

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE	PAGE 1	OF	PAGES 4
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2. AMENDMENT/MODIFICATION NO. M1140	3. EFFECTIVE DATE (M/D/Y) (See Block 16C)	4. REQUISITION/PURCHASE REQ. NO. N/A	5. PROJECT NO. (If applicable)
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6. ISSUED BY CODE U.S. Department of Energy Pacific Northwest Site Office Post Office Box 350 Richland, WA 99352	7. ADMINISTERED BY (If other than Item 6) CODE
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8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP code) Battelle Memorial Institute Pacific Northwest Division Richland, Benton County, WA 99352 DUNS # 032987476	<input type="checkbox"/>	9A. AMENDMENT OF SOLICITATION NO.
	<input type="checkbox"/>	9B. DATED (SEE ITEM 11)
	<input checked="" type="checkbox"/>	10A. MODIFICATION OF CONTRACT/ ORDER NO. DE-AC05-76RL01830
	<input checked="" type="checkbox"/>	10B. DATED (SEE ITEM 13) December 30, 1964
CODE	FACILITY CODE	

11. THIS ITEM APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended, is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE DATE AND HOUR 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 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 SET FORTH 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.
<input type="checkbox"/>	
<input type="checkbox"/>	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO AUTHORITY OF FAR 43.103(b).
<input checked="" type="checkbox"/>	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO THE AUTHORITY OF: The mutual agreement of the parties for work within the scope of the contract
<input type="checkbox"/>	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor is not, is required to sign this document and return 2 copies to the issuing office.

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

This bilateral contract modification incorporates changes to Part I, Section C, Section H, Part III, Section J, Appendix A, and Part III Section J, Appendix D. (See Continuation Pages for the purpose of this modification.)

15A. NAME AND TITLE OF SIGNER (Type or print) Dana M. Storms Prime Contract Manager		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Ryan M. Kilbury Contracting Officer	
15B. CONTRACTOR/OFFEROR  (Signature of person authorized to sign)	15C. DATE SIGNED 11/30/2017	16B. UNITED STATES OF AMERICA BY  (Signature of Contracting Officer)	16C. DATE SIGNED 11-30-17

1.0 Purpose of Modification:

The Department of Energy (DOE), Office of Science (SC), Pacific Northwest Site Office (PNSO) is modifying the Contract to update Section H and Section J to the most current form as described in this modification. The contract shall be amended as described in this modification to accomplish the following:

1. Revise Part I, Section C – Descriptions/Specification/Work Statement, C-3 Performance Expectations, Objectives, and Measures to capture minor change to Expectations to Program and Project Management for the Acquisition of Capital Assets.
2. Revise Part I, Section H – Special Contract Requirements to update Clause H-31 Employee Compensation and Benefits to update the contractual requirements per DOE Acquisition Letter AL-2018-02.
3. Revise Part III, Section J – List of Attachments, Appendix A – Advance Understanding on Human Resources Cost to update the contractual requirements per DOE Acquisition Letter AL-2018-02.
4. Revise Part III, Section J – List of Attachments, Appendix D – List of DOE Applicable Directives & External Requirements to capture minor change to DOE Order 413.3B.

2.0 Description of Modification:

1. Revise Part I, Section C – Descriptions/Specifications/Work Statement, C-3 Performance Expectations, Objectives, and Measures, 3.1.6 Expectations for Program and Project Management for the Acquisition of Capital Assets, last paragraph to read as follows:

“For all capital asset projects with a Total Project Cost (TPC) equal to or greater than \$50 million, the Contractor shall comply with the requirements as set forth in DOE Order 413.3B Contract Requirements Document (CRD). [M1140]

2. Revise Part I, Section H – Special Contract Requirements, Clause H-31 Employee Compensation: Pay and Benefits, Para. (d) Pension and Other Benefit Programs, Subpara. (3) (B) to read as follows:

“An Employee Benefits Cost Study Comparison, 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.” [M1140]

3. Revise Part I, Section H – Special Contract Requirements, Clause H-31 Employee Compensation: Pay and Benefits, Para. (d) Pension and Other Benefit Programs, Subpara. (5) to read as follows:

“When the benefits cost 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.”
[M1140]

4. Revise Part I, Section H – Special Contract Requirements, Clause H-31 Employee Compensation: Pay and Benefits Para. (d) Pension and Other Benefit Programs, Subpara. (6) to read as follows:

“Within two years, or longer period as agreed to between the Contractor and the Contracting Officer, of the Contracting Officer acceptance of the Contractor's corrective action plan, the Contractor shall align employee benefit programs with the benefit value and the cost as a percent of payroll in accordance with its corrective action plan.” [M1140]

5. Revise Part I, Section H – Special Contract Requirements, Clause H-31 Employee Compensation: Pay and Benefits Para. (i) Changes to Pension Plans, Subpara. (2) to read as follows:

“Contractors shall submit new benefit plans and changes to plan design or funding methodology with justification to the Contracting Officer for approval, as applicable [see (d)(1) above.] The justification must:

- (A) Demonstrate the effect of the plan changes on the Contract net benefit value or percent of payroll benefit costs;
- (B) Provide the dollar estimate of savings or costs; and,
- (C) Provide the basis of determining the estimated savings or cost.”

[M1140]

6. Delete in its entirety Part III, Section J, Appendix A – Advance Understanding on Human Resources Cost and replace with Part III, Section J, Appendix A – Advance Understanding on Human Resources Cost that is attached to this modification and incorporated herein by reference.

7. Revise Part III, Section J - List of Attachments, Appendix D - List of Applicable DOE Directives & External Requirements as follows:

Replace:

CRD O 413.3B, Chg. 3 (Page. Chg.) Program and Project Management for the
Acquisition of Capital Assets

Replace with:

CRD O 413.3B, Chg. 4 (Min. Chg.) Program and Project Management for the
Acquisition of Capital Assets

8. This modification results in no further changes to the Contract.

(End of Contract Modification)
[M1140]

PART I – The Schedule

Section C

Description/Specifications/Work Statement

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C-1 Introduction

Battelle Memorial Institute, Pacific Northwest Division (the Contractor) shall, in accordance with the provisions of this Contract, accomplish the missions and programs assigned by DOE and manage and operate the Pacific Northwest National Laboratory (PNNL or the Laboratory).

PNNL is one of DOE's Office of Science (SC) multi-program national laboratories. The Laboratory is a Federally Funded Research and Development Center (FFRDC) established in accordance with the Federal Acquisition Regulation (FAR) Part 35 and operated under this management and operating (M&O) contract, as defined in FAR 17.6 and DOE Acquisition Regulation (DEAR) 917.6.

The Laboratory supports DOE's strategic themes in energy security, nuclear security, scientific discovery and innovation, environmental responsibility, and management excellence, in accomplishing the Department's mission. The Laboratory mission is to conduct basic and applied research and development (R&D) to advance scientific knowledge, the nation's energy resources, national security, environmental quality, and to strengthen educational foundations and national economic competitiveness. DOE programs are carried out in partnership with other DOE national laboratories, academia, government agencies, the international scientific community, and the private sector. The Contractor will seek to advance the frontiers of science and technology through broad interdisciplinary R&D programs that answer fundamental questions, solve technical problems (locally, regionally, nationally, and internationally), and support the development and application of technologies to address societal needs.

The Contractor has the responsibility for performance under the contract, including determining the specific methods for accomplishing the work effort, performing quality control, and assuming accountability for accomplishing the work under the contract to the benefit of the government. The Contractor shall conduct all work in a manner that optimizes productivity, and fully complies with all applicable laws, regulations, and terms and conditions of the Contract.

It is the Contractor's responsibility to develop and implement innovative approaches and adopt practices that foster continuous improvement in accomplishing the mission of the Laboratory. DOE expects the Contractor to employ effective and efficient management structures, systems, and operations that maintain high levels of quality, safety and security in accomplishing the work required under this contract, and that, to the extent practicable and appropriate, rely on national, commercial, and industrial standards that can be verified and certified by independent, nationally recognized experts and other independent reviewers.

C-2 Statement of Work

2.1 General

The Contractor shall furnish the necessary personnel, facilities, equipment, materials, supplies, and services (except those provided by the Government) to accomplish the statement of work. The statement of work under this Contract is comprehensive in that the Contractor is expected to perform all necessary technical, operational, and management functions to manage and operate PNNL and perform the DOE missions assigned to PNNL.

The Contractor is expected to evaluate and update annually as necessary the PNNL mission statement as part of the Office of Science Laboratory Planning process. The Contractor shall define a long-range vision for PNNL. The long-range vision shall include how the Contractor will steward the core capabilities assigned to it by the Office of Science, define a science strategy for the future with major initiatives, provide a vision for current or future User Facilities, outline a plan for Strategic Partnership Projects and use of laboratory resources, provide a laboratory vision from an infrastructure standpoint (Campus Strategy), identifying gaps to enable a mission ready core capabilities, a clear plan to address those gaps, major investments in campus facilities and grounds, how the Contractor will attract and retain talent, maintain cost control and will status those activities as part of the Laboratory Planning process.

2.2 Department of Energy Research and Development Mission

PNNL's research and development missions and programs support the overarching mission of the DOE through efforts in fundamental, energy and environmental sciences and technologies, and national security. PNNL shall provide highly skilled staff supporting scientific discovery and multi-disciplinary efforts to rapidly translate scientific discoveries into applications in physical, biological, computational, and environmental sciences, and operate scientific user facilities such as the Environmental Molecular Sciences Laboratory (EMSL). PNNL shall support the Department's Science and Technology mission to sustain and nurture the nation's science and technology enterprise, to support national goals in security, energy, environmental quality, human health and economic growth, and to provide a significant resource for scientists world-wide to engage with Laboratory staff in accelerating the nation's progress towards these goals.

Over the term of this Contract, the Contractor shall conduct a broad spectrum of research and development programs in DOE's science, national security, environmental quality, and energy missions as assigned by DOE. The Contractor shall make its government-funded scientific and technical research results broadly available to the public. The Contractor

shall also provide technical advice and guidance to DOE in support of policy development, program planning, and other DOE activities as requested by DOE, and shall bring forward recommendations for new research and development programs designed to achieve DOE mission goals.

In keeping with its overall role as a multi-program national laboratory, the specific research programs conducted and the overall mix of research at PNNL will change, as needed, over the Contract period with DOE's changing mission needs, advances in science and technology, and other drivers. This statement of work does not represent a commitment to, or imply funding for, specific projects or programs.

