

**Part III - Section J**

**APPENDIX A**

**PERSONNEL APPENDIX**

<b><u>TABLE OF CONTENTS</u></b>	<b><u>Page</u></b>
I. Introduction (Revised Mod 558).....	2
II. Definitions (RA 6) .....	4
III. Pay Policies (RA 1, RA 3, RA-5, RA-8, RA-11, RA12, M0607-Eff. 2/29/16) 5	5
IV. Labor Relations .....	10
V. Group Insurance and Legally Required Payments (Revised Mod M558).....	10
VI. Retirement Plans (RA 9, Eff. 12/31/08; Mod M0541) .....	12
A. General Provisions .....	13
B. Qualified Defined Benefit Plan .....	13
C. Qualified Defined Contribution Plan .....	14
D. Nonqualified Plans (Mod M0541) .....	14
VII. Paid Leave (RA 4) .....	15
VIII. Unpaid Leave .....	16
IX. Training and Education.....	16
X. Employee Programs (RA 2, RA7, RA10, Mod 558) .....	19
XI. Travel and Relocation (Modified M0626-Eff. 10/1/16) .....	21
XII. Recruiting.....	22
XIII. Special Employee Activities (Modified M0541).....	23

## I. **Introduction** (Revised Mod 558)

This Personnel Appendix sets forth certain Contractor human resources management policies and related expenses which have cost implications under this Contract, and are not covered explicitly in the FAR and DEAR cost principles. It identifies those costs deemed reasonable and allowable for reimbursement when incurred in the performance of this Contract work. Only those items of personnel costs and related expenses that are set forth herein or specifically referenced in this Personnel Appendix are allowable costs by advance understanding under this Contract, to the extent that these costs do not conflict with any other Contract clause.

All of the contractor's personnel policies, practices and plans, at the time of contract award, have been found acceptable to the Contracting Officer. Contracting Officer acceptance of subsequent changes to policies, practices and plans are documented in the official contract file.

The Contractor shall hire, manage, and direct the work force. Persons employed by the Contractor shall be and remain employees of the Contractor and shall not be deemed employees of the Department of Energy/National Nuclear Security Administration or the Government; however, nothing herein shall require the establishment of any employer-employee relationship between the Contractor and consultants or others whose services are utilized by the Contractor for the work hereunder. The Contractor shall establish effective management review procedures and internal controls to assure that the limits set forth herein are not exceeded, and that areas which require prior approval of the Contracting Officer or designated representative are reviewed and approved prior to incurrence of costs.

SNL's human resource policies, practices, plans, and Assurance Model are documented and controlled as part of Sandia's Human Resources Management System. SNL will follow the principles below in meeting the requirements of the Management Controls clause of this Contract.

Human Resource Programs:

1. Are market based as evidenced by comparisons with applicable industry comparators.
2. Fulfill the requirements of the NNSA/DOE mission, meet strategic direction of NNSA/DOE, and are in the best interests of the Government.

3. Are adopted to support the business needs of the Contractor and/or local conditions in accordance with number 2., above.
4. Apply to all employees of the Contractor engaged in the work under this Contract, irrespective of the place of performance of work, and are consistent with collective bargaining agreements, as applicable.
5. Are documented in Contractor policies and/or in Summary Plan Descriptions and are available to NNSA/DOE.
6. Are in compliance with rules and regulations cited in this Contract and applicable laws.
7. Are affordable within the constraints of the resources available to the Contractor.

The Contractor will obtain prior Contracting Officer approval of changes to its policies, practices, and plans, in those areas identified within the scope of this Appendix and other related provisions of the Contract when such changes are expected to increase costs to the Government. Additionally, in situations where changes may set a precedent among the DOE/NNSA contractors, and there is no expected increase in cost, the Contracting Officer will be consulted regarding program cost reimbursement prior to implementation. This paragraph is not intended to prohibit the Contractor from taking advantage of efficiency gains realized from new and innovative approaches in providing human resource services.

Either party may request that this Appendix A be revised and the parties hereto agree to give consideration in good faith to any such request. Revisions to this Appendix A shall be accomplished by executing a contract modification (SF-30) by the Contracting Officer and the Contractor. **(Revised Mod 558)**

This Personnel Appendix A is adopted for the exclusive benefit and convenience of the parties hereto, and nothing contained herein shall be construed as conferring any right or benefit upon past, present, or future employees of the Contractor, or upon any other third party.

