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|--|---|--|--|----------------------|
| AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT | | | 1. CONTRACT ID CODE | PAGE 1 OF 5 PAGES |
| 2. AMENDMENT/MODIFICATION NO. 0032 | 3. EFFECTIVE DATE See Block 16.c. | 4. REQUISITION/PURCHASE REQ. NO. | 5. PROJECT NO. (If applicable) | |
| 6. ISSUED BY U.S. Department of Energy National Nuclear Security Administration Sandia Field Office P.O. Box 5400, MS 0184 Albuquerque, NM 87185-5400 | | 7. ADMINISTERED BY (If other than Item 6) CODE | | |
| 8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, state, ZIP Code) National Technology & Engineering Solutions of Sandia, LLC Attn: John Murray 23500 W 105th Street MD300 Olathe, KS 66061 | | | 9A. AMENDMENT OF SOLICITATION NO. | |
| | | | 9B. DATED (SEE ITEM 11) | |
| | | | 10A. MODIFICATION OF CONTRACT/ORDER NO. DE-NA0003525 | |
| | | | 10B. DATED (SEE ITEM 13) 12/16/2016 | |
| CODE | FACILITY CODE | | | |

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 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 telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT 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 telegram or letter, provided each telegram or letter 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)

**13. THIS ITEM APPLIES ONLY TO MODIFICATIONS 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 date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b). |
| X | C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: DOE Organization Act, 42 USC §7101 et seq.; NNSA Act, 50 USC § 2401 et seq.; and DEAR 970.5204-2 Laws, Regulations and DOE Directives (Dec 2000) (Deviation) |
| | D. OTHER (Specify type of modification and authority): |

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.)

The purpose of this modification is to modify: Section B; Section H; Section I; Section J, Table of Contents; Section J, Appendix A - C; and to correct errors from modification 0026 as described in the pages that follow.

| | | | |
|---|-----------------------------------|--|---------------------------------------|
| 15A. NAME AND TITLE OF SIGNER (Type or print) James Eanes, Senior Manager, Prime Contract National Technology & Engineering Solutions of Sandia | | 16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print), , Lindsey VanNess, Contracting Officer Sandia Field Office, NNSA | |
| 15B. CONTRACTOR/OFFEROR | 15C. DATE SIGNED 2/6/18 | 16B. UNITED STATES OF AMERICA BY [Redacted Signature] | 16C. DATE SIGNED 02/08/2018 |
| <i>(Signature of person authorized to sign)</i> | | <i>(Signature of Contracting Officer)</i> | |

The purpose of this modification is to modify the contract as outlined below:

- 1- Replace Section H, clause H-22 MANAGEMENT AND OPERATING CONTRACTOR (M&O) SUBCONTRACT REPORTING (SEP 2015), with the following in accordance with Policy Flash 2018-08.

H-22 MANAGEMENT AND OPERATING CONTRACTOR SUBCONTRACT REPORTING (NOV 2017)

(a) *Definitions.* As used in this clause—

“First-tier subcontract” means a subcontract awarded directly by the Contractor for the purpose of acquiring supplies or services (including construction) for performance of a prime contract. It does not include the Contractor’s supplier agreements with vendors, such as long-term arrangements for materials or supplies that would benefit multiple contracts and/or the costs of which are normally applied to a Contractor’s general and administrative expenses or indirect costs.

“Management and Operating Contractor Subcontract Reporting Capability (MOSRC)” means a DOE system and associated processes to collect key information about Management and Operating Contractor first-tier subcontracts for reporting to the Small Business Administration.

“Transaction” means any contract, order, other agreement or modification thereof (other than one involving an employer-employee relationship) entered into by the Contractor acquiring supplies or services (including construction) required solely for performance of the prime contract.

(b) *Reporting.* The Contractor shall collect and report data via MOSRC necessary for DOE to meet its agency reporting requirements, as determined by the Small Business Administration, in accordance with the most recent reporting instructions at <https://energy.gov/management/downloads/mosrc-reporting-instructions>. The Contractor shall report first-tier subcontract data in MOSRC. Classified subcontracts shall not be reported. Subcontracts with Controlled Unclassified Information marking shall not be reported if restricted by its category. Contact your Contracting Officer if uncertain of information reporting requirements. The MOSRC reporting requirement does not replace any other reporting requirements (e.g. the Electronic Subcontracting Reporting System or the FFATA Subcontracting Reporting System).

- 2- Remove I-6 FAR 52.223-3 HAZARDOUS MATERIAL IDENTIFICATION AND MATERIAL SAFETY DATA (JAN 1997), ALTERNATE I (JUL 1995), in its entirety, from Section I, Subsection C. FAR AND DEAR CLAUSES INCORPORATED IN FULL TEXT, clause I-6. Replace the title and clause with “[Reserved]”.

- 3- Remove clause I-7 FAR 52.223-7 NOTICE OF RADIOACTIVE MATERIALS (JAN 1997), in its entirety, from Section I, Subsection C. FAR AND DEAR CLAUSES INCORPORATED IN FULL TEXT, clause I-7. Replace the title and clause with “[Reserved]”.
- 4- Correct the date for DEAR 970.5227-5 *Notice and Assistance Regarding Patent and Copyright Infringement* in Section I, paragraph B. *DEAR Clauses Incorporated by Reference* from Dec 2000 to Aug 2002 in accordance with 67 FR 48570, July 25, 2002.