2.2.1 Science and Energy Mission Role

The Contractor shall deliver the fundamental scientific knowledge and discoveries to advance the frontiers defined by the DOE Office of Science core capabilities. The Contractor shall translate those discoveries into contributions to the DOE's Science & Energy Strategic Objectives of:

- Advancing the goals and objectives by supporting prudent development, deployment, and efficient use of "energy strategy" that also create new jobs and industries.
- Supporting a more economically competitive, environmentally responsible, secure and resilient U.S. energy infrastructure.
- Delivering the scientific discoveries and major scientific tools that transform our understanding of nature and strengthen the connection between advances in fundamental science and technology innovation.

2.2.2 National Security Mission Role

In the national security mission, the Contractor shall support DOE efforts to advance new measurement and analytical systems to transform nuclear and cyber security infrastructure, increase situational awareness and reduce the threat from weapons of mass effect. Contributions to mission include:

- Lowering the risk represented by weapons of mass destruction and other threats to our nation.
- Supporting other operational mission needs with research, policy support, and technology development and deployment, including but not limited to, defense energy and environmental programs,

cyber and data science, infrastructure resilience, chemical and biological forensics and airport security.

2.2.3 Environmental Management Mission Role

The Contractor shall provide science, technology, engineering and deployment support to DOE's effort to aggressively clean up the environmental legacy of nuclear weapons and civilian nuclear research and development programs, permanently dispose of the Nation's radioactive wastes. The Contractor shall provide science and technology contributions that substantially reduce the cost, time, and risk associated with DOE's cleanup, and enable site cleanup and closure decisions to have a sound, scientific basis.

2.3 FFRDC Research and Development Mission

The Secretary of Energy has authorized PNNL to operate as a Federally Funded Research and Development Center (FFRDC) established in accordance with Federal Acquisition Regulation Part 35 and operated under this management and operating (M&O) contract, as defined in FAR 17.6 and DEAR 917.6. DOE is committed to provide the appropriate use of PNNL assets for the benefit of other Federal agencies, private companies, universities, state and local institutions, and international entities within the limits set by DOE policy. The Contractor shall continue to use its multidisciplinary capabilities and apply its expertise to conduct research for the government and the private sector through Strategic Partnerships Program (SPP), Cooperative Research and Development Agreements (CRADAs) and Agreements to Commercialize Technology (ACT).

2.3.1. Strategic Partnerships Program (SPP)

The Contractor is expected to develop and maintain a strategic approach to managing the SPP portfolio to assist Federal agencies and non-Federal entities in accomplishing goals that may otherwise be unattainable and to avoid duplication of effort at Federal Facilities (access to highly specialized or unique facilities, services or technical expertise); increase research and development interactions to transfer technology originating at the laboratory to industry for further development or commercialization; and to maintain core capabilities and enhance the science and technology base at the laboratory. SPP work must be consistent with or complimentary to the missions of DOE and the Laboratory (to include the SC core capabilities).

2.3.2. Cooperative Research and Development Agreements (CRADAs)

The Contractor is expected to use CRADAs consistent with the terms of this Contract to facilitate the commercialization of technology, optimize resources, and protect the Government, the Contractor and the CRADA participant (s) involved.

2.3.3. Agreements to Commercialize Technology (ACT)

The Contractor may conduct privately-sponsored research at the Contractor's risk for third parties. In performing ACT work, the Contractor may use staff and other resources associated with this Contract for the purposes of conducting research and furthering the DOE technology transfer mission in accordance with the terms of this Contract.

2.4 University, Research Institutions, Industry and International Collaboration Efforts

DOE expects the Contractor to establish partnerships with Universities, Research Institutions, Industry, and International institutions. The purpose of these efforts will be to build on the scientific knowledge of the institution, create through collaboration efforts and solutions to scientific issues and develop technologies that can be placed into the commercial sector to benefit the Nation.

2.4.1 Cooperation with Universities and Other Research Institutions

The Contractor shall also manage and operate programs for cooperation with academic and nonprofit research institutions to integrate research and education in scientific and technical fields underlying DOE's programs, as well as facilitate strategic collaborations between PNNL and other research and educational institutions. Such cooperation with academic and nonprofit research institutions shall include but are not limited to:

- Joint appointments;
- Establishment and operation of joint graduate programs with domestic universities; and
- Joint programs and/or institutes with universities in priority areas of science

2.4.2 International Research Collaboration and Cooperation

In accordance with applicable policies, the Contractor shall maintain a broad program of international research collaboration in areas of research interest to the federal government. This collaboration will be both in areas where federal government has formal international cooperation agreements which assign the Contractor a specific role, as well as in areas of general interest to the federal governments' research programs.

2.4.3 Technology Transfer with Industry

The Contractor shall cooperate with industrial organizations to assist in increasing U.S. industrial competitiveness, by assisting in the application of science and technology. Such cooperation may include, when appropriate, an early transfer of information to industry by arranging for

the active participation by industrial representatives in PNNL's programs. Cooperation with industrial entities may include long-term strategic relationships aimed at commercialization of inventions or the improvement of industrial products. The Contractor may respond through appropriate mechanisms to specific near-term technological needs of industrial companies with special consideration given to working with small, small disadvantaged and women-owned businesses as well as regional and local companies through special assistance programs targeting such organizations. The Contractor is expected to develop productive relationships with regional and local companies. Cooperation may also include use by industrial organizations of Laboratory facilities and other assistance as may be authorized, in writing, by the Contracting Officer. The Contractor is also encouraged to engage in strategic collaborations with domestic industry that maintain PNNL capabilities and further small business development.

2.5 PNNL Regional and Community Involvement

The Contractor shall support local and regional economic development and apply existing Laboratory assets in the execution of such support. The Contractor shall also promote the institution within the local and regional communities.

The Contractor is expected to create opportunities to educate and train future generations of scientists, engineers, and innovators to support DOE's workforce development and science, technology, engineering and mathematics (STEM) education efforts.

2.6 Operating Envelope

The Contractor shall achieve assigned objectives in a manner that is safe, secure, legally and ethically sound, as well as fiscally responsible. The operating envelope for PNNL is limited to work authorized by DOE by individual project approvals or through letters of direction, using approved work locations, and conducted in accordance with the approved PNNL Integrated Safety Management System and Safeguards, Security Management Plan and Appendix H.

2.6.1 PNNL Work Locations and Expectations

PNNL facilities may include Government-owned or leased facilities as well as approved Contractor leased facilities at such other locations as may be approved by DOE for use under this Contract. Subject to mutual agreement, other facilities may be used in the performance of the work under this Contract (e.g., Contractor-owned or Contractor-leased facilities) as approved by the Contracting Officer Section J, Appendix H).

Research and development work performed outside approved work locations (i.e. off-site) shall be reviewed and assessed for hazards, risks, application of appropriate mitigating controls and, as necessary, briefing of PNSO personnel prior to the initiation of work.

In accordance with the *Operational Agreement between the Office of Science Pacific Northwest Site Office and the Office of Environmental Management Richland Operations Office (Operational Agreement)*, incorporated as Section J, Appendix F of this Contract, the Contractor shall operate designated DOE Office of Environmental Management (EM) facilities located on the Hanford Site in the 300 Area. The Contractor will maintain the resources and expertise required to support these activities.

The Contractor shall perform overall integrated planning, acquisition, upgrades, and management of Government-owned, leased, or controlled facilities and real property accountable to PNNL. The Contractor shall employ an integrated management approach for management and utilization of PNNL facilities and infrastructure to support mission.

The Contractor shall employ facilities management practices that are integrated with mission assignments and business operations. The maintenance management program shall maintain facilities, equipment and materials in a manner that:

- promotes and improves operational safety, environmental protection and compliance, property preservation, and cost effectiveness;
- ensures protection of life and property from potential hazards, continuity and reliability of operations, and fulfillment of program requirements; and
- ensures the condition of the assets will be maintained or improved to meet the DOE mission.

The Contractor shall initiate and continually improve facility and waste management practices that implement the “Start Clean – Stay Clean” principles whereby research projects and facility operations are planned and executed so to leave no residual waste, contamination or liability at the end of each project. Sufficient project funds must be maintained to ensure full restoration, remediation, and waste disposition can be achieved prior to project completion.

For all non-federal facilities, DOE Site Office Manager approval must be obtained prior to 1) the use of any unsealed radioactive material (as defined in the DOE-approved PNNL Radiation Protection Program) that may potentially contaminate the structure or systems (e.g., ventilation) of a facility outside an engineered confinement barrier, or 2) any planned activity that may introduce residual contamination (e.g. beryllium, crystalline perchlorates, hexavalent chromium, nanoparticles, biological agents) that may potentially contaminate the structure or systems (e.g., ventilation) of a facility outside an engineered confinement

barrier. Radioactive sealed sources may be used in non-federal facilities or locations, as long as they meet the definitions and controls specified in the DOE-approved PNNL Radiation Protection Program.

For those facilities previously radiologically remediated or that have not been engaged in radiological work, the Contractor may not conduct radiological work without DOE Site Office Manager approval.

2.6.2 Hazards/Risks

The Contractor as part of its Integrated Safety Management System (ISM) will maintain a risk analysis system acceptable to DOE that addresses institutional/reputational, environment, safety, health or business risks and legacy considerations created by the acceptance of work under this Contract. All proposed work shall clearly identify risks and legacy considerations as part of the work authorization package along with justification for performing the work and controls that will be instituted to mitigate the risks and legacy considerations and where necessary the approvals required to initiate the work. Work will be conducted on the PNNL campus with protection of the public and environment in mind such that higher risk activities are conducted with the greatest buffer and separation practical.

The Contractor shall not conduct research with biological agents that exceed biosafety level II or involve Tier I select agents without prior DOE Site Office Manager approval. The Contractor will maintain individual facility chemical inventories below Threshold Planning Quantities. The Contractor will maintain radiological materials within authorized operating limits. The Contractor shall maintain business systems within compliance of applicable laws, regulations and directives.

DOE maintains its right to not authorize the proposed work based upon analysis of the hazards/risks and legacy considerations involved.

2.6.3 Security

The Contractor shall conduct work in a manner that protects sensitive unclassified information, classified information, special nuclear material, cyber systems and Government property, from sabotage, espionage, loss or theft. The Contractor shall obtain approval of safeguards and security plans from the cognizant security authority (i.e., Site Office Manager) which describes protective measures appropriate to the work being performed. Any significant changes or deviations from the approved safeguards and security plans require the cognizant security authority's review and approval.

C-3 Performance Expectations, Objectives, and Measures

3.1 Core Expectations

3.1.1 General

The relationship between DOE and its national laboratory management and operating contractors is designed to bring best practices for research and development to bear on the DOE's missions. Through application of these best practices, DOE seeks to assure programmatic and operational performance of today's research programs and the long-term quality, relevance, and productivity of the laboratories against tomorrow's needs. Accordingly, DOE has substantial expectations of the Contractor in the areas of: program delivery and mission accomplishment; laboratory stewardship; and laboratory operations and financial management.