The Contractor shall promptly furnish all reports and information required or otherwise indicated in this Appendix A to the Contracting Officer.

## II. **Definitions** (RA 6)

This section will be utilized to provide definitions for terms used throughout the Personnel Appendix that may need clarification.

### Alternative Weekly Work Schedule for Tonopah Test Range

A full-time alternative weekly work schedule consists of 40 hours worked in a seven calendar pay period.

### Compressed workweek (9/80 schedule) (RA 6-Eff. 6-30-95)

A work schedule involving 80 hours of work in 9 standard daily work schedules. The workweek for overtime calculation is a period of seven consecutive days beginning at mid-day on Friday and ending at mid-day on the following Friday. Mid-day occurs after the first 4 hours on Friday.

### Extended workweek

An established workweek which exceeds forty (40) hours each week for a period which it is anticipated will extend beyond four (4) consecutive weeks.

### Laboratory

Sandia National Laboratories (SNL).

### Night shift

A daily work schedule of up to 8 hours, any part of which falls between 6:00 p.m. and 6:00 a.m. the following day.

### Nonregular employee

An employee hired on a recurrent or on-call basis, or for a specified period of time, or as a participant in a given program (e.g., summer hire). Nonregular employees may be either full-time or part-time during the specified period.

### Regular employee

An employee hired for an indefinite period, either full-time, for a 40-hour week, or part-time, for 20 hours or more per week.

### Shift differential

An incremental payment authorized for employees regularly assigned to a night shift.

### Standard daily work schedule

A standard daily work schedule consists of 8 or 10 regularly scheduled hours of work within a workday.

Standard weekly work schedule

A full-time standard weekly work schedule consists of four 10-hour standard daily work schedules or five eight-hour standard daily work schedules totaling 40 hours in a workweek.

**III. Pay Policies (RA 1, RA 3, RA-5, RA-8, RA-11, RA12, M0607-Eff. 2/29/16)**

A. General Provisions

The objective of the compensation program is to provide a level of total compensation [direct pay (base and non-base salary) and benefits] which, within available funds, attracts, retains, rewards and motivates a quality work force necessary to accomplish the Laboratories' programs and goals; maintains a total compensation comparable with competitive markets; is consistent with the value and internal equity of each employee category; and relates total cash compensation to team performance and individual performance and position in the salary range.

B. Salary Administration

1. Any reimbursable salary action for the Laboratory Director shall require prior approval of the Contracting Officer. Reimbursable salary actions for any Vice President or Executive Vice President (upon initial contract award and) replaced during the life of the contract shall require prior approval of the Contracting Officer. Such actions shall be submitted to DOE, along with any supplemental information that is required to justify the action, on a Compensation Approval Form DOE F 3220.5. No commitment or payments shall be made to employees regarding DOE reimbursement of compensation until Contracting Officer approval has been obtained.
2. Increases in reimbursable salary for any Vice President or Executive Vice President not included in the Compensation Increase Plan shall be approved in advance by the Contracting Officer. The Contractor shall submit a Compensation Approval Form DOE F 3220.5 and any supplemental information that is required to justify the action.
3. The contractor shall furnish salary action data upon the Contracting Officer's request.
4. New employees shall normally be hired at a basic salary appropriate to their level of assigned duties and commensurate with their training, education and experience, competitive salary requirements, individual competence, and internal equity.

5. The maximum allowable salary reimbursement for any employee shall not exceed the maximum DOE/NNSA reimbursable salary for the Laboratory Director. Any deviation thereto must be approved in advance by the Contracting Officer.
6. The contractor shall provide transparency into the SNL Lab Director and two Executive Vice President's compensation no later than February 1 of each year. Compensation is defined by FAR 31.205-6(p).

C. Compensation Increase Plan (RA 8-Eff. 10/1/09; RA 12-Eff. 10/24/11; M0607-Eff. 2/29/16)

1. General

The Contractor shall submit a Compensation Increase Plan (CIP) proposal to the Contracting Officer for approval by October 1 each year. NNSA will review the CIP for approval in order for the Contractor to implement the CIP by the first pay period in January of the next calendar year. NNSA will make every effort to provide approval within 30 days of receipt of the CIP. The

Contractor shall not incur costs under the proposed CIP until NNSA approval has been granted.

Contracting Officer approval is not required for the CIP under the following circumstances:

- (1) the CIP submission is equal to or less than the salary increase projection (e.g. World at Work projection); and
- (2) NNSA does not notify the Contractor of any questions or concerns that may negate cost allowability. NNSA will provide notification within the two weeks following the Contractor's submission (date will be identified in the annual NNSA CIP guidance).