From:

| | | |
|------------|---|----------|
| 970.5227-5 | Notice and Assistance Regarding Patent and Copyright Infringement | Dec 2000 |
|------------|---|----------|

To:

| | | |
|------------|---|---------------------------|
| 970.5227-5 | Notice and Assistance Regarding Patent and Copyright Infringement | Aug 2002 (67 FR 48570) |
|------------|---|---------------------------|

- 5- Correct the reference in Section I, clause I-21 DEAR 970.5215-3 *Conditional Payment of Fee, Profit, and Other Incentives – Facility Management Contracts (Aug 2009) Alternate II (AUG 2009) (NNSA Class Deviation Oct 2011) (NNSA Class Deviation May 2016)* paragraph (c)(3)(i) from “DOE O 231.2” to “DOE O 232.2”.
- 6- Replace Section J, Appendix A, Chapter II, Section 2.8.4, in its entirety as outlined below to allow the signatory of Environmental Permits and Applications to be delegated so long as the applicable regulation or permit specifically allows certification by a different signatory.

From:

When providing NNSA with documents that are to be signed or co-signed by NNSA, the Contractor shall accompany such document with a certification statement, signed by a Contractor Key Person for the subject matter, attesting to NNSA that the document has been prepared in accordance with all applicable requirements and the information is, to the best of its knowledge and belief, true, accurate, and complete.

To:

When providing NNSA with documents that are to be signed or co-signed by NNSA, the Contractor shall accompany such document with a certification statement, signed by a Contractor Key Person for the subject matter, unless the applicable regulation or permit specifically allows certification by a different signatory, attesting to NNSA that the document has been prepared in accordance with all applicable requirements and the information is, to the best of its knowledge and belief, true, accurate, and complete.

- 7- Replace Section J, Appendix A, Chapter III, Section 5.2.3., in its entirety to recognize the glide path of the variable pay program from 4.0% to 2.5%.

From:

The dollar amount authorized to fund the variable pay program shall not exceed 2.5% of exempt base pay as of December 31st of the previous year.

To:

Effective no later than calendar year 2020, and in accordance with the Contracting Officer approved Glide Path, funding for the variable pay program shall not exceed 2.5% to total non-bargaining base payroll as of December 31st of the previous year to recognize the prior year performance.

- 8- Replace Section J, Appendix A, Chapter III, Section 6.0, paragraph 6.1.6.3 through 6.1.6.5, in entirety, to comply with Policy Flash 2018-04, Acquisition Letter (AL) 2018-02 *Employee Benefits Cost Study*

6.1.6.3 An Employee Benefits Cost Study Comparison (Cost Study) for non-bargaining and bargaining unit employees, must be completed annually for each benefit tier that 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.

6.1.6.4 When the benefit costs as a percent of payroll exceeds the comparator group by more than five percent, when and if required by the Contracting Officer, 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 Contracting Officer.

6.1.6.5 Within two years, or longer period as agreed to between the Contractor and the Contracting Officer's acceptance of the Contractor's Corrective Action Plan, the Contractor shall align employee benefit programs with the benefit value and the cost as percent of payroll in accordance with its Corrective Action Plan.

- 9- Remove "Appendix L, *Community Commitment Plan* from the Table of Contents for Section J – *List of Appendices* as indicated in Modification 0026.
- 10- Replace Appendix B, *List of Applicable Directive and NNSA Policy Letters*, in its entirety with Attachment 1.
- 11- Replace Section J, Appendix C, *Personnel Appendix*, in its entirety with Attachment 2.

12- The following are corrections to Modification 0026 to correct the references in items 8, 9, and 10 from that modification.

Item 3 – Change the reference from “G-3, Responsible Corporate Official” to “G-3, Contractor Contact”

Item 8 – Change the reference from “paragraph 3” to “paragraph 4”

Item 9 – Change the reference from “paragraph 3” to “paragraph 4”, and “item 6” to “item 8”

Item 10 – Change the reference from “Chapter I” to “Chapter II”

- - - End of contract modification - - -

Part III - Section J
APPENDIX B
List of Applicable Directives and NNSA Policy Letters

In addition to the list of applicable directives referenced below, the contractor shall also comply with supplementary directives (e.g., manuals), which are invoked by a Contractor Requirements Document (CRD) attached to a directive referenced below. The Contractor shall comply with the Operating Requirements identified in Appendix B.

