time such employees work under this Contract will be allowable in accordance with the employee's regular work location's government-approved operating disclosed costing practices. Time worked under this Contract for such borrowed employees will include the time spent by the employee's in route to and returning from the worksite on the first and last day of such work. Travel costs of such borrowed personnel will be allowed in accordance with Section 9.0 of this Appendix. Upon request of the Contracting Officer, a report of corporate assignments to the Contractor's work sites will be provided.

2. Personnel Temporarily Assigned From Contractor Work

The Contractor may loan, at no cost to the current contractor, individuals working under this Contract to other Corporation operations, as long as it does not interfere with performance of Contract work. Each loan arrangement will be reviewed to assure no conflict of interest and will be approved by the Contractor's cognizant Contracts Director or his/her designee. A cumulative report showing all employees loaned, along with the total days loaned, and services provided, will be submitted to NNSA annually no later than November 1.