3.1.2 Program Delivery and Mission Accomplishment Expectations

The Contractor is expected to provide effective planning, management, and execution of assigned research and development programs. The Contractor is expected to execute assigned programs so as to strive for the greatest possible impact on achieving DOE's mission objectives, to aggressively manage PNNL's science and technology capabilities and intellectual property to meet these objectives, and to bring forward innovative concepts and research proposals that are well-aligned with DOE missions. The Contractor shall propose work that is aligned with, and likely to advance, DOE's mission objectives, and that is well matched to Laboratory capabilities. The Contractor shall strive to meet the highest standards of scientific quality and productivity, "on-time, on budget, as-promised" delivery of program deliverables, and first-rate service to the research community through user facility operation.

3.1.3 Operating Principles

The Contractor is accountable for providing reasonable assurance to the DOE that PNNL's system of management controls when properly implemented provides an effective and efficient means of meeting all applicable requirements while accomplishing assigned missions.

To provide reasonable assurance, the Contractor must identify, monitor, and address existing and/or emerging risks important to the accomplishment of PNNL's mission and Contract requirements.

Laboratory management is to provide and report in a timely manner performance data to Governance processes, which ultimately provide assurance to DOE.

The Contractor will be responsible for penalties and fines arising from work conducted by Contractor staff which is not consistent with work authorization clause(s) of the Contract which outline the scope of work the Contractor may appropriately perform under this Contract. DOE shall not be liable for special, consequential, or incidental damages attributed to such actions.

3.1.4 Laboratory Stewardship Expectations

The Contractor is expected to be an active partner with DOE in assuring that PNNL is renewed and enhanced to meet future mission needs. Within the constraints of available resources and other Contract requirements, the Contractor, in partnership with DOE, shall:

- (a) Maintain a Laboratory vision and long-term strategic plan to meet anticipated DOE and national needs.
- (b) Attract, develop, and retain an outstanding work force, with the skills and capabilities to meet DOE's evolving mission needs.
- (c) Renew and enhance research facilities and equipment so that PNNL remains mission ready and is well-positioned to meet future DOE needs.
- (d) Build and maintain a financially viable portfolio of research programs that generates the resources required to renew and enhance Laboratory research capabilities over time.
- (e) Maintain a positive relationship with the broader research community, to enhance the intellectual vitality and research relevance of PNNL, and to bring the best possible capabilities to bear on DOE mission needs through collaborative relationships with the research community.
- (f) Build a positive, supportive relationship founded on openness and trust with the community and region in which PNNL is located.

3.1.5 Operational and Financial Management Expectations

The Contractor is expected to effectively and efficiently manage and operate PNNL through management practices designed to

enable research. The Contractor shall assure the protection and proper maintenance of DOE research and information assets, the health and safety of staff, the public, and the environment. The Contractor is also to develop and deploy management systems and practices that are compliant, efficient and enhance research productivity and mission accomplishment.

3.1.6 Expectations for Program and Project Management for the Acquisition of Capital Assets

DOE's Project Management Principles apply to all capital asset projects using a tailored approach as defined or approved by the sponsoring project office. This includes General Plant Projects (GPPs) and Institutional General Plant Projects (IGPPs) as defined in DOE Order 430.1B. The Contractor is expected to provide for:

- a. Line management accountability
- b. Sound, disciplined, up-front project planning.
- c. Well-defined and documented project requirements.
- d. Development and implementation of sound acquisition strategies that incorporate effective risk handling mechanisms.
- e. Well-defined and managed project scope and risk-based Performance Baselines (PBs) and stable funding profiles that support original cost baseline execution.
- f. Development of reliable and accurate cost estimates using appropriate cost methodologies and databases.
- g. Properly resourced and appropriately skilled project staffs.
- h. Effective implementation of all management systems supporting the project (e.g., quality assurance, integrated safety management, risk management, change control, performance management, and contract management).
- i. Early integration of safety into the design process.
- j. Effective communication among all project stakeholders.
- k. Utilization of peer reviews throughout the life of a project to appropriately assess and make course corrections.
- l. Process to achieve operational readiness is defined early in the project for Hazard Category 1, 2, and 3 nuclear facilities.

For all capital asset projects with a Total Project Cost (TPC) equal to or greater than \$50 million, the Contractor shall comply with the

requirements as set forth in DOE Order 413.3B Contractor Requirements Document (CRD). [M1140]

3.1.7 Sustainable Practices for the Institution

The Contractor shall assist DOE through direct participation and other support in achieving DOE's energy efficiency goals and objectives in electricity, water, and thermal consumption, conservation, and savings.

3.2 Performance Objectives and Measures

The performance objectives and measures of this contract are stated in the annual Performance Evaluation and Measurement Plan for the Management and Operations of the Pacific Northwest National Laboratory.

Part I – The Schedule

Section H

Special Contract Requirements

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H-1 Pacific Northwest National Laboratory Land/Facilities

DOE agrees to furnish and make available to the Contractor, for the performance of work under this Contract, the Laboratory land/facilities designated as follows:

- (a) The Government-owned or leased land, buildings, utilities, equipment and other facilities situated at the Pacific Northwest National Laboratory Site at Richland, Benton County, Washington and Sequim, Clallam County, Washington; and
- (b) Government-owned or leased facilities at such other locations as may be approved by DOE for use under this Contract.

DOE reserves the right to make part of the above-mentioned land or facilities in paragraphs (a) and (b) available to other Government agencies or other users on the basis that the responsibilities and undertakings of the Contractor will not be unreasonably interfered with. Before exercising its right to make any part of the land or facilities available to another agency or user, DOE will confer with the Contractor.

Unless otherwise authorized by this Contract or as agreed to by the Parties, the Contractor agrees to provide to DOE the exclusive use of the Contractor-owned facilities and the beneficial use of the Contractor-owned land for the operations of the Pacific Northwest National Laboratory, in accordance with the rights and obligations set forth in Section J, Appendix I, Advance Agreement on Costs and Associated Use of Battelle Owned Facilities and Real Property.

A list of current approved Government-owned and leased and Contractor-owned and Contractor-leased Laboratory land/facilities is contained in Section J, Appendix H – List of Approved Laboratory Land/Facilities (Owned and Leased).

Subject to mutual agreement land/facilities may be authorized or removed in the performance of the work under this Contract.

The Contractor may use the above-mentioned Government-owned or leased land, facilities and property in its custody under this Contract to conduct research and development activities under the Contract Clause entitled "Non-Federal Agreements for Commercializing Technology (Pilot)".

(End of Clause)
[M1067]

H-2 Source and Special Nuclear Materials

The Contractor shall comply with all applicable regulations and instructions of DOE relative to the control of and accounting for source and special nuclear material (as these terms are defined in applicable regulations). The Contractor shall make such reports and permit such inspections as DOE may require with reference to source and special nuclear materials. The Contractor shall take all reasonable steps and precautions to protect such materials against theft and misappropriations and to minimize all losses of such materials. The Contractor shall also submit to DOE, as requested for all specified nuclear materials, the annual Nuclear Materials Inventory Assessment and the Nuclear Materials Forecast.

(End of Clause)

H-3 Workers' Compensation

- (a) Pursuant to State of Washington Revised Code (RCW) Title 51, the Department of Energy (DOE), Richland Operations Office (RL) is a group self-insurer for purposes of workers' compensation coverage. The coverage afforded by those workers' compensation statutes shall, for work under this Contract in the state of Washington, be subject to the following:
- (1) Under the terms of a Memorandum of Understanding (MOU) with the Washington Department of Labor and Industries (L&I), DOE has agreed to perform all functions required by self-insurers in the State of Washington. While this MOU is in effect, the Contractor is not required to pay for workers compensation coverage or benefits except as otherwise provided below or as directed by the Contracting Officer.
 - (2) The Contractor shall submit to DOE (or other party as designated by DOE for transmittal to the L & I), such payroll records required by the workers compensation laws of the State of Washington.
 - (3) The Contractor shall submit to DOE (or other party as designated by DOE), for transmittal to the Department, the accident reports provided for by RCW Title 51, Section 51.28.010, or any other documentation requested by DOE or the L&I pursuant to the workers compensation laws of the State of Washington.
 - (4) The Contractor shall take such action, and only such action, as DOE requests in connection with any accident reports, including assistance in the investigation and disposition of any claim thereunder and, subject to the direction and control of DOE, the conduct of litigation in the Contractor's own name in connection therewith.

- (5) Under RCW Title 51.32.073, DOE is the self-insurer and is responsible for making quarterly payments to the State Department of L&I. In support of this arrangement, the Contractor is responsible for withholding appropriate employee contributions and forwarding on a timely basis these contributions plus the employer-matching amount to DOE.
 - (6) The workers' compensation program shall operate in partnership with Contractor employee benefits, risk management, and environmental, safety, and health management programs. The Contractor shall cooperate with DOE for the management and administration of DOE, Richland Operations Office (RL) self-insurance program that provides workers' compensation benefit coverage to Contractor employees at PNNL.
 - (7) The Contractor must certify to the accuracy of the payroll record used by the Department in establishing the self-insurance claims reserves, and cooperate with any state audit.
 - (8) The Contractor shall submit to the Contracting Officer, a yearly evaluation and analysis of workers' compensation cost as a percent of payroll compared with the percentage of payroll cost reported by a nationally recognized Cost of Risk Survey that has been pre-approved by the Department (once DOE has provided the Contractor with the necessary data to perform the analysis required in this paragraph).
- (b) The Contractor will provide statutory worker's compensation coverage for staff members performing work under this Contract outside of the State of Washington and not otherwise covered by the State of Washington worker's compensation laws.
 - (c) Subcontractors performing work under this Contract on behalf of the Contractor are not covered by the provision of the Agreement referenced in (a)(1) of this clause. The Contractor shall flow-down to its subcontractors the requirement to provide statutory worker's compensation coverage for the subcontractor's employees. The Contractor shall have no responsibility for subcontractor worker's compensation when it includes this requirement in the subcontract.

(End of Clause)

H-4 Contractor Acceptance of Notices of Violation or Alleged Violations, Fines, and Penalties

- (a) The Contractor shall accept, in its own name, service of notices of violation or alleged violations (NOVs/NOAVs) issued by Federal or State regulators to the Contractor resulting from the Contractor's performance of work under this Contract, without regard to liability. The allowability of the costs associated with fines and penalties shall be subject to the other provisions of this Contract.

- (b) The Contractor shall notify DOE promptly when it receives service from the regulators of NOVs/NOAVs and fines and penalties.