Contracting Officer approval is required for the CIP under the following circumstances:

- (1) the CIP percent exceeds the professionally recognized salary budget survey's salary increase projection (e.g. World at Work projection provided in the annual NNSA CIP guidance);

(2) the Contractor's position to market warrants less than the survey's salary increase projection such that application of the CIP at the full increase projection, would result in the overall position to be above market; and/or

(3) the contractor's overall position to market is above market.

The contractor is authorized to make minor shifts (up to 10%) in funds between payroll groups without prior Contracting Officer approval. The Contractor shall notify the Contracting Officer at the time funds are shifted. Total increase of expenditures are limited to the CIP approval amount.

Special Adjustment funds will not be interchangeable.

#### D. Overtime

##### 1. Annual Budget for Overtime

The Contractor will develop guidelines and a plan to administer overtime within a budget and will submit usage reports to the Contracting Officer.

##### 2. Extended Workweek and Flextime

- a. When deemed essential to the performance of work under this Contract, the Contractor may establish an extended workweek for the Laboratory or any portion thereof. Extended workweeks apply to exempt employees and shall require the approval of the appropriate Vice President and timely notification to the Contracting Officer.
- b. Flextime is occasional time worked by full-time and part-time exempt employees below the Director level (at the direction of management) in excess of the daily work schedule for periods of two (2) hours or more. The employee uses flextime by taking equivalent time off in 1/2-hour increments. A maximum of eighty (80) hours is allowed to be carried over to the subsequent fiscal year.

##### 3. Computation of Overtime

###### a. Exempt Employees

- (1) Exempt security supervisors may be paid for all hours worked at their normal straight-time hourly rate. (RA 1-Eff. 1/1/03)

- (2) An exempt employee assigned to an extended workweek shall be paid straight time for any hours worked in excess of forty hours (40) per week in addition to his/her basic salary.
- (3) Exempt employees on an approved extended workweek who work on a holiday, but do not take another day off in lieu of the holiday, are paid for the hours worked at their straight-time rate in addition to receiving regular holiday pay.

b. Nonexempt Nonrepresented Employees

Overtime shall comply with provisions of the Fair Labor Standards Act and other applicable laws.

- (1) Nonexempt employees are paid at one and one-half times their straight-time hourly rate for the first 8 hours worked in excess of forty (40) in a workweek and double the employee's straight-time hourly rate for time worked in excess of forty-eight (48) hours in a workweek.
- (2) The following hours shall be considered as hours worked for computation of overtime:
  - (a) Hours allowed for compensable holidays, vacation, voting time, health checks, blood donations, and certain other paid leave as noted in Sandia Policies.
  - (b) Time spent in actual work-related travel in accordance with Department of Labor guidelines as well as travel time for program and project required travel.

E. Shift Differential

Shift differentials may be paid to employees working on night shifts consistent with Contractor policy. Changes to these rates shall be approved by the Contracting Officer and shall be based on surveys of shift differential practices.

F. Called-in Emergency

Non-exempt, nonrepresented employees who are called during off time to report for a work assignment outside their standard work schedule (called-in emergency) may be paid at the overtime rate but not less than a minimum of four (4) hours pay at straight time for time worked.

## G. Special Allowances

Special salary allowances may be paid to employees in specific work environments consistent with Contractor policy. The Contractor will provide an annual report to the Contracting Officer of the total cost for special salary allowances paid for that year. Examples of these allowances are:

- Emergency Call-in Pay
- Hardship Allowance
- Incentive Allowance
- Extended travel
- SCIF Differential
- Reactor Operator Premium
- Incident Commanders Supplement
- Uniformed Security Supervisors Differential
- Nuclear Incident Response Group Watch List Allowance
- Rate Reduction Allowance
- Classified Administrative Specialists Allowance (RA 3-Eff 9/12/05)
- On-Call Pay (RA 5-Eff 2/1/05)

The addition, deletion, or modification of any special allowance shall be based upon:

1. Affordability within the existing budget
2. Comparability to the market
3. Notification to/Approval of the Contracting Officer prior to implementation

All applicable bonuses or payments required by local laws to be paid to employees working in such locations shall be considered allowable costs, and shall not be included in Sandia's accounting of total costs of Special Salary Allowances.