| Number | Date | Title | Mod # |
|-----------------------------|-------------|---|--------------|
| APPH Chapter X Revision 10 | 9/08/98 | Accounting Practices & Procedures Handbook (APPH) Chapter X – Product Cost Accounting | Award |
| DOE O 130.1 | 9/29/95 | Budget Formulations | Award |
| DOE M 140.1-1B | 3/30/01 | Interface with the Defense Nuclear Facilities Safety Board | Award |
| DOE O 142.2A, Admin Chg. 1 | 6/27/13 | Voluntary Offer Safeguards Agreement and Additional Protocol with the International Atomic Energy Agency | Award |
| DOE M 142.2-1, Admin Chg. 1 | 6/27/13 | Manual for the Implementation of the Voluntary Offer Safeguards Agreement and Additional Protocol with the International Atomic Energy Agency | Award |
| DOE O 142.3A, Chg 1 | 1/18/17 | Unclassified Foreign Visits and Assignments Program | M0018 |
| DOE O 144.1 Admin Chg. 1 | 11/6/09 | Department of Energy American Indian Tribal Government Interactions and Policy | Award |
| DOE O 150.1A | 3/31/14 | Continuity Programs | Award |
| DOE O 151.1D | 8/11/16 | Comprehensive Emergency Management System ¹ | Award |
| DOE O 153.1 | 6/27/07 | Departmental Radiological Emergency Response Assets | Award |
| DOE O 200.1A | 12/23/08 | Information Technology Management | Award |
| DOE O 205.1B, Admin Chg. 3 | 4/29/14 | Department of Energy Cyber Security Program ² | Award |
| NA SD 205.1 | 7/6/17 | Baseline Cybersecurity Program ³ | M0032 |
| DOE M 205.1-3, Admin Chg. 1 | 12/20/12 | Telecommunications Security Manual ⁴ | Award |
| DOE O 206.1 | 1/16/09 | Department of Energy Privacy Program | Award |
| DOE O 206.2 | 2/19/13 | Identity, Credential, and Access Management (ICAM) | Award |
| DOE O 210.2A | 4/08/11 | DOE Corporate Operating Experience Program | Award |
| DOE O 221.1B | 9/27/16 | Reporting Fraud, Waste, and Abuse to the Office of Inspector General | Award |
| DOE O 221.2A | 2/25/08 | Cooperation With the Office of Inspector General | Award |
| DOE O 225.1B | 3/04/11 | Accident Investigations | Award |

¹ Full implementation will be achieved by July 24, 2020, in accordance with the approved implementation plan.

² SNL will evaluate NNSA RMIP releases to ensure the requirements of CNSSP-300 are adequately implemented.

³ Full implementation will be achieved in accordance with the approved implementation dated 12/7/2017.

⁴ Refer to memorandum from NNSA/HQ/NA-IM-10, Subject: *Cable-confined Testing and Transmitter Review Forms (TRF)*, dated 4/25/12, for clarification to TRF completion Requirements.

| Number | Date | Title | Mod # |
|----------------------------|-------------|---|--------------|
| DOE O 226.1B | 4/25/11 | Implementation of Department of Energy Oversight Policy | Award |
| NNSA SD 226.1B | 8/12/16 | NNSA Site Governance | M008 |
| DOE O 227.1A | 12/21/15 | Independent Oversight Program | Award |
| DOE O 231.1B, Admin Chg. 1 | 11/28/12 | Environment, Safety and Health Reporting | Award |
| DOE O 232.2A | 3/12/14 | Occurrence Reporting and Processing of Operations Information | M0026 |
| DOE O 241.1B Chg. 1 | 4/26/16 | Scientific and Technical Information Management | Award |
| DOE O 243.1B, Admin Chg. 1 | 7/8/13 | Records Management Program | Award |
| DOE O 252.1A, Admin Chg. 1 | 3/12/13 | Technical Standards Program | Award |
| DOE O 313.1 | 11/19/09 | Management and Funding of the Department's Overseas Presence | Award |
| NA SD O 350.1 | 2/5/09 | Management and Operating Contractor Service Credit Recognition | Award |
| DOE O 410.2, Admin Chg. 1 | 4/10/14 | Management of Nuclear Materials | Award |
| DOE O 411.2 | 1/4/17 | Scientific Integrity | M0018 |
| DOE O 412.1A, Admin Chg. 1 | 5/21/14 | Work Authorization System | Award |
| DOE O 413.1B | 10/28/08 | Internal Control Program | Award |
| DOE O 413.2C | 10/22/15 | Laboratory Directed Research and Development | Award |
| DOE O 413.3B, Chg. 4 | 10/13/17 | Program and Project Management for the Acquisition of Capital Assets ⁵ | M0032 |
| DOE O 414.1D, Admin Chg.1 | 5/8/13 | Quality Assurance | Award |
| DOE O 415.1, Chg. 2 | 1/13/17 | Information Technology Project Management | M0018 |
| NA SD 415.1 | 9/3/14 | Project Oversight for Information Technology | Award |
| DOE O 420.1C, Chg. 1 | 2/27/15 | Facility Safety | Award |
| DOE O 420.2C | 7/21/11 | Safety of Accelerator Facilities | Award |
| DOE O 422.1, Admin Chg. 2 | 12/3/14 | Conduct of Operations | Award |
| DOE O 425.1D, Admin Chg. 1 | 4/2/13 | Verification of Readiness to Start up or Restart Nuclear Facilities | Award |
| DOE O 426.2 Admin Chg. 1 | 7/29/13 | Personnel Selection, Training, Qualification, and Certification Requirements for DOE Nuclear Facilities | Award |
| NNSA SD 430.1 | 1/18/17 | Real Property Asset Management | M0018 |
| DOE O 433.1B, Admin Chg. 1 | 3/12/13 | Maintenance Management Program for DOE Nuclear Facilities | Award |