(End of Clause)

H-5 Allocation of Responsibilities for Contractor Environmental Compliance Activities

- (a) The Parties commit to full cooperation with regard to acquiring any necessary permits or licenses required by environmental, safety and health (ES&H) laws, codes, ordinances, and regulations of the United States, states or territories, municipalities or other political subdivisions, and which are applicable to the performance of work under this Contract. It is recognized that certain ES&H permits will be obtained jointly as co-permittees, and other permits will be obtained by either party as the sole permittee. The Contractor, unless otherwise directed by the Contracting Officer, shall procure all necessary non-ES&H permits or licenses.
- (b) This clause allocates the responsibilities of DOE and the Contractor, referred to collectively as the “Parties”, for implementing the environmental requirements at facilities within the scope of the Contract. In this Clause, the term “environmental requirements” means requirements imposed by applicable Federal, State, and local environmental laws and regulations, including, without limitation, statutes, ordinances, regulations, court orders, consent decrees, administrative orders, or compliance agreements, including the *Hanford Federal Facility Agreement and Consent Order*, consent orders, permits, and licenses.
- (c)
 - (i) Liability and responsibility for civil fines or penalties arising from or related to violations of environmental requirements shall be borne by the party causing the violation irrespective of the fact that the cognizant regulatory authority may assess any such fine or penalty upon either party or both Parties without regard to the allocation of responsibility or liability under this Contract. This contractual allocation of liability for any such fine or penalty is effective regardless of which party signs permit applications, manifests, reports, or other required documents, is a permittee, or is the named subject of an enforcement action or assessment of a fine or penalty. The allowability of the costs associated with fines and penalties assessed against the Contractor shall be subject to the other provisions of this Contract.
 - (ii) In the event that the Contractor is deemed to be the primary party causing the violation, and the costs of fines and penalties proposed by the regulatory agency to be assessed against the Government (or the Government and Contractor jointly) are determined by the Government to be presumptively unallowable if allocated against the Contractor, then the Contractor shall be afforded the opportunity to participate in negotiations to settle or mitigate the penalties with

the regulatory authority. If the Contractor is the sole party of the enforcement action, the Contractor shall take the lead role in the negotiations and the Government shall participate and have final authority to approve or reject any settlement involving costs charged to the Contract.

- (d) DOE agrees that if bonds, insurance, or administrative fees are required as a condition for permits obtained by the Contractor under this Contract, and the Contractor has been directed in by the Contracting Officer to obtain such permits after the Contractor has notified the Contracting Officer of the costs of complying with such conditions, such costs shall be allowable. In the event such costs are determined by DOE to be excessive or unreasonable, DOE shall provide the regulatory agency with the acceptable form of financial responsibility. Under no circumstances shall the Contractor be required to provide any corporate resources or corporate guarantees to satisfy such regulatory requirements.

(End of Clause)

H-6 Other Intellectual Property Related Matters

- (a) Transfer of Patent Rights to a Successor Contractor

As consideration for the Contractor's commitment to expend private monies in its privately-funded technology transfer effort under this Contract at a level at least commensurate with such expenditures under its prior contracts, including an average of five hundred thousand dollars (\$500,000) per year for activities under the privately-funded technology transfer program which includes a combination of the filing of an average of 7 patent applications, and no fewer than 5, per year during the period of this Contract, including expenses related to the patenting, marketing, licensing and development of Subject Inventions, the Parties agree that at the termination or expiration of this Contract, the following terms and conditions shall apply to Subject Inventions which were elected to be pursued under the Contractor's privately-funded technology transfer program, and to the licenses and royalties generated therefrom: **[M881]**

- (1) In the event Contractor has executed a license, assignment or other commercialization agreement to a Subject Invention prior to termination or expiration of this Contract in which royalties, fees, equity or other consideration is to be or has been paid (hereinafter "agreement"), the distribution of net income from royalties, equity, or any other consideration received or to be received under such agreement shall remain as prior to Contract termination or expiration and shall continue for the duration of such agreement. As set forth in paragraph (d) below, fifty-one percent (51%) of such net income shall go to the Successor Contractor at the Facility for use at the Facility pursuant to its contract or, in the absence of a Successor Contractor, to such other entity designated by the Government, and forty-nine percent (49%) may be retained by the

Contractor for use in accordance with 35 USC Section 200 et seq. Administration of agreements related to such Subject Invention, shall remain with the Contractor. Title to such Subject Invention shall remain with the Contractor provided the Contractor has fulfilled the commitments set forth in paragraph (a) above. If the Contractor has not fulfilled the commitments set forth in paragraph (a) above, upon request, title to such Subject Invention shall be transferred to the Successor Contractor, or such other entity designated by the Government.

- (2) In the event Contractor has not executed an agreement (as defined in paragraph (1) above) to a Subject Invention, upon request, title to such Subject Invention shall be transferred to the Successor Contractor, or to such other entity designated by the Government, unless Contractor can demonstrate that it has expended at least twenty thousand dollars (\$20,000) of private monies in its privately funded technology transfer program toward the patenting, licensing, marketing and/or development of such Subject Invention, and the Contractor has fulfilled the commitments set forth in paragraph (a) above. In the event Contractor retains title to a Subject Invention under this paragraph, the distribution of royalties, fees, equity or other consideration from such agreement shall be as set forth in paragraph (1) above.
- (3) In the event Contractor retains title to Subject Inventions under paragraphs (1) or (2) above, and executes an agreement (as defined in paragraph (1) above) to such Subject Inventions after the termination or expiration of this Contract, the distribution of royalties, fees, equity or other consideration from such agreement shall be as set forth in paragraph (1) above.
- (4) The Contractor and the Government shall enter negotiations prior to such termination or expiration with respect to retention of the title to Subject Inventions. Such negotiations shall consider the equities of the Parties with respect to each Subject Invention and shall take into consideration the presence of private investment, DOE's need for continued operation of the Facility, potential commercial use, assumption of patent related liabilities, effective technology transfer, and the need to market the technology. Such negotiations shall not change the disposition of title provided for in paragraphs (1) and (2) above unless mutually agreed by the Contractor and the Government.
- (5) For any Subject Invention to which the Contractor maintains title or administration of an agreement under paragraphs (a)(1)-(2) above, the Contractor agrees that, to the extent it is able to do so in view of prior licenses or assignments, it will negotiate in good faith to enable the Successor Contractor to practice such subject invention in the form of CRADAs, Strategic Partnerships Projects agreements, licenses or other

appropriate agreements, in order to fulfill the missions and programs of the Facility. It is the intention of the Contractor to enable the Successor Contractor to continue operation of the Facility, including the Facility's technology transfer program. In any event, the Successor Contractor retains the nonexclusive royalty-free right to practice the Subject Invention on behalf of the U.S. Government.

(b) Costs

- (1) Except as otherwise specified in the clause of this Contract entitled, "Technology Transfer Mission," as allowable costs for conducting activities pursuant to provisions of that clause, no costs are allowable as direct or indirect costs for the preparation, filing, or prosecution of patent applications or the payment of maintenance fees or licensing and marketing costs after the Contractor elects to pursue commercialization of a Subject Invention under its privately-funded technology transfer program pursuant to paragraph (f) below. Should the Contractor make such election after allowable costs have been incurred with respect to the patenting of a particular Subject Invention, such costs shall be repaid from private funds concurrent with such election. **[M1067]**

(c) Liability of the Government

- (1) It is understood that the privately-funded technology transfer activities of the Contractor under this clause are not subject to the clause entitled, "Insurance-Litigation and Claims."
- (2) The Contractor shall not include in any license agreement or assignment any guarantee or requirement, which would obligate the Government to pay any costs or create any liability on behalf of the Government.
- (3) The Contractor shall include in all licensing agreements and in any assignment of title the following clauses unless otherwise approved or directed by the Contracting Officer following consultation with the DOE Patent Counsel:
 - (i) "This agreement is entered into by Battelle Memorial Institute (BMI) in its private capacity. It is understood and agreed that the U.S. Government is not a party to this agreement and in no manner whatsoever shall be liable for nor assume any responsibility or obligation for any claim, cost or damages arising out of or resulting from this agreement or the subject matter licensed assigned."
 - (ii) "Nothing in this Agreement shall be deemed to be a representation or warranty by the U.S. Government of the validity of any of the patents or the accuracy, safety, or usefulness for any purpose, of

any TECHNICAL INFORMATION, techniques, or practices at any time made available by BMI. The U.S. Government shall have no liability whatsoever to LICENSEE or any other person for or on account of any injury, loss, or damage of any kind or nature sustained by, or any damage assessed or asserted against, or any other liability incurred by or imposed upon LICENSEE or any other person, arising out of or in connection with or resulting from:

- (A) The production, use, or sale of any apparatus or product, or the practice of the INVENTIONS;
- (B) The use of any TECHNICAL INFORMATION, techniques, or practices disclosed by BMI; or
- (C) Any advertising or other promotional activities with respect to any of the foregoing, and LICENSEE shall hold the U.S. Government harmless in the event the U.S. Government is held liable. BMI represents that it has the right to grant all of the rights granted herein, except as to such rights as the Government of the United States of America may have or may assert.”

(d) Distribution of net income

In the event the Contractor engages in a privately funded technology transfer program under the clause of this Contract entitled, “Patent Rights – Management and Operating Contracts, Nonprofit Organization or Small Business Firm Contractor” or the clause of this Contract entitled, “Rights in Data – Technology Transfer, ” such that private funds are utilized for technology transfer after the Contractor elects to pursue privately-funded commercialization of a Subject Invention or after the Contractor has received permission from the Contracting Officer to assert statutory copyright in a software program and received DOE approval to commercialize such software under its privately funded technology transfer program under paragraph (h) below, net income from such privately funded technology transfer program shall be distributed as follows:

- (1) Fifty-one percent (51%) of net income shall be used at the Facility for scientific research, development and education consistent with the research and development mission and objectives of the Facility. Forty-nine percent (49%) of such net income may be used by the Contractor at a location other than the Facility if such use is for scientific research, development, and education consistent with the research and development mission and objectives of the Facility in accordance with 35 USC Section 200 et seq.

- (2) “Net income” is defined as that amount remaining after the expense of patenting costs, licensing and marketing costs, payments to inventors, and other expenses incidental to the administration of Subject Inventions is deducted from gross income received.