## H. Termination Pay

1. Reduction in force for Lack of Suitable Work

When by reason of expiration or termination of this Contract or necessary reduction in the staff, or by reason of lack of suitable work, employees are laid off or terminated, the Contractor's severance pay policies will be followed.

I. Additional Bonus for Non-Key Personnel (Added RA 11-Eff 11/17/11)

The Contractor may provide one-time 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 March 2011) from resulted shared savings earned and negotiated cost reduction proposals.

These bonuses are derived from Sandia's Operating Funds and neither reduce nor impact Sandia's Compensation Increase Plan in any way.

**IV. Labor Relations**

A. Collective Bargaining

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.

The Contractor shall meet with the Contracting Officer or designee(s) for the purpose of reviewing the Contractor's bargaining objectives prior to any negotiation concerning any collective bargaining agreement or revision. The Contractor shall keep the Contracting Officer advised of significant developments during any negotiations.

B. Collective Bargaining Agreements

The parties recognize the following existing Contractor agreements:

1. Agreement between the Contractor and Atomic Projects and Production Workers Metal Trades Council AFL-CIO.
2. Agreement between the Contractor and Office and Professional Employees International Union Local 251 AFL-CIO.
3. Agreement between the Contractor and Security Police Association Local 7002.

**V. Group Insurance and Legally Required Payments (Revised Mod M558)**

A. 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.

The cost of the plans described in paragraph B is allowable. Periodically, the Contractor shall examine the design and administration of the group insurance plans and propose whatever changes are appropriate and consistent with industry standards and norms.

2. The group insurance policies, certificates and accounts, cost sharing arrangements, the Group Services Agreements listed in paragraph B. below have been approved by the Contracting Officer for application to the Contract and are incorporated herein. Annual renewal of the group insurance policies, certificates and accounts, cost sharing arrangements, the Group Services Agreements for the purpose of establishing new premium rates, implementing changes of minor significance shall not require Contracting Officer approval.

1. The employee benefit plans and related cost described in paragraph B. below are approved by DOE/NNSA for application to employees working on this Contract and are allowable. In addition, eligible retirees of Sandia Corporation are entitled to limited coverage of these benefits.
2. All employees that transfer from facilities operated by Lockheed Martin Corporation and become employees of Sandia Corporation shall be credited their past service with Lockheed Martin Corporation in computing total allowable "Company Service Credit" for all benefit plans.
3. The Contractor shall make judicious use of benefit plan design to reduce costs and encourage its employees to be conscientious consumers of health benefits.
4. The Contractor shall participate in the DOE/NNSA-wide casualty insurance programs when such programs become effective if:
  - a. Such programs are economically advantageous to the Contractor and the department, and
  - b. Such programs do not automatically result in a decrease in benefits.

B. The costs related to the following plans are allowable:

- Short Term Disability Plan
- Voluntary Short-Term Disability Benefits Plan (SNL/CA Only)
- Long-Term Disability Plan
- Life Insurance Plan
- Accidental Death and Dismemberment
- Special Accident

- Job Incurred Accidental Death Insurance
- Dental Expense Plan
- Medical Care Plans
- Vision Care Plan
- Retirement Health and Welfare Benefits
- Worker’s Compensation
- Medical Benefits Program for Displaced Workers
- Management benefit Program
- Medical and Dental Care Plan for Regular Employees Stationed in Hawaii

The costs of the following plans are paid by employees, but incremental administrative costs are allowable:

- Long Term Disability Plus Plan
- Dental Deluxe Plan
- Long Term Care Insurance Plan

**VI. Retirement Plans (RA 9, Eff. 12/31/08; Mod M0541)**

Note: The Contractor maintains the following plans:

Sandia Corporation Pension Security Plan	SPD-12/1/09
Sandia Corporation Retirement Income Plan	SPD-1/1/09
Sandia Corporation Excess Benefit Plan (as referenced by the Retirement Income Plan)	Closed to new entrants 12/31/08
Sandia Corporation Non-qualified Pension Plan	Closed to new entrants 12/19/00
Sandia Corporation Savings and Security Plan	SPD-12/1/09
Sandia Corporation Savings and Income Plan	SPD-12/1/09
Sandia Corporation 401(a)(17) Restoration Plan	12/31/08

Sandia Corporation 415 Excess Benefit Plan	12/31/08
---	----------

#### A. General Provisions

1. Costs involved in implementing, administering, and funding DOE approved pension plans are allowable. Administrative cost 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. The cost of the present plans are allowable. The Contractor shall obtain approval from the Contracting Officer prior to making a change in pension plan benefits. The Contractor shall notify the Contracting Officer of any change in cost which is not attributable to a change in benefits, including the changes needed solely to maintain qualification under Section 401 of the Internal Revenue Service (IRS) code.