⁵ The annual Value Engineering accomplishment progress report required by paragraph c.9 of the CRD shall be submitted to OECM through the SFO.

| Number | Date | Title | Mod # |
|-----------------------------|-------------|--|--------------|
| DOE N 435.1 | 8/9/11 | Contact-Handled and Remote-Handled Transuranic Waste Packaging | Award |
| DOE O 435.1, Chg. 1 | 8/28/01 | Radioactive Waste Management | Award |
| DOE O 436.1 | 5/2/11 | Departmental Sustainability | Award |
| DOE O 440.2C, Admin Chg. 1 | 6/22/11 | Aviation Management and Safety | Award |
| DOE M 441.1-1 Admin Chg. 1 | 2/24/16 | Nuclear Material Packaging ⁶ | Award |
| DOE O 442.2, Chg 1 (Pg Chg) | 10/5/16 | Differing Professional Opinions for Technical Issues Involving Environment, Safety, and Health | Award |
| DOE N 443.1 | 1/21/16 | Protection of Human Research Subjects in Classified Research | Award |
| DOE O 443.1B, Chg 1 | 4/21/16 | Protection of Human Research Subjects | Award |
| DOE O 452.1E | 1/26/15 | Nuclear Explosive and Weapon Surety Program ⁷ | Award |
| DOE O 452.2E | 1/26/15 | Nuclear Explosive Safety | Award |
| NA SD 452.2A | 10/20/17 | Nuclear Explosive Safety Evaluation Process | M0032 |
| DOE O 452.3 | 6/8/05 | Management of the Department of Energy Nuclear Weapons Complex | Award |
| NNSA SD 452.3-1A | 2/25/16 | Defense Programs Business Process System ⁸ | Award |
| NNSA SD 452.3-2 | 1/19/17 | Phase 6.X Process | M0018 |
| DOE O 452.4C | 8/28/15 | Security and Use Control of Nuclear Explosives and Nuclear Weapons ⁹ | Award |
| DOE O 452.6A | 4/14/09 | Nuclear Weapon Surety Interface with the Department of Defense | Award |
| DOE O 452.7 | 5/14/10 | Protection of Use Control Vulnerabilities and Designs | Award |
| DOE O 452.8 | 7/21/11 | Control of Nuclear Weapons Data | Award |
| DOE O 456.1A | 7/15/16 | The Safe Handling of Unbound Engineered Nanoparticles | Award |
| DOE O 457.1A | 8/26/13 | Nuclear Counterterrorism | Award |
| DOE O 458.1, Admin Chg. 3 | 1/15/13 | Radiation Protection of the Public and the Environment | Award |
| DOE O 460.1D | 12/20/16 | Hazardous Materials Packaging and Transportation Safety | M0018 |
| DOE O 460.2A | 12/22/04 | Departmental Materials Transportation & Packaging Management | Award |
| DOE M 460.2-1A | 6/04/08 | Radioactive Material Transportation Practices Manual | Award |
| DOE O 461.1C | 7/20/16 | Packaging and Transportation for Offsite Shipment of Materials of National Security Interest | Award |

⁶ Material acquired subject to DOE M 441.1-1 must have an approved container for storage, or must have a NNSA-approved plan to develop a container to comply with the requirements, when it comes on site.

⁷ Clarification to CRD, Item 7c: Concepts for features are to be developed for consideration.

⁸ Changes will be processed as described in Section H, clause H-14(c). CRD Item 6 is achieved through the M&O Contractor Working Group.

⁹ Full implementation will be achieved in accordance with the implementation plan for NAP-24A dated 08/25/16.

| Number | Date | Title | Mod # |
|----------------------------|-------------|---|--------------|
| DOE O 461.2 | 11/1/10 | Onsite Packaging and Transfer of Materials of National Security Interest | Award |
| DOE O 462.1, Admin Chg. 1 | 7/10/13 | Import and Export of Category 1 and 2 Radioactive Sources and Aggregated Quantities | Award |
| DOE O 470.3B | 8/12/08 | Graded Security Protection (GSP) Policy | Award |
| DOE O 470.4B, Admin Chg. 2 | 1/17/17 | Safeguards and Security Program ¹⁰ | M0018 |
| DOE O 470.6, Chg 1 | 1/11/17 | Technical Security Program ¹¹ | M0032 |
| DOE M 470.4-4A | 10/12/10 | Information Security Manual ¹² | Award |
| DOE O 471.1B | 3/1/10 | Identification and Protection of Unclassified Controlled Nuclear Information | Award |
| DOE O 471.3, Admin Chg. 1 | 1/13/11 | Identifying and Protecting Official Use Only Information | Award |
| DOE M 471.3-1, Admin Chg.1 | 1/13/11 | Manual for Identifying and Protecting Official Use Only Information | Award |
| DOE O 471.5 | 3/29/11 | Special Access Program | Award |
| DOE O 471.6, Admin Chg 2 | 5/15/15 | Information Security ¹³ | Award |
| DOE O 472.2, Chg. 1 | 7/9/14 | Personnel Security | Award |
| DOE O 473.3A | 3/23/16 | Protection Program Operations ¹⁴ | Award |
| NNSA SD 473.3 | 9/10/14 | Enterprise Mission Essential Task List-Based Protective Force Training Program | M008 |
| DOE O 474.2, Admin Chg. 4 | 9/13/16 | Nuclear Material Control and Accountability | Award |
| DOE O 475.1 | 12/10/04 | Counterintelligence Program | Award |
| DOE O 475.2B | 10/3/14 | Identifying Classified Information ¹⁵ | Award |
| DOE O 483.1B | 12/20/16 | DOE Cooperative Research and Development Agreements | M0018 |
| DOE O 484.1 Admin Chg. 2 | 6/30/14 | Reimbursable Work for the Department of Homeland Security | Award |
| DOE O 522.1 | 11/3/04 | Pricing of Departmental Materials and Services | Award |
| DOE O 534.1B | 1/6/03 | Accounting | Award |
| DOE O 551.1D, Chg. 2 | 8/9/16 | Official Foreign Travel | Award |
| DOE O 5480.30, Chg. 1 | 3/14/01 | Nuclear Reactor Safety Design Criteria | Award |