(e) Equity Plan

It is the intent of the Government and the Contractor that the Contractor shall, in its discretion, take reasonable and prudent actions from both a commercial and stewardship of the Facility’s technology transfer perspective related to the ownership of equity received from third parties under this Contract. The Contractor shall submit to the Contracting Officer a plan, which shall set forth principles for the Contractor’s acquisition, retention and disposition of equity received from third parties as consideration for licenses or assignments granted to such third party. Such plan shall consider, at a minimum,

- (1) the manner in which the Contractor shall acquire such equity in a third party, including the manner in which the Contractor shall apportion capital contributions to such third party between the relative value of private Contractor contributions and the value of contributions representing a license under a Subject Invention;
 - (2) the manner in which the Contractor shall hold such equity, given that the Government has an undivided 51% interest in that portion of such equity representing the value of contributions resulting from a license to such Subject Invention;
 - (3) the manner in which the Contractor shall dispose of such equity, giving due consideration to the potential for a conflict of interest between the interests of the Government and the Contractor; and
 - (4) the manner in which the Contractor’s inventors are compensated.
- (f) The Contractor shall indicate whether a Subject Invention will be pursued under its government-funded technology transfer program or its privately-funded technology transfer program within six (6) months after the Subject Invention is reported to the Contractor, unless otherwise agreed in writing by the DOE Patent Counsel.
- (g) In its privately-funded technology transfer program, the Contractor shall be substantially guided by the principles of U.S. Competitiveness and Fairness of Opportunity as set forth herein.
- (h) When requesting approval from DOE to assert statutory copyright in a particular software package pursuant to the clause entitled “Rights in Data—Technology Transfer”, Contractor may request that commercialization of such software

proceed under the provisions of this Clause. If approved, no costs of such commercialization thereafter shall be allowable, and the proceeds of such commercialization shall be treated in accordance with paragraph (a) above as if such proceeds had resulted from the commercialization of a Subject Invention.
[M1067]

(End of Clause)

H-7 Continued Improvement Initiative

It is the intent of the Parties to continue to work together during the term of this Contract to develop and implement innovative approaches and techniques for improving Contractor performance and Contract administration. This initiative for continued improvement will focus on improving Contractor efficiency and effectiveness, enhancing Contractor accountability, gaining savings in Laboratory programs, improving cost-effective management of risks, and increasing efficiencies in Federal oversight of the Contract. Areas that the Parties will evaluate, include, but are not limited to, the following:

- (a) Management/reduction of mandatory Hanford Site Services and ensure cost allocation equity;
- (b) Policies and procedures related to the Technology Transfer mission of the Laboratory; and
- (c) Incentive Compensation and/or other enhancements to variable pay programs.

(End of Clause)

[M881]

H-8 Standards of Contractor Performance Evaluation

- (a) Use of objective standards of performance, self-assessment and performance evaluation
 - (1) The Parties agree that the Contractor will utilize a comprehensive performance-based management approach for overall Laboratory management. The performance-based management approach will include the use of standardized performance goals and objectives as the measurement basis against which the Contractor's overall performance of the scientific and technical mission obligations under this Contract will be assessed. The performance criteria will focus on results to drive improved performance and increased effective and efficient management of the Laboratory.

- (2) The Parties agree to utilize the process described within Section J, Appendix E “Performance Evaluation and Measurement Plan” (PEMP) to evaluate the performance of the Laboratory. The Parties further agree that the evaluation process described in Appendix E will be reviewed annually and modified, if necessary, by agreement of the Parties. If agreement of the Parties cannot be reached, the Contracting Officer has the unilateral right to establish the evaluation process.
- (3) The Parties agree that the Contractor will conduct an ongoing self-assessment process as a principal means of determining its compliance with the Contract Statement of Work and performance objectives identified within Section J, Appendix E. To assist the DOE in accomplishing the appropriate level of oversight, the Contractor shall work in partnership and cooperation with DOE and other external organization, as appropriate, in the self-assessment process. This work includes, but is not limited to, the development and execution of self-assessments and the utilization of the results for continuous improvement.
- (4) The Contractor shall provide formal status briefings for performance against Appendix E, as agreed to by the Laboratory Director and the Manager, PNSO. [M813]
- (5) DOE, as a part of its responsibility for oversight, evaluation, and information exchange, shall provide an annual programmatic appraisal and other appraisals, and reviews of the Contractor’s performance of authorized work in accordance with the terms and conditions of this Contract. The Office of Science, through the PNSO, has the lead responsibility for oversight of the programs and activities conducted by the Contractor.
- (6) The Contracting Officer shall annually provide a written assessment of the Laboratory’s performance to the Contractor, which shall be based upon the process described in Appendix E. The Parties acknowledge that the performance levels achieved against the specific performance objectives and measures shall be the primary, but not sole, criteria for determining the Contractor’s final performance evaluation and rating for each goal. The Contractor’s self-assessment results, to include results of any third party reviews which may have been conducted during the evaluation period, will be considered at all levels to assess and evaluate the Contractor’s performance. The Contracting Officer may also consider other relevant information not specifically measured by the objectives and measures established within Appendix E that is deemed to have an impact (either positive or negative) on the Contractor’s performance. Other relevant information that may be used by the Contracting Officer may include, but is not limited to, information gained from peer reviews, operational awareness, outside agency reviews (i.e., OIG, GAO, DCAA,

etc.) conducted throughout the year, annual reviews (if needed), and DOE “for cause” reviews. With exception of “for cause” reviews, the DOE Pacific Northwest Site Office will conduct no more than one management and operations review per year. The on-site portion of such reviews will normally last no more than two weeks.

(b) Standards of performance measure review

- (1) The Parties agree to review the PEMP elements (measurement basis and performance measures/targets) contained in Appendix E annually and to modify them upon the agreement of the Parties; provided, however, that if the Parties cannot reach agreement on all the measurement basis and/or performance measures/targets for the next period, the Contracting Officer shall have the unilateral right to establish reasonable new measurement basis and/or performance measures/targets and/or to modify and/or delete existing measurement basis and/or performance measures/targets of performance. It is expected that the measurement basis and performance measures/targets for objectives will be modified by the Contractor and the DOE as new areas of emphasis or priorities emerge which the Parties may agree warrant recognition in the performance-based integrated management approach.
- (2) Failure to include an objective or performance measure/target in the Contract Appendix E does not eliminate the Contractor’s obligation to comply with all applicable terms and conditions as set forth elsewhere within the Contract.
- (3) In the event the Contracting Officer or HCA decides to exercise the rights set forth in paragraphs (a)(6) or (b)(1) above, he/she will notify the Contractor, in writing, of the intended decision ten days prior to issuance.
[M432]

(End of Clause)

H-9 Care of Laboratory Animals

- (a) Before undertaking performance of any contract involving the use of Laboratory animals, the Contractor shall register with the Secretary of Agriculture of the United States in accordance with Section 6, Public Law 89-544, Laboratory Animal Welfare Act, August 24, 1966, as amended. The Contractor shall furnish evidence of such registration to the Contracting Officer.
- (b) The Contractor shall acquire animals used in research and development programs from a dealer licensed by the Secretary of Agriculture, or from exempted sources in accordance with the Public Laws enumerated in (a), above, of this provision.

- (c) In the care of any animals used or intended for use in the performance of this Contract, the Contractor shall comply with USDA regulations governing animal care and usage, as well as all other relevant local, State, and Federal regulations concerning animal care and usage. In addition the Contractor will ensure that research will be conducted in a facility that either: (i) has a current National Institutes of Health (NIH) assurance number for animal care and usage, or (ii) is currently accredited for animal care and usage by an appropriate organization such as the Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC) International, or (iii) has a DOE Assurance Plan Number.

(End of Clause)

H-10 Protection of Human Subjects

Before undertaking the performance of any research involving the use of human subjects, the provisions of 10 CFR 745, 45 CFR Part 46, and the applicable DOE requirements regarding Protection of Human Subjects as incorporated into this Contract in Section J, Appendix D, must be complied with. This requirement applies to research undertaken with DOE support, strategic partnership projects, and collaborations with other institutions. Intelligence-related projects with potential human subjects research (HSR) and/or Human Terrain Mapping (HTM) tasks, will be reviewed by the Central DOE Institutional Review Board - Classified (IRB-C), regardless of the classification level. The DOE Institutional Official's approval is required following IRB-C approval, and prior to initiation, of any HSR and/or HTM projects that are classified in whole or in part, regardless of whether they can be reviewed by the IRB-C in an unclassified manner.

(End of Clause)

[M1110]

H-11 Notice Regarding the Purchase of American-Made Equipment and Products – Sense of Congress

It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available under this award should be American-Made.

(End of Notice)

H-12 Privacy Act Records

In accordance with the Privacy Act of 1974, 5 U.S.C. 552a (Public Law 93-579) and implementing DOE regulations (10 CFR 1008), the Contractor shall maintain the following “Systems of Records” on individuals in order to accomplish the United States

Department of Energy functions:

- (a) Intelligence Related Access Authorization (DOE-15)
- (b) Personnel Radiation Exposure Records (DOE-35)
- (c) Security Education and/or Infraction Reports (DOE-48)
- (d) Access Control Records of International Visits, Assignments, and Employment at DOE Facilities and Contractor Sites (DOE-52)
- (e) Counterintelligence Administrative and Analytical Records and Reports (DOE-81)
- (f) Counterintelligence Investigative Records (DOE-84)

The parenthetical DOE number designations for each system of records refer to the official "System of Records" number published by the DOE in the Federal Register pursuant to the Privacy Act.

(End of Clause)

H-13 Administration of Subcontracts

- (a) The administration of all subcontracts entered into and/or managed by the Contractor, including responsibility for payment hereunder, shall remain with the Contractor unless assigned at the direction of DOE.
- (b) The DOE reserves the right to direct the Contractor to assign to the DOE, or another Contractor, any subcontract awarded under this Contract.
- (c) The DOE reserves the right to identify specific work activities in Section C "Description/Specifications" to be removed (de-scoped) from the Contract in order to contract directly for the specific work activities. The Department will work with the Contractor to identify the areas of work that can be performed by small businesses in order to maximize direct federal contracts with small businesses. **[M1100]**
- (d) To the extent that DOE removes (de-scopes) work from this Contract, any such removed or withdrawn work shall be treated as a change in accordance with the clause of this Contract, titled Changes (Dec 2000). A "material change" for the purpose of this clause is defined as cumulative changes during a fiscal year that result in a plus or minus 10% change to the Laboratory's Estimated Fee Base. To the extent that DOE assigns the administration of a contract to the Contractor, or removes (de-scopes) work, the Parties reserve the right to negotiate an equitable adjustment in the Contractor's annual available performance fee. The negotiation

of fee will be in accordance with the Contract clause entitled “Determining Total Available Performance Fee and Fee Earned”. The Parties will also negotiate appropriate adjustments to the Contractor’s Subcontracting Plan or any other applicable Contract terms and conditions impacted by such withdrawal or addition of work scope to recognize the changes to the Contractor’s subcontracting base and goals. [M1017]

(End of Clause)

H-14 Contracts for Materials, Supplies, Articles, and Equipment Exceeding \$15,000.