#### B. Qualified Defined Benefit Plan

##### 1. Employee Transfers

Employees who transfer between the Contractor and Lockheed Martin Corporation (including subsidiaries thereof), who retire, or terminate their employment from the entity to which last transferred shall be considered for pension purposes as having performed their entire service with that entity.

Assets and liabilities shall be transferred to the defined benefit plan of the appropriate entity as of the valuation date following date of transfer. The amount of assets to be transferred shall equal the sum of the funded portion of the actuarial accrued liability of each transferee where the funded portion is based on the funding status of the active participants in the segment to which transferred. In no event shall the amount of such asset transfer be less than the amount required under Section 414(1) of the IRS code. The transferred assets and the number of transfers shall be itemized in the actuarial valuation report.

##### 2. Contract Termination

If this Contract terminates and there is no successor contractor, the plan shall be terminated. If this Contract terminates and there is a successor contractor, the successor contractor shall assume sponsorship or continued maintenance of the plan. Liabilities for participants so retained and assets equal to the liabilities shall be transferred to another deferred compensation plan of the contractor. Such liabilities shall equal the

Projected Benefit Obligation as defined in Financial Accounting Standards Board Statement Number 87.

### 3. Plan Termination

If the Contracting Officer and the Contractor agree to terminate the plan, the termination shall follow IRS and Pension Benefit Guaranty Corporation guidelines and remaining assets and investment return on those assets shall revert to DOE. If, upon plan termination, assets are insufficient to meet liabilities, DOE shall pay the Contractor the amount necessary to cover liabilities.

#### C. 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 nonvested 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 pursuant to provisions of the Savings and Security Plan and the Savings and Income Plan and/or Trust Agreement shall be returned to DOE.

#### D. Nonqualified Plans (Mod M0541)

The Nonqualified Plans are funded on a pay as you go basis. The plans and amendments thereof require approval of the Contracting Officer. As of April 30, 2014, the 401(a)(17) non-qualified pension plan will close to any new entrants with the exception of those described within this paragraph. Participants shall be limited to those Sandia employees who are currently receiving payment as a retiree and those 89 employees who are currently eligible or have reasonable expectations of qualifying for entry but have not retired as of April 30, 2014. Sandia Corporation shall provide the names of the 89 employees identified as currently eligible for participation or with a reasonable expectation of becoming eligible to NNSA no later than 10 days after the date of this modification. Lockheed Martin employees who transfer to Sandia and who are active participants in a Lockheed Martin defined benefit plan will be allowed to transfer into the SNL defined benefit plan in accordance with the Sandia Corporation Retirement Income Plan. As such, these employees can participate in the non-qualified plan when 401(a)(17) and/or 415(b) eligibility requirements are met. Sandia shall notify the NNSA Contracting Officer when transfers occur within 30 days of the transfer and demonstrate that qualification requirements specified in this paragraph are met.

Incentives paid under the MICP, associated payroll taxes, and company 401(k) match will be considered allocable costs under the contract but will not be

reimbursed by the government. NNSA agrees to continue the current practice of reimbursement for both the qualified and nonqualified pension costs associated with the MICP payments so long as the total compensation reimbursed under the contract does not exceed the limitation established by FAR 31.205-6. This practice is not in violation of CAS 405.

Annually, the Contractor shall report the following data to the Contracting Officer: number of individuals receiving benefits, benefits amount paid, expenses paid; and, any other data as requested by the Contracting Officer.

All data requested by the Contracting Officer, shall be provided within 30 days of the request for data.

## **VII. Paid Leave (RA 4)**

### **A. Holidays (10/11 HOLIDAYS)**

1. The Contractor is allowed 10 holidays and all employees shall be granted time off with pay at the basic rate for compensable holidays in accordance with SNL policy.
2. In addition, at the discretion of the Laboratory President, a day off with pay, called "Energy Conservation Day," may be designated, per SNL policy.

### **B. Vacation Leave**

1. Vacation leave is allowable in accordance with SNL policy.
2. Limited term exempt and nonexempt nonrepresented staff shall accrue vacation leave at the rate of **ten (10)** hours per month. (RA 4-Eff. 5/21/01)
3. Convertible Vacation Payment of convertible vacation is authorized for eligible vacation accrued prior to July 1, 1970, or resulting from reclassification from represented to nonrepresented position if employee has vacation accruals that could be carried over under union agreement. Convertible vacation days may be used as vacation days or sold back to the Contractor for cash at the option of the employee.