¹⁰ Full implementation will be achieved in accordance with an approved implementation plan. DD254 or DOE F 470.1 shall be provided to SFO for new classified SPP activity. Notification to update the form shall also be provided through the lifecycle of the activity.

¹¹ Full implementation will be achieved in accordance with an approved implementation plan.

¹² DOE O 471.6, Admin Chg. 1, dated 06/20/2011, replaced DOE M 470.4-4A, except Section D and the classified Technical Surveillance Countermeasures Annex.

¹³ Implementation of the “marking of documents in electronic environment requirements” listed in the CRD will be achieved in accordance with an approved implementation plan.

¹⁴ Full implementation will be achieved in accordance with the approved implementation plan dated 10/3/16.

¹⁵ Full implementation will be achieved in accordance with the February 4, 2015 JORRB. SNL will implement classified email markings by 09/30/2016.

| Number | Date | Title | Mod # |
|--|-------------|---|--------------|
| DOE O 5639.8A | 7/23/93 | Security of Foreign Intelligence Information and Sensitive Compartmented Information Facilities | Award |
| NAP 23, Admin Chg. 1 | 2/9/15 | Atomic Energy Act Control of Import and Export Activities | Award |
| NAP 24A | 11/24/15 | Weapon Quality Policy ¹⁶ | Award |
| NAP 31 | 11/22/16 | NNSA M&O Off-Site Extended Duty Assignments | M008 |
| QP 100-1 | 3/1/13 | Quality Requirements to UK and US Procurement Contracts and Loan Authorizations for Research, Design, and Development | Award |
| NA SD 56XB, Rev. 2 | 5/10/04 | Nuclear Weapon Development and Production ¹⁷ | M008 |
| Nevada Field Office (NSO) Order 410.X1 | 10/9/13 | Nevada National Security Site and North Las Vegas Facilities General Use and Operations Requirements | M0018 |
| NFO O 412.X1 | 6/27/16 | Real Estate Operations Permit | M0018 |
| NFO O 421.X1, Revision 1 | 4/18/17 | Nuclear Facility Safety Management | M0018 |
| NSO M 450.X2-1 | 5/30/07 | Underground Nuclear Testing, Test Readiness, and Threshold Test Ban Treaty, Verification | M0018 |
| NSO O 450.X5B | 9/20/12 | Subcritical Experiments | M0018 |

¹⁶ Full implementation will be achieved in accordance with the approved IP dated 8/25/16. Attachment 3, Section 3.3, dated 11/24/15, is replaced with Attachment 3, Section 3.3, dated 6/22/17. The term “prevented” in Attachment 2 Section 3.6.e, 3.6.3a, and Attachment 4 Section 1.0 is commensurate with DOE O 452.1E, Section 4.b.1.

¹⁷ Changes will be processed as described in Section H, clause H-14(c).

Part III - Section J

APPENDIX C

PERSONNEL APPENDIX

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1.0 Introduction

This appendix sets forth certain Contractor Human Resources Management policies and related expenses that have cost implications under this Contract and are not covered explicitly in the Federal Acquisition Regulations (FAR) or Department of Energy Acquisition Regulations (DEAR) cost principles. This appendix identifies those costs deemed eligible for reimbursement when incurred in keeping with FAR 31.201-2. The terms and conditions of this Contract, FAR Part 31, DEAR 931, and DEAR 970.30 may not cover every element of “personnel costs” but, failure to include any item of cost does not imply that it is allowable. The Contractor shall seek Contracting Officer approval prior to incurring costs not specifically identified as allowable in the 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.

Approval of personnel policies under contract DE-AC04-94AL85000 does not transfer to this Contract. Policies applicable under the Contract must be brought into compliance with the SOW and this Personnel Appendix. All of the Contractor’s personnel policies shall comply with the terms and conditions of this Contract including but not limited to FAR Part 31, Contract Cost Principles and Procedures. If there is a conflict between the Contractor’s policies and the terms of this Contract, the Contract will govern. Nothing in this Personnel Appendix makes costs allowable or reasonable that would otherwise be unallowable or unreasonable.