Except as otherwise may be approved, in writing, by the Contracting Officer, the Contractor agrees to insert the following provision in noncommercial Purchase Orders and subcontracts under this contract. "If this contract is for the manufacture or furnishing of materials, supplies, articles, or equipment in an amount which exceeds or may exceed \$15,000.00 and is otherwise subject to the Walsh-Healey Public Contracts Act, as amended (41 U.S. Code 35-45), there are hereby incorporated by reference all representations and stipulations required by said Act and regulations issued thereunder by the Secretary of Labor, such representations and stipulations being subject to all applicable rulings and interpretations of the Secretary of Labor which are now or may hereafter be in effect."

(End of Clause)

[M1067]

H-15 Service Contract Labor Standards

The Service Contract Act of 1965 is not applicable to this contract. However, in accordance with Section I Clause entitled “DEAR 970.5244-1 – Contractor Purchasing System,” subcontracts awarded by the Contractor are subject to the Act to the same extent and under the same conditions as contracts awarded by DOE. The Contractor and the Contracting Officer shall develop a procedure whereby DOE will determine if the Service Contract Act is applicable to particular subcontracts. In cases determined to be covered by the Service Contract Act, the Contractor shall prepare SF-98 and 98A “Notice of Intention to Make a Service Contract” (or documentation considered equivalent by the Contracting Officer) and forward it to the Contracting Officer or his designee to obtain a wage determination.

(End of Clause)

[M1067]

H-16 Cap on Liability

- (a) The Parties have agreed that the Contractor’s liability, for certain obligations it has assumed under this Contract, shall be limited as set forth in paragraph (b)

below. These limitations or caps shall only apply to obligations the Contractor has assumed pursuant to the following:

- (1) The cost principle at DEAR 931.205-47 titled “Costs Related to Legal and Other Proceedings” [DOE coverage—paragraph (h), Costs Associated with Whistleblower Actions];
 - (2) The clause titled “Property, ” paragraph (f)(1)(i)(C);
 - (3) The clause titled “Insurance – Litigation and Claims”, (h), with respect to prudent business judgment only; and
 - (4) The clause titled “Insurance – Litigation and Claims, ” (j)(2), except for punitive damages resulting from the willful misconduct or lack of good faith on the part of the Contractor’s managerial personnel as defined in the clause titled “Property. ” [M881]
- (b) The Contractor shall be liable for an amount not-to-exceed 1.25 times the maximum total available performance fee for each fiscal year. The amount of the Contractor’s liability shall be calculated on a cumulative, per fiscal year basis. The annual cap which will apply shall be based on the fiscal year in which the Contractor’s act or failure to act was the proximate cause of the liability assumed by the Contractor. In the event the Contractor’s act or failure to act overlaps more than one fiscal year, the limitation will be the annual limitation for the last fiscal year in which the Contractor’s act or failure to act occurred. If the Contractor’s cumulative obligations equal the amount of the annual limitation of liability, the Contractor shall have no further responsibility for the costs of the liabilities it has assumed pursuant to (a)(1) through (4) above.

(End of Clause)

H-17 Performance Based Management and Oversight

- (a) Performance-based management shall be the key enabling mechanism for establishing the DOE-Contractor expectations on oversight and accountability. DOE expectations (outside of individual program performance and requirements of laws and regulations) and performance targets shall be established through the Performance Evaluation and Measurement Plan (PEMP) pursuant to the clause entitled “Standards of Contractor Performance Evaluation.” This PEMP shall establish the expected strategic results in the areas of science and technology, stewardship, and management/operations excellence. The measurement basis for the science and technology performance goals shall be established by each major customer of the Laboratory, and customer evaluation will be the primary means of evaluating science and technology performance. The performance measures/targets for the management/operational goals shall be established by agreement with DOE. Confirmation of Contractor assurance results shall be the

primary method for evaluating Contract management/operational performance. The types and level of evaluation utilized to confirm results are dependent on the Contracting Officer's determination of the effectiveness of the Contractor's assurance system and is described in the Section H Contract clause, entitled "Contractor Assurance System." [M600]

- (b) The performance-based management system shall be the primary vehicle for addressing issues associated with performance expectations. In the event of a substantive performance shortfall in any area, the appropriate improvement expectations and measures/targets will be incorporated into the PEMP and tracked through self-assessment and independent oversight, as appropriate.
- (c) Compliance with applicable Federal, State and local laws and regulations, and permits and licenses, shall be primarily determined by the cognizant regulatory agency and DOE will primarily rely upon the determination of the external regulators in assessing Contract compliance. [M600]

(End of Clause)

H-18 Shared Services

- (a) Alternative Proposals

The Contractor may submit to the Contracting Officer alternative proposals for obtaining services currently provided by other contractors as Shared Services. All proposals will reflect innovative cost-effective approaches whereby the Contractor will obtain services in a manner reflecting the best interests of the Government and the Contractor. The Contractor will consider contractual and regulatory constraints in all proposals. The Contractor must submit proposals under this clause to the Contracting Officer a minimum of 90 calendar days in advance of the proposed date for transitioning services. The Contracting Officer shall accept, reject, or conditionally accept the proposal, in writing, within 90 calendar days of receipt. The Contracting Officer shall provide an explanation for any rejection.

- (b) Cost-Efficiency Comparison Information

To facilitate the cost-efficiency comparisons required under paragraph (a) above, DOE agrees to provide the contractor's allocation methodology information associated with services provided by other Hanford Site contractors to the fullest extent possible and at the highest level sufficient to perform such analysis. DOE will deliver the information to the Contractor within 30 days of the Contractor's request or such time period as agreed to by the Parties.

(End of Clause)

[M1067]

H-19 Lobbying Restriction

The Contractor agrees that none of the funds obligated on this award shall be expended, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before Congress, other than to communicate to Members of Congress as described in 18 U.S.C. 1913. The Contractor also agrees that none of the funds obligated on this award shall be made available for any activity or the publication or distribution of literature that in any way tends to promote public support or opposition to any legislative proposal on which Congressional action is not complete. This restriction is in addition to those prescribed elsewhere in statute and regulation.

(End of Clause)

[M1067]

H-20 Intellectual and Scientific Freedom

- (a) The Parties recognize the importance of fostering an atmosphere at the Laboratory conducive to scientific inquiry and the development of new knowledge and creative and innovative ideas related to national interests.
- (b) The Parties further recognize that the free exchange of ideas among scientists and engineers at the Laboratory and colleagues at universities, colleges, and other laboratories or scientific facilities is vital to the success of scientific, engineering, and technical work performed by Laboratory personnel.
- (c) The Parties also recognize that protecting proprietary and national security interest, information and assets is a paramount concern and duty of the Laboratory and its personnel.
- (d) In order to further the goals of the Laboratory and the national interest, as well as protect proprietary information and national security, it is agreed by the Parties that the scientific and engineering personnel at the Laboratory shall be accorded the rights of publication or other dissemination of research, and participation in open public debate and in scientific, educational, or professional meetings and conferences, subject to limitations included in technology transfer agreements, strategic partnership project agreements, and such other limitations as may be required by the terms of this contract. Nothing in this clause is intended to interfere with the obligations of the Parties, including all Laboratory personnel, to protect proprietary, classified, Privacy Act, or other sensitive information as provided for or required by law, regulation, Department of Energy Directive or Order, or elsewhere in this contract.

(End of Clause)

[M1089]

H-21 Advance Understandings on Allowable Costs

Allowable costs under this Contract shall be determined according to the requirements of DEAR 970.5232-2, Payments and Advances. For purposes of effective contract implementation, certain items of cost are being specifically identified below as allowable under this Contract to the extent indicated:

- 1) Foreign Rental Car Insurance - Foreign rental car insurance is allowable to the extent it is not covered by an existing insurance plan being billed to the government or is required by law and is not personal in nature.
- 2) Home Office Expenses - Home Office expenses are allowable to the extent that such expenses are allowable per FAR 31.2 and DEAR 970.3102 and are allocable consistent with FAR 31.2 and the Cost Accounting Standards. These costs are capped by Fiscal Year (FY) at: (a) **\$5.4M** for Fiscal Year (FY) 2017, (b) **\$2.5M** for FY 2018, FY 2019 and FY 2020, (c) **\$2.4M** for FY 2021 and (d) **\$2.1M** for FY 2022. If the cap does not adequately cover Battelle Home Office cost as allowable under the FAR, DOE will consider a revision to the cap if sufficient justification is provided by Battelle. **[M1089]**
- 3) Operational Support and Strategic Sourcing – In circumstances when there is a clear advantage to the Government for operational support to be sourced from Battelle in a project or non-project (i.e., overhead) capacity or when the Contractor performs non-project work for Battelle, such costs will be deemed allowable to the extent the costs are in accordance with FAR Part 31.2, DEAR 970.3102 and Cost Accounting Standards under this Contract. Additionally, the following measures shall be taken for the described costs:
 - a) Allocation of cost from Battelle for services, such as contractor assurance, essential for the Contractor to operate PNNL and activities related to leases if expressly approved by the Contracting Officer. The Contractor will submit an annual true-up of these costs by July 31 of the following fiscal year.
 - b) Costs of work performed by Battelle for the Contractor that are charged to an overhead account (DOE notification is required five days prior to the start of work to the extent practicable);
 - c) Costs for work performed by Battelle that are directly charged to projects (DOE notification is required five days prior to the start of work to the extent practicable);
 - d) Costs for work performed by the Contractor for Battelle that are charged to an overhead account (DOE notification is required five days prior to the start of work to the extent practicable).