### **C. Other Paid Leave**

Listed below are other paid leave categories that are allowable in accordance with SNL policy:

- Sick Leave
- Military Leave
- Jury/Witness Duty
- Voting Time
- Health Checks
- Blood Donations
- Security Leave (Suspension of Access Authorization)
- Personal Absence
- Community Service Time
- Special Events
- Administrative Leave

## **VIII. Unpaid Leave**

Unpaid absences and leaves of absence may be granted in the following categories in accordance with Contractor policy:

- A. Unpaid Absences
- B. Unpaid Leaves of Absence
  - 1. Educational Leave
  - 2. Military Service
  - 3. Family Leave/Child Care Leave/Medical Leave
  - 4. Special Leave
  - 5. Personal Leave
  - 6. Security Leave
  - 7. Technology Transfer Leave

## **IX. Training and Education**

- A. General
  - 1. The purpose of training and education programs shall be to increase employee skills and efficiency, develop techniques for the solution of operating problems, and to prepare participants for additional responsibilities.
  - 2. The objective of training shall be to enhance employee development within a reasonable period of time. Training shall be job relevant and shall be provided only when there is a reasonable expectation that the employee will remain in the employ of the Contractor for a sufficient period of time to provide a fair return for the training costs.
  - 3. The Contractor shall establish written procedures outlining a system of approval for all requests for training. Such system shall provide an

approval structure for in-house and outside training programs and educational assistance.

4. The Contractor will develop guidelines and a plan to administer training within a budget and will submit reports to the Contracting Officer as requested.

#### B. Training

1. Reasonable costs of in-house training including necessary equipment, materials, and instructor personnel are allowable.
2. Employees may be selected by the Contractor to participate in job related training courses away from the Laboratory's facilities. Allowable costs for such programs shall include travel and subsistence expenses in accord with XI.A. of this Appendix A, and the cost of tuition, fees, and course materials.

#### C. Education

1. All regular employees may be given educational assistance allowances for approved courses. Courses shall be:

- a. Directly related to the employee's current position or to another position to which the employee may reasonably be moved. Personal development courses may be approved if they are work related and a part of a specific development plan for the individual.

Costs of other courses required for a degree that has a direct relationship to the employee's career path, may be reimbursed.

- b. Taken outside of the employee's scheduled working hours. However, courses may be taken during employee's scheduled working hours provided the following conditions exist:

- (1) The course of study is not available outside scheduled working hours;

- (2) The course of study is required for graduation and/or for completion of the educational objective; and

- (3) Time off from work can be made up at a time convenient to the Contractor at no additional cost. Such time off from work is not considered as hours worked for purposes of computing overtime. Paid time off from work of four hours per week (5.5 hours for California employees) can be granted to each student by the Contractor. The Vice-President, Human Resources or

designee may approve time off in excess of four hours per week (5.5 hours for California employees) and up to and including 7.5 hours per week (nine hours for California employees). The Contractor will submit an annual report with 30 days of each fiscal year end showing the amount of hours of paid time off for those students granted in excess of four hours (5.5 hours for California employees) and up to 7.5 hours (nine hours for California employees) per week.

2. The allowable costs for educational assistance include tuition, books, and other charges billed by the institution for instruction, such as laboratory fees, registration fees, and instructional television surcharges. In cases of temporary relocation to remote campuses, allowable costs also include moving, storage, and travel expenses.

An employee is not eligible to receive educational assistance under this Contract if he/she is receiving any other type of educational assistance. In the case of partial reimbursement by an outside source, the amount not provided for by the third party, which is allowable under the provisions of this Contract, may be paid.