The Contractor will obtain prior Contracting Officer approval of changes to its existing policies in those areas identified 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 will 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 establish effective management review procedures and internal controls to ensure that requirements set forth herein are met. For areas that require prior approval of the Contracting Officer, the Contractor will submit required documents and seek Contracting Officer approval, prior to incurrence of costs. The Contractor will follow the principles below in meeting the requirements of DEAR 970.5203-1, Management Controls.

Human Resource Programs:

- (1) Are market based as evidenced by comparisons with applicable industry comparators;
- (2) Fulfill the requirements of the DOE/NNSA mission, meet strategic direction of DOE/NNSA, and are in the best interests of the Government;
- (3) Are adopted to support the business needs of the Contractor and/or local conditions above;

- (4) Apply to all employees of the Contractor engaged in the work under this Contract, to the extent practicable, irrespective of the place of performance of work, and are consistent with collective bargaining agreements, as applicable;
- (5) Are documented in policies and/or in Summary Plan Descriptions and are available to DOE/NNSA;
- (6) Are in compliance with rules and regulations incorporated into this Contract and applicable laws; and
- (7) Are affordable within the constraints of the resources available to the Contractor.

Either party may request revisions to this Appendix and both parties agree to give consideration in good faith to any such request. When revisions to this Appendix are made, a contract modification will 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 Compensation

(i) General

Section 3.0, Compensation, does not apply to bargaining unit employees. Section 4.0 sets forth allowable costs associated with bargaining unit employees.

(ii) Overtime

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 shall submit to the Contracting Officer overtime utilization reports no later than 30 days after the end of the fiscal year for the fiscal year that just ended. If the report indicates that overtime comprised 2.5% (See Section I, clause FAR 52.222-2 *Payment of Overtime Premiums*) or more of the overall payroll, the Contracting Officer may request that the Contractor submit a plan to lower the overall overtime usage rate.

(iii) Extended Workweek and Flextime

When deemed essential to the performance of work under this Contract and there is no ability to provide other forms of relief, extended workweek or flextime options may be available for exempt employees in accordance with the Contracting Officer approved plan.

(iv) Call-In Emergency

Non-represented employees who are called during off time to report for a work assignment outside their standard work schedule (called-in emergency) may be paid a

minimum of four (4) hours pay for time worked (at straight time rate or overtime rate as the circumstance may require at the time of the called-in emergency), no matter whether the employee worked less than 4 hours.

(v) Special Allowances

Special salary allowances may be paid to employees in specific work environments, and reimbursed in accordance with the approved Special Allowance Plan as outlined below:

| |
|---|
| Sensitive Compartmented Information Facility (SCIF) Differential |
| Classified Administrative Specialist (CAS) Differential |
| Supplemental Allowance for Incident Commanders |
| Uniformed Security Supervisors Salary Differential |
| Joint Technical Operations Team Watch List (JTOT) Allowance or SNL Nuclear Incident Response (NIR) Group Watch List |
| On-Call Pay |
| Shift Differential |
| Working Condition Differential (Z-Machine) |
| Salary Allowance for Hardships (Domestic)* |
| Incentive Allowance (Domestic)* |
| Extended Travel Allowance* |
| Nuclear Reactor Engineer and Operators Allowance* |

* Allowance will not be allowable after August 1, 2018.

(vi) Approval of Individual Compensation Actions in Excess of Salary Range

The Contractor shall obtain Contracting Officer approval for any proposed salary amount paid an employee in excess of the Contractor-established salary range 30 days prior to payment.

(vii) Severance Pay

Severance schedule to be included here upon approval by Contracting Officer as required in Section J Appendix A, *Statement of Work*, Chapter III Section 4.0, Compensation, Section 5.2.6.

(viii) Service Credit

Service Credit for cost reimbursement for employee benefits to include post-retirement benefit (PRB) eligibility will be determined in accordance with NNSA Supplemental Directive NA SD O 350.1, *M&O Contractor Service Credit Recognition*, or its successor.

(ix) Pay in Lieu Of Notice

In the event an Exempt Employee of the Contractor resigns and the Contractor determines the continued services of such Employee may create an immediate safety or security concern 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.

(x) Retention Incentive and Sign-On Bonus Plans

- (1) The Contractor may implement a retention incentive plan to retain employees with critical skills, and/or high demand skills needed to meet near-term mission priorities in accordance with the Contracting Officer approved plan.
- (2) The Contractor may implement a sign-on bonus plan to attract critical skill, high demand talent, in accordance with the Contracting Officer approved plan.
- (3) Subject to the availability of funds, the cumulative budget for these plans shall not exceed \$2.7M in any calendar year. No later than April 1st of each year, the Contractor shall provide a report that includes, but is not limited to: each incentive accepted by employee number; offer to acceptance ratio; duration of the retention period; critical skill or hard-to-recruit talent being addressed; exceptions to policy; retention of employees in these programs; plans to realign the program(s) as mission priorities evolve; and overall program effectiveness.