[M1089]

- 4) **Stipends and payments, if not otherwise unallowable under any other term of the contract, made to reimburse travel or other expenses - Researchers and students who are not employed under this Contract but are participating in research, educational or training activities under this Contract are allowable to the extent such costs are incurred in connection with fellowship, international agreements, or other research, educational or training programs approved in writing by the Contracting Officer. (Deviation authorized from FAR 31.205-44 (e))**
- 5) **Tuition Reimbursement** – Tuition and fees for staff who are employed under this Contract are allowable to the extent the staff continue their employment during the period of reimbursement and this cost is not otherwise unallowable.
- 6) **Payments, if not otherwise unallowable under any other term of the contract, to educational institutions - Tuition and fees for researchers and students who are not employed under this Contract but are participating in research, educational or training activities under this Contract, or institutional allowances in connection with fellowship or other research, educational or training programs are allowable. (Deviation authorized from FAR 31.205-44 (e))**
- 7) **Rewards & Recognition** - The cost incurred by the Contractor will be allowable, to the extent specified under FAR 31.205-6 (f), and as applicable to work under this Contract for administering the Contractor's Recognition and Reward Program for the Commercialization of Intellectual Property as described in the program description. Such costs shall include cash awards and rewards and recognition events to the extent that they are not otherwise unallowable.
- 8) **Imputed interest costs** - Leases classified and accounted for as capital leases under generally accepted accounting principles (GAAP) are allowable, provided that the decision to enter into a capital leasing arrangement has been specifically authorized and approved in writing by the DOE Contracting Officer in accordance with applicable procedures and such interest costs are recorded in an appropriately specified DOE account established for such purpose.
- 9) **ISM Awareness Program** - PNNL has an Integrated Safety Management (ISM) Awareness Program (ISMAP) which is separate and distinct from the Laboratory's variable pay programs. ISMAP includes tangible awards valued at less than \$25 each. The ISMAP awards are for PNNL staff for having participated in educational and survey safety activities that are linked to ISM program performance improvement and achievement or for supporting staff recognition and awareness in the areas of safety and wellness. Costs

associated with the “ISM Awareness Program” are allowable subject to an annual ceiling amount. ISM Awareness Program tangible awards will not promote the Battelle name or logo. However, the PNNL branding logo is acceptable (i.e. Pacific Northwest National Laboratory branding logo, along with Operated by Battelle for the U.S. Department of Energy). Allowable cost is limited to tangible awards for PNNL staff, and any awards to non-PNNL employees will be an unallowable cost.

- 10) Management and Operations Sustainability Program – The PNNL Site Sustainability Plan is to reduce Greenhouse Gas emissions in accordance with Departmental goals. To this end, Battelle is authorized up to \$10,000 for use in creating and implementing sustainability initiatives to include tangible awards valued at less than \$25 each. Tangible awards will not promote the Battelle name or logo. However, the PNNL branding logo is acceptable (i.e. Pacific Northwest National Laboratory branding logo, along with Operated by Battelle for the U.S. Department of Energy). Allowable cost is limited to tangible awards for PNNL staff, and any award to non-PNNL employees will be an unallowable cost. [M881]
- 11) Counterintelligence Awareness Program – PNNL has a Counterintelligence Awareness Program which is separate and distinct from the Laboratory’s variable pay programs. This program includes tangible awards valued at less than \$25 each. The awards are to increase the visibility of counterintelligence with PNNL staff and to communicate key messages/objectives. Costs associated with the “Counterintelligence Awareness Program” are allowable subject to an annual ceiling amount (\$1,500). Counterintelligence Awareness Program tangible awards will not promote the Battelle name or logo. However, the PNNL branding logo is acceptable (i.e. Pacific Northwest National Laboratory branding logo, along with Operated by Battelle for the U.S. Department of Energy). Allowable cost is limited to tangible awards for PNNL staff, and any awards to non-PNNL employees will be an unallowable cost. [M1000]
- 12) Extended Domestic Travel – For any assignment of Contractor personnel to a domestic location expected to exceed 30 consecutive calendar days, the contractor will be reimbursed the lesser of temporary relocation costs or a reduced per diem. The Contractor shall cap Meals and Incidental Expenses (M&IE) and lodging at 55% of per diem if utilizing Federal Travel Regulation (FTR) stipulated per diems. In no case shall actual expenditures exceed 55% of FTR per diem rates. Per diem will not be reimbursed for any extended domestic travel which exceeds three (3) years. Per diem costs will not be reimbursed for any extended domestic travel unless the contractor employee maintains a residence at the permanent duty station. [M1110]

(End of Clause)

H-22 Employee Concerns Program

- (a) The Contractor shall develop and maintain an employee concerns program (ECP) and plan to be reviewed and approved by DOE.
- (1) Contractor and subcontractor personnel shall be informed of the availability of the ECP, their right to raise concerns relating to the environment, safety, health, or management of DOE-related activities through the Contractor or Departmental ECP programs and to do so without any fear of harassment or reprisal.
 - (2) The Contractor shall evaluate and attempt to resolve employee concerns in a manner that protects the health and safety of both employees and the public, ensure effective and efficient operation of programs, and use alternative dispute resolution techniques whenever appropriate.
 - (3) The Contractor shall conduct an annual self-assessment to measure the effectiveness of the ECP. Problems that hinder the ECP from achieving its objectives shall be corrected.
 - (4) The Contractor shall provide timely notification to the Department of any significant staff concerns or allegations of retaliation or harassment. The Contractor shall cooperate with any Departmental actions including requests for documentation or information involving employee concerns.
- (b) The Contractor currently has in place an ECP that meets these requirements. If the Contractor revises the ECP, a copy of the revised ECP shall be provided to DOE for approval.

(End of Clause)

H-23 Electronic Subcontracting Reporting System (AL 2006-01)

The requirement for the submittal of paper versions of the Standard Form (SF) 294, Subcontracting Reports for Individual Contracts, and SF 295, Summary Subcontract Reports, as provided in FAR 52.219-9(j) is hereby deleted and is replaced with the electronic submittal of data under the Electronic Subcontract Reporting System (eSRS).

The offeror's subcontracting plan shall include assurances that the offeror will (1) submit the Individual Subcontracting Reports and Summary Subcontracting Reports under the eSRS and (2) ensure that its subcontractors agree to submit Individual Subcontracting Reports and Summary Subcontracting Reports at all tiers, in eSRS.

The contractor or subcontractor shall provide such information that will allow applicable lower tier subcontractors to fully comply with the statutory requirements of FAR 19.702.

(End of Clause)

[M432]

H-24 Joint Global Climate Change Research Institute

The Department of Energy directive titled, “Use of Management and Operating or Other Facility Management Contractor Employees for Services to DOE in the Washington, D.C., Area”, or its successor, is not applicable to PNNL employees whose permanent duty station is at the Joint Global Climate Change Research Institute in College Park, Maryland, provided that those employees are performing or supporting research and development work. However, if at any time any of those employees are assigned to a position to provide technical expertise and/or experience in support of program missions, the Contractor must meet all of the applicable requirements of the above-mentioned directive or its successor for those employees.

(End of Clause)

[M881]

H-25 Information Technology Acquisitions

All information technology acquisitions shall include the appropriate information technology security policies and requirements, including use of common security configurations available from the National Institute of Standards and Technology’s website <http://checklists.nist.gov> or approved secure configurations that are commensurate with the mission of the contract and conducive to the research and development efforts of the laboratory. This requirement shall be included in all subcontracts which are for information technology acquisitions; and the Laboratory CIO shall annually certify to the DOE Site Office Contracting Officer that this requirement is being incorporated into information technology acquisitions. **[M490]**

H-26 Definition of Unusually Hazardous or Nuclear Risk for FAR Clause 52.250-1 Indemnification Under Public Law 85-804

- A. The term “a risk defined in this contract as unusually hazardous or nuclear” as used in FAR Clause 52.250-1 means the risk of legal liability to third parties (including legal costs as defined in paragraph (jj) of section 11 of the Atomic Energy Act of 1954, as amended, 42 U.S.C. §2014(jj), notwithstanding the fact that the claim or suit may not arise under section 170 of said Act, 42 U.S.C. §2010) arising from actions or inactions in the course of the following work performed by the Contractor under the Contract:
- (1) Providing assistance in implementing physical security at nuclear and radiological facilities worldwide to ensure effective safeguards and security of weapons-usable nuclear materials and high-risk radiological materials both domestically and internationally under Department of Energy’s (DOE) Global Threat Reduction Initiative (GTRI). Supporting activities shall

include vulnerability assessments; design and installation of physical security systems; material consolidation; secure transportation; materials disposition and conversion to less attractive forms; implementation of detection and measurement technologies; and security operations training.

- (2) Providing assistance in DOE's Material Protection Control and Accounting (MPC&A) program including cooperative work outside the United States on the design and implementation of MPC&A systems for facilities processing, handling, and storing nuclear materials, and the transportation of nuclear materials; provision of U.S.-manufactured equipment, and procurement of equipment for installation in facilities in order to implement the above systems; training in the design, use and assessment of MPC&A systems, export control, and facility transition support.
- (3) Participation in the DOE/National Nuclear Security Administration program(s) focusing on the complete denuclearization of the Democratic People's Republic of Korea (DPRK), including cooperative work outside the United States on the disablement and dismantlement of all declared and undeclared DPRK nuclear facilities and the verification of activities, equipment, and materials at said facilities; inspection, packaging, removal, securing in place, transportation, storage and disposition of spent nuclear fuel, nuclear materials (including uranium, highly-enriched uranium, and plutonium), and other radiological materials and equipment; and the conversion of any reactors using highly-enriched uranium fuel to low-enriched uranium fuel.
- (4) Participation in tasks or activities by the Contractor or its subcontractors on or after March 11, 2011 that is directed or authorized by the U.S. Department of Energy or the U.S. Department of Energy National Nuclear Security Administration as an element of activities taken in response to the Japanese earthquake and tsunami, including efforts to address and assess damage to nuclear power plants and potential radioactive releases from these plants now and into the future. [M764]
- (5) Other activities relating to nonproliferation, emergency response, anti-terrorism activities, or critical national security activities that involve the use, detection, identification, assessment, control, containment, dismantlement, characterization, packaging, transportation, movement, storage or disposal of nuclear, radiological, chemical, biological, or explosive materials, facilities or devices, provided such activities are specifically requested or approved, in writing, by the President of the United States, the Secretary of Energy, the Deputy Secretary of Energy, or an Under Secretary, and further provided that the request or approval specifically identifies a particular project involving one of those activities and makes the indemnity provided by this clause applicable to that particular project under the contract.

- B. The unusually hazardous or nuclear risks described above are indemnified only to the extent that they are not covered by the Price-Anderson Act (section 170d of the Atomic Energy Act of 1954, as amended 42 U.S.C. §2210d) or where the indemnification provided by the Price Anderson Act is limited by the restriction on public liability imposed by section 170e of the Atomic Energy Act of 1954, as amended, (42 U.S.C. §2210e) to an amount which is not sufficient to provide complete indemnification for the legal liability to which the Contractor is exposed.