3. Educational assistance is not allowable if any one of the following conditions occur:
  - a. 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 are allowable.
  - b. Employee withdraws from the course for personal reasons.
  - c. Employee fails to submit evidence that a course was satisfactorily completed.
4. The Laboratory may select employees to participate in educational programs which are directly related to the employee's current position or to another position to which the employee may reasonably be moved.
5. University-Based Educational Assistance. The Laboratory will provide tuition assistance and will cover related costs per Section IX, C. 2 above to allow employees to pursue programs of study and degrees which support current and future missions of the Laboratory. Participation is approved by appropriate levels of management in advance. Local colleges and universities will be utilized as primary sources. However, the Laboratory may choose to temporarily relocate employees at distant colleges and universities to pursue degrees not available locally. Employees must

maintain at least specified minimum grade point averages in order to continue in the following education programs:

- a. Cooperative Education Program
- b. Tuition Assistance Program
- c. In-House Dissertation Program
- d. Masters or Doctoral Degree University Part-Time Program.
- e. Member of Laboratories Staff Training Program
- f. One Year On Campus Program
- g. Doctoral Study Program
- h. Special Masters Program

#### D. Retraining

When the Laboratory is faced with layoffs or contemplated layoffs, those employees who have completed the service requirement as determined by the Contractor, may be retrained to learn necessary skills for jobs in the Laboratory for which there are vacancies or for which the employees have transfer rights. In the absence of such vacancies, retraining programs may be designed to provide occupational skills which are in demand by the Contractor or by other employers locally, regionally, or nationally, as appropriate. Where possible, training will be sufficient to make the individual employable at his/her current level of pay or in a field with prospects for advancement to this level in a reasonable period. Tuition payments for courses to qualify displaced employees for outside employment may be approved by the Contractor.

## X. **Employee Programs (RA 2, RA7, RA10, Mod 558)**

### A. Employee Activities Programs

Costs of conducting the Sandia Employee Recreation Program (SERP) employee activities for Sandia New Mexico, including recreational programs and athletic programs for employees and their immediate families, are allowable. SERP oversees Sandia recreation activities at remote sites, including Tonopah, Nevada Test Site, WIPP, and Pantex. The ceiling on costs

for Sandia New Mexico and the remote sites is \$135,400. Exceptions to this ceiling must be approved by the Contracting Officer.

The costs of conducting recreational and athletic programs for Sandia California employees and their immediate families, which functions in part with the Lawrence Livermore National Laboratory Recreation Association, are allowable. The ceiling on cost for Sandia California is \$15,500. Exception to this ceiling must be approved annually by the Contracting Officer.

B. Employee Awards

The Contractor may establish non-cash award programs for innovation, service, special accomplishments, and retirement. The Contracting Officer shall establish a cost ceiling, for purposes of reimbursing the Contractor for associated administrative costs of such programs. Increases in such cost ceilings are subject to Contracting Officer approval. The following identifies the Contracting Officer approved cost ceilings for the following programs:

1. Service and Retirement Awards
  - a. Service and Retirement Awards - \$410,000 (RA 10, Eff. 10/1/10)
  - b. Retirement Functions - \$61,000
2. Special Accomplishment Awards
  - a. Commemorative Awards - \$2,000
  - b. President's Quality Award - \$30,000
  - c. Special Occasion Awards - \$1,700
  - d. Annual Recognition Night - \$100,000

C. The cost of the following is allowable subject to such programs being conducted in accordance with Sandia Policy, Appendix G, and the cost principles contained in the FAR and DEAR:

- o 1. Employee Assistance Program
- o 2. Wellness Program

D. Defense of Employees Involved in Work-Related Claims and Legal Actions

1. If a claim or legal action is brought against an employee as the result of his or her conduct when performing duties under this Contract and within the employee's scope of employment, the Contractor shall be allowed, with prior Contracting Officer approval, the costs of defending the employee, and the costs of any judgement; provided, however, that the prior consent of the employee to be defended shall be obtained before any such defense is undertaken. The costs of settlements, appeals, or other

reasonable costs associated with the claim or legal action are also allowable pending specific approval of the Contracting Officer.

2. The provisions of the Contract clause entitled "Insurance - Litigation And Claims" shall have the same application to claims and legal actions against employees under this Section as it has to those claims and legal actions which are brought directly against the Contractor. Before costs of any retained legal counsel shall be allowed, the selection of such counsel is subject to Contracting Officer concurrence.
3. When involved in any claim or legal action covered by this Section, an employee may, with the prior approval of the Contracting Officer, be allowed time off with basic pay on scheduled workdays for consultation with counsel, trial attendance, and such other matters as are reasonably incident to the claim or legal action.

F. Food Service (RA 2, Eff. 4/27/05; RA 7, Eff. 12/1/09)

1. Net costs associated with the operation of a cafeteria at SNL-New Mexico are allowable.
2. Net costs associated with the operation of "Grab 'N Go" food services at SNL-California are allowable.

G. Work and Family Programs

Reasonable costs associated with the Contractor's Child Care Resource and Referral and Elder Care Resource and Referral Programs (in accordance with DOE Order 4220.5) are allowable. The Child Care Resource and Referral and Elder Care Resource and Referral Programs include on-site resource and referral services provided by an outside contractor.