3.0 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 Appendix A, *Statement of Work*, Section 7.0, *Labor Relations* for the following Collective Bargaining Agreements:

- Collective Bargaining Agreement with the Metal Trades Council, AFL- CIO.
- Collective Bargaining Agreement with the Office & Professional Employees International Union Local 251 AFL-CIO.
- Collective Bargaining Agreement with the Security Police Association (SPA).

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 or regulation, are allowable costs.

4.0 Group Insurance and Legally Required Payments

- (i) General Provisions

- (1) Costs incurred in implementing, administering, 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.
- (ii) The costs related to the following types of benefit plans are allowable:
- (1) Short Term Disability
 - (2) Sickness Absence
 - (3) Voluntary Short-Term Disability Benefits (SNL/CA Only)
 - (4) Long-Term Disability
 - (5) Group Life Insurance
 - (6) Accident/Business Travel Accident Insurance
 - (7) Dental
 - (8) Medical
 - (9) Vision
 - (10) Retiree Health and Welfare Benefits
 - (11) Worker's Compensation
- (iii) Reasonable administrative costs of providing voluntary benefit plans to employees that are 100% employee paid are allowable unless otherwise determined by the Contracting Officer. A summary of the administrative costs for these benefits will be provided to the Contracting Officer no later than February 1st after the program year has ended.

5.0 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 the Contractor's workforce restructuring plan that is approved by DOE/NNSA (see Section J, Appendix A, Statement of Work, Chapter III Section 6.0 Workforce Planning, Section 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. Generally, DWMBP benefits are as follows (note: NNSA may approve Contractor workforce restructuring plans that include less years of coverage):

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, 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 and final year of the DWMBP, the separated employee will be responsible for paying the full COBRA. At the end of the third year the employee's coverage eligibility ends.

6.0 Retirement Plans

The Contractor shall administer the following plans:

Defined Benefit Plans:

- NTESS Retirement Income Plan

Nonqualified Benefit Plans:

- NTESS 401(a)(17) Restoration Plan
- NTESS Mid-Career Retirement Plan
- NTESS Non-Qualified Pension Plan
- NTESS 415 Excess Benefit Plan

Defined Contribution Plans:

- NTESS Savings and Income Plan

- (i) General Provisions
Reasonable costs involved in implementing, administering, and funding DOE/NNSA approved pension plans are allowable. Employer related administrative costs of the plans shall be paid out of plan assets, to the extent possible. 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 plans.
- (ii) 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. In the event this Contract with the Contractor is terminated, funds not committed to participants

pursuant to provisions of the Plans in effect at Sandia National Laboratories shall be returned to DOE/NNSA.

(iii) Non-Qualified Plans

The Contractor will be reimbursed for costs for the Nonqualified Plans only in accordance with the following:

1. As of the first day of the Base Term of the Contract, the NTESS 401 (a)(17) Restoration Plan will accept no new entrants. The only participants in this plan will be the individuals listed in Appendix B of the NTESS 401(a)(17) plan document as of May 1, 2017.

Eligible compensation for purposes of the NTESS 415 Excess Benefit Plan and/or NTESS 401(a)(17) Restoration Plan shall be limited only to the compensation reimbursed under the Contract. Benefits calculated on pension service and earnings under previous contracts continue to be allowed for reimbursement under this contract.

2. Any necessary changes to the NTESS 401(a) (17) Restoration Plan that need to be made to effect the participation and compensation limitations set forth in 6.0(iv)(1-2) of this Appendix, shall be made no later than 120 days after the effective date the Contract is awarded.
3. Sandia Corporation 415 Excess Benefit Plan shall be terminated no later than 120 days after the effective date of the Contract.

The Non-Qualified Plans are funded on a pay as you go basis. The plans and amendments thereof require approval of the Contracting Officer. No later than 60 days after the end of the fiscal year, the Contractor shall report the following data to the Contracting Officer: number of individuals receiving benefits, benefits amount paid to include supporting data to determine the benefit paid; and, any other data as requested by the Contracting Officer.

7.0 Paid/Unpaid Time Off

The Contractor may implement paid and unpaid time off benefits in accordance with the Contracting Officer approved plan.

(i) Military Leave of Absence

Military Leave of Absence for training that is consistent with the provisions established in 5 U.S.C. 6323 shall, at minimum, comply with all applicable provisions of the Uniformed Services Employment and Reemployment Rights Act (USERRA). Such plan shall be subject to Contracting Officer approval if it provides more benefits than are required by law.

(ii) Security Leave (Suspension of Access Authorization)

If the access authorization of a contractor employee is suspended by direction of the Manager (as that term is defined in 10 C.F.R. 710.5), the Contractor may transfer the employee to work not requiring access authorization if such work is available, without reducing the employee's base compensation. If the Contractor determines that no work is available, which does not require access authorization or it is not in its best interest to provide such work, the Contractor may put the employee on unpaid leave until final disposition of the matter.

If at any stage of the access authorization procedure following a suspension or at the conclusion of the administrative review process provided under 10 CFR Part 710, the employee's access authorization is reinstated, the Contractor will offer the employee reinstatement in the same or a comparable position to the one held prior to suspension, if available.

8.0 Training and Education

(i) 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.
- (3) Per FAR 31.205-44, overtime compensation for training and education is unallowable.

(ii) 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. 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 in accordance with the Federal Travel Regulation, 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.

(iii) Education

The Contractor may implement a education program in accordance with the Contracting Officer approved plan.

(iv) Retraining

When a layoff occurs or is contemplated, affected employees who have completed the service requirement, as determined by the Contractor, may be retrained to learn necessary skills for jobs at SNL for which there are vacancies or for which the employees have transfer rights.

9.0 Travel, Relocation, and Subsistence

- (i) The Contractor may pay transportation, lodging, meals, and incidental expenses for travel that is in conjunction with, and required for, the performance of work under this Contract. Travel costs shall be allowable to the extent they are incurred in accordance with the FAR, DEAR, and Federal Travel Regulation (FTR) 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.
- (ii) 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. The Contractor will maintain records for audit review.
- (iii) Relocation expenses shall be incurred in accordance with the provisions, limitations and exclusions of the FAR and the Federal Travel Regulation. Relocation provisions are allowable for exempt employees, non-exempt technologist employees, and union technical trades employees.

10.0 Recruiting

- (i) The costs of recruitment of personnel including cooperative education programs, internship programs, nominal costs for promotional items 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.
- (ii) Applicants who are requested by the Contractor to report for a pre-employment interview shall be allowed transportation expenses. Reasonable actual costs, not to exceed per diem, of lodging and meals and incidental expenses (M&IE) shall be

allowed.

- (iii) New or prospective employees may be reimbursed for costs of pre-employment physical examinations that are taken as specified by the Contractor if the prospective employee is actually placed on the payroll.

11.0 Special Employee Activities

- (i) Recreation and Morale Building Benefits

Costs of conducting employee activities, including recreational programs and athletic programs for employees and their immediate families are allowable. The fees associated with employees and their immediate families participating in the recreation program through Lawrence Livermore National Laboratory are allowable under the cost ceiling for this program. The cost ceiling for this program shall not exceed \$16 per employee, per year. Exceptions to this ceiling must be approved by the Contracting Officer.

- (ii) Food Services

Net costs associated with the operation of a cafeteria at Sandia New Mexico are allowable. Net costs associated with the operation of a “Grab ‘N Go” food services at Sandia California are allowable.

- (iii) Employee Recognition Programs

The Contractor may establish a recognition program for: Service Awards, Retirement Awards, Employee Recognition Awards, and Performance Awards, utilizing up to 0.185% of the base payroll of the prior fiscal year. Costs in excess of the authorized amounts shall require advance approval from the Contracting Officer. Upon request, the Contractor shall provide the Contracting Officer with a report that outlines the expenditures for each type of award category under the Program.

The contractor shall ensure documentation is maintained to validate the award criteria for this Program is being followed. The Contractor shall ensure employees are not eligible to receive more than one award for the same contribution/achievement, or receive an award in successive years for the same contribution/achievement. The following are the types of employee recognition as part of the overall Program.

- Service and Retirement Awards:

The Contractor may recognize employees for significant service milestone anniversaries and retirements with non-cash awards such as a presentation of a plaque, certificate, and/or gift commensurate with the employee’s years of service.

- Employee Recognition Awards

The Contractor may recognize employees or groups of employees who have made significant contributions to SNL with non-cash awards such as a plaque, certificate, photograph, and memorabilia. Light refreshments (coffee, tea, soda, water) is an allowable cost that may be incurred for, and provided at, the ceremony.

- Performance Awards

The Contractor may recognize employees or groups of employees who have distinguished themselves by their significant contributions and outstanding performance in the course of their work. Cash and non-cash awards may be provided to employees or groups of employees, but cash awards shall not be duplicative of any other award or incentive programs.

(iv) Adoption Assistance Program

Reasonable costs associated with the Contractor's Adoption Assistance Program are allowable. The Adoption Assistance program provides reimbursement of up to \$2,500 per child for the expenses associated with adopting a child including reasonable and customary private/public adoption agency fees; legal fees; court fees; and temporary child care charges prior to placement in the employee's home.

(iiv) Assignments to/from Honeywell International (Parent Company)

- (1) The Contractor may loan, at no cost to the Government, individuals working under this Contract to other operations of parent company on a non-interference basis as determined by the Contractor. Loans longer than six months, regardless of the level of effort, require Contracting Officer approval.
- (2) The Contractor may borrow employees from its parent corporation for incidental work under this Contract with prior Contracting Officer approval. Reimbursement of costs associated with a short-term assignment must be reasonable and allowable in accordance with this contract.

12.0 Community Involvement and Outreach

The Contractor may authorize employees to participate in educational and community outreach in accordance with its Community Outreach Plan approved by the Contracting Officer. 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 or appointed officials during an employee's regularly scheduled work day. Compensation associated with educational and community outreach outside of the employee's normal work schedule shall not be reimbursed under the Contract. 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 utilized in the fiscal year that ended the previous September 30. Some examples of permissible educational and community outreach include, but are not limited to:

- (i) Promotion of Science, Technology, Engineering, and Mathematics in the educational setting (elementary school through higher education institutions)
- (ii) Science Bowl and Science Fairs
- (iii) Blood bank drives
- (iv) Charity drives
- (v) United Way campaigns