Reasonable costs associated with the Contractor's Adoption Assistance Program are allowable. The Adoption Assistance program provides limited reimbursement (up to \$2,000 per child) for the following expenses associated with adopting a child: 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.

**XI. Travel and Relocation (Modified M0626-Eff. 10/1/16)**

- 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 FAR, DEAR, and Federal Travel Regulations (FTR). The Contractor may deviate from this Appendix A in specific instances where it is determined to be economically advantageous to NNSA/DOE to do so, to the extent such deviations conform to regulations and law, and approved by the Contracting Officer. The Contractor will maintain records for audit review. The Contractor may also pay guest travel as described above for employees in attendance at the R&D 100 Awards, Employee Recognition Award Night (for those employees not located at Sandia - New Mexico), and to the Lockheed Martin Nova Awards.

- B. Relocation provisions are applicable to exempt employees and are allowable in accordance with SNL policy. In consideration of special business requirements, the Vice President, Human Resources, may authorize the temporary assignment or relocation of nonexempt employees. Under these circumstances, the same provisions may apply for nonexempt employees.

## **XII. Recruiting**

- A. Reasonable and necessary expenses incurred in the recruitment of personnel including but not limited to help wanted advertising, travel of employees on recruiting, travel of applicants to and from the employer's facility for interviews, preparations of booklets and other recruitment materials, costs associated with preemployment screening, and use of employment agencies at rates not in excess of standard commercial rates shall be allowable. As requested by the Contracting Officer, the Contractor will provide a copy of the recruiting plan and advertising budget as well as periodic reports of status against the plan and budget. Interviewees shall be reimbursed for costs of travel and subsistence in accordance with XI.A.
- B. New or prospective employees may be reimbursed for costs of preemployment physical examinations which are taken as specified by the Contractor under the following conditions:
  - 1. If the prospective employee is actually placed on the payroll, or
  - 2. If the offer of employment is withdrawn by the Contractor for any reason.
- C. The Contractor may also conduct appropriate community involvement and outreach activities for the purpose of assisting in the recruitment and retention of qualified personnel. Examples of programs, which come under this provision, are exhibits at science and technical shows, universities, career fairs and related activities; presentations and tours to enhance interest in technical careers. The Contractor is authorized to conduct, participate in and support events to educate the community on issues addressing quality of life, jobs, technology, partnerships and general mission and operations of the SNL.

### **XIII. Special Employee Activities (Modified M0541)**

#### **A. Loan of Employee**

##### **1. Loans within the Corporation**

- a. The Contractor may loan, at no cost to the Government, individuals working under this Contract to other operations of Lockheed Martin Corporation on a non-interference basis as determined by the Contractor. Loans longer than six months require Contracting Officer approval.
- b. Costs associated with Lockheed Martin Corporation employees not working for the Laboratory borrowed for incidental work under this Contract are reimbursable with prior Contracting Officer approval. Reimbursement for the time such employees work under this Contract will be allowable in accordance with the home operating unit's disclosed costing practices. Time worked under this Contract will include the time spent by employees en route to and returning from the site of work. Travel cost of such borrowed personnel will be allowed on the same basis as for employees working on this Contract.

#### **B. Community Involvement and Outreach**

1. The Contractor shall provide a corporate outreach program that demonstrates responsible and effective corporate citizenship and community involvement by coordinating the volunteer activities of its employees.
2. The Contractor may make individual employees available to work as volunteers with or for governmental, quasi-government and other organizations in the Albuquerque metropolitan area, the middle Rio-Grande portion of New Mexico as well as Santa Fe (state organizations) toward achieving civic and quality of life goals (e.g. participation in K-20 educational partnerships and outreach; environmental and energy related programs and studies; community technology assistance; job creation and economic development; bond drives, charitable drives (e.g. United Way), school boards, university regents, city/county/state/tribal government; volunteers and contributions). These activities shall be coordinated through the Corporate Outreach/Community Involvement organization.

3. The Contractor will provide a yearly community involvement and outreach plan, briefing and associated budget for NNSA review. The plan shall outline scheduled and anticipated activities as defined in paragraphs 1. and 2. above, including salaries, wages and fringe benefits of employees while engaged in such approved activities, as well as, the costs of participation, such as transportation, facility rental, audio-video equipment, employee recognition for participation, and other related costs.