[M920]

H-27 Contractor Assurance System

- (a) The Contractor shall develop a Contractor assurance system that is executed by the Contractor's Board of Directors (or equivalent corporate oversight entity) and implemented throughout the Contractor's organization. This system provides reasonable assurance that the objectives of the contractor management systems are being accomplished and that the systems and controls will be effective and efficient. The Contractor assurance system, at a minimum, shall include the following key attributes:
- (1) A comprehensive description of the assurance system with processes, key activities, and accountabilities clearly identified.
 - (2) A method for verifying/ensuring effective assurance system processes. Third party audits, peer reviews, independent assessments, and external certification (such as VPP and ISO 9001 or ISO 14001) may be used.
 - (3) Timely notification to the Contracting Officer of significant assurance system changes prior to the changes.
 - (4) Rigorous, risk-based, credible self-assessments, and feedback and improvement activities, including utilization of nationally recognized experts, and other independent reviews to assess and improve the Contractor's work process and to carry out independent risk and vulnerability studies.
 - (5) Identification and correction of negative performance/compliance trends before they become significant issues.
 - (6) Integration of the assurance system with other management systems including Integrated Safety management.
 - (7) Metrics and targets to assess performance, including benchmarking of key functional areas with other DOE contractors, industry and research

institutions. Assure development of metrics and targets that result in efficient and cost effective performance.

- (8) Continuous feedback and performance improvement.
- (9) An implementation plan (if needed) that considers and mitigates risks.
- (10) Timely and appropriate communication to the Contracting Officer, including electronic access, of assurance related information.

The initial Contractor assurance system description shall be approved by the Contracting Officer.

- (b) The Government may revise its level and/or mix of oversight of this Contract when the Contracting Officer determines that the assurance system is or is not operating effectively.

[M600]

H-28 Implementation of Section I Clauses

- (a) For purposes of identifying the use of Alternates and Deviations to FAR and DEAR clauses, ***bold italic*** lettering will be used where the language contained within a FAR or DEAR clause is providing alternative language or a deviation to the affected clause.
- (b) For purposes of implementation of Contract Clause entitled “Personal Identity Verification of Contractor Personnel”, the Parties agree to the following:
 - 1) The agency personal identity verification procedures that implement Homeland Security Presidential Directive-12 (HSPD-12), Office of Management and Budget (OMB) guidance M-05-24, and Federal Information Processing Standards Publication (FIPS PUB) Number 201 and that must be complied with, are the applicable DOE directives included in Appendix D, List of Applicable DOE Directives & External Requirements.
 - 2) The Contractor shall only account for Government-provided identification issued through processes managed by the Contractor in connection with this Contract.
 - 3) The Contractor shall return or disposition the Government-provided identification issued to Contractor employees in connection with HSPD-12 credentials in the manner approved by DOE.

- (c) For purposes of implementation of Contract Clause entitled "Payments and Advances," the Parties agree to the following:
- 1) Monthly Provisional Fee Payments. The Contractor may withdraw against the payments cleared financing arrangement, up to one-twelfth (1/12) of 90% of the performance fee for the fiscal year, on the first day of each month, unless otherwise instructed in writing by the Contracting Officer.
 - 2) Final Fee Payment. Following DOE's determination of Total Available Fee Amount Earned, the Contractor is authorized to withdraw any amount of earned fee over the amount previously paid on a provisional basis from the payments cleared financing arrangement. In the event DOE determines there has been an overpayment to the Contractor, such overpayment plus interest shall be redeposited to the payments cleared financing arrangement within 30 calendar days, or otherwise used as directed by the Contracting Officer. Interest shall be computed from the date of overpayment to the date of repayment using the interest rate specified by the Secretary of Treasury pursuant to Pub. L. 92-41 (85 Stat. 97).
- (d) At this time, the FSRS system does not accept the information described in this Clause for reporting with respect to M&O contracts. If the FSRS system becomes operational for M&O contracts in the future then the following requirements of this Clause will be effective. For purposes of implementation of the Contract clause entitled "Reporting Executive Compensation and First-Tier Subcontract Awards", the Parties agree that the Contractor is not required to comply with the sections of the Clause that require reporting into FSRS. However, DOE requests that the Contractor maintain the data in case it is requested. Further, if first-tier subcontractors are unwilling to share executive compensation information with the Contractor, then the Contractor shall advise the first-tier subcontractor that it will be responsible for maintaining the information and will provide the information if requested.
- [M1067]**
- (e) Pursuant to Contract Clause **DEAR 970.5232-7 – Financial Management System**, DOE approval is required for systems that have impact to DOE's financial reporting and/or systems where financial data quality is impacted via alteration of data or system calculations. For purposes of implementation, The Financial Management system includes the Laboratory's current existing integrated accounting system (FPS) and any subsystems that impact that following areas: budget (including funds control and management), payroll system, labor cost distribution, accounts receivable, accounts payable, acquisition, inventory, cost management (including project costing), general ledger, travel, and the financial aspects of the Asset Management Systems. **[M1089]**

The Plan as required in DEAR 970.5232-7 is applicable when new systems or subsystems are procured or developed. Submittal of the Plan for approval is also required when the procurement and development costs for enhanced system(s) or subsystem(s) will exceed \$500,000.00 (estimate at completion (EAC)). The Plan when required should provide a summary of proposed changes from the previously approved plan as well as adequate details for each system, subsystem or major enhancements to include a basic description of the project scope (i.e. purpose, issues, risks, and desired outcomes), including a high-level estimated budget and schedule

If approval of new systems, subsystems, major enhancements or upgrades to existing systems has been provided for in a previously approved plan, but work was not initiated or completed in the current year, the Contractor does not need to request subsequent approval. PNSO's expectation is that the Contractor will provide at a minimum an annual status report of the previously approved item and a status briefing shall be provided by October 30th.

If the Contractor's planned implementation for the systems described in the Plan deviates for scope, schedule or cost reasons and is requested by the Contracting Officer, the Contractor shall submit such deviation to the PNSO Contracting Officer for approval 30 days prior to implementing the change. [M995]

- (f) To facilitate continuity of performance and Contract administration, all agreements, memorandums of understanding, and contractual assumptions which have been appropriately agreed to in writing by both Parties prior to this Contract extension will continue in effect according to the terms thereof unless they have been superseded or, if they are in conflict with any other terms and conditions of this Contract extension.
- (g) For purposes of the clause in this Contract titled "Access to and Ownership of Records", it is understood and agreed that the Contractor-owned legal records that are subject to an attorney-client privilege or an attorney-work-product privilege require special handling to preserve these privileges. Therefore, the Parties agree that inspection, copying, or audit of any such records will only be conducted by DOE Counsel or its designees.
- (h) Prior to the issuance of a work authorization or direction concerning continuation of activities of the contract, the Contractor shall provide a detailed description of work, identification of hazards/risks and legacy considerations and controls that will be instituted to mitigate the hazards/risks and legacy considerations, a budget of estimated costs, and a schedule of performance for the work, and shall provide or make available those items through an approved approach or as directed by the Contracting Officer or designee. The "estimate" referred to in paragraph (e) of the clause entitled, "DEAR 970.5211-1, Work Authorization" shall be defined as total

available funds, and standard monthly budget reports meet the notification requirements of this clause.

(End of Clause)
[M1067]

H-29 Non-Federal Agreements for Commercializing Technology (Pilot)

This Clause implements a PILOT program for a new technology transfer mechanism, Agreements for Commercialization of Technology (ACT). In accordance with the requirements specified in this Clause, the Contractor may conduct privately-sponsored research at the Contractor's risk for third parties. In performing ACT work, the Contractor may use staff and other resources associated with this Contract for the purposes of conducting research and furthering the technology transfer mission of the Department, on the condition that such use does not interfere with Contractor's activities conducted as authorized by other parts of this Contract. The resources that may be used include Government-owned or leased facilities, equipment, or other property that is either in Contractor's custody or available to the Contractor under this Contract (unless specifically excluded by the Contracting Officer). For Contractor's activities conducted under authority of this Clause, the Contractor shall provide full-cost recovery, assume indemnification and liability as provided in Paragraph 9, below, and may assume other risks normally borne by private parties sponsoring research at the Laboratory. In exchange for accepting such risks, or for other private consideration provided by the Contractor, the Contractor is authorized to negotiate separate agreements (ACT agreements) with the sponsoring third parties. Under ACT agreements, the Contractor may charge those parties additional compensation beyond the direct costs of the work at the Laboratory. Any statement of work involving Federal funds or falling within the scope of a Federally-funded contract or award (other than this Contract) shall not be eligible for an ACT transaction.

DOE and the Contractor recognize that implementation of ACT under this Clause is a PILOT program authorized by the Department and that during the PILOT either party may suggest changes to the program based on the experiences gained. Furthermore, the Contractor recognizes that the Department may decide to end the PILOT at any time and that termination of the PILOT by the Department will be in accordance with Paragraph 12, below.

1. *Authority to Perform work under this Clause.* Pursuant to the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011 et seq.) and other applicable authorities, the Contractor may perform work for non-federal entities, in accordance with the requirements of this Clause.
2. *Contractor's Implementation.* The Contractor must draft, implement, and maintain formal policies, practices, and procedures in accordance with this Clause, which must be approved by the Contracting Officer, and such approval shall not be unreasonably withheld.

3. *Conditions for Participation in ACT.* The Contractor:

- a. Must not perform ACT activities that would place it in direct competition with the private sector;
- b. May only conduct work under this Clause if the work does not interfere with or adversely affect projects and programs the Contractor conducts on behalf of the Government under this Contract, and complies with FFRDC requirements applicable to the Facility. If the Government determines that an activity conducted under this Clause interferes with the Department's work under the Contract, or that termination/stay/suspension of work under an ACT agreement is in the best interest of the Government, the Contractor must stop the interfering ACT work immediately to the extent necessary to resolve the interference. At any time, the Contracting Officer may require the use of specified Government-owned or leased property and facilities for the exclusive use of the Facility's mission by providing a written notice excluding said property from the Contractor's activities under this Clause. Any cost incurred as a result of Contracting Officer decisions identified in this subparagraph shall be borne by the Contractor. The Contracting Officer shall provide to the Contractor in writing its decision, identifying the issues and reasons for the decisions. The Contractor shall be provided with a reasonable opportunity to address and resolve the issues identified by the Contracting Officer;
- c. Except as otherwise excluded in this Clause, must perform all ACT activities in accordance with the standards, policies, and procedures that apply to performance under this Contract, including but not limited to environmental, safety and health, security, safeguards and classification procedures, and human and animal research regulations;
- d. Contractor must utilize its standard Laboratory subcontracting procedures for any work subcontracted by the Laboratory under the Contract. Otherwise, the Contractor may subcontract ACT work scope that is not performed under the Contract using commercially reasonable subcontracting practices and terms. Costs for performing such subcontracting activities outside the scope of the Contract are not reimbursable under the Contract;
- e. Must make available to DOE a summary of project information for each active ACT project, consisting of: total estimated costs; project title and description; project point of contact; and, estimated start and completion dates;
- f. Is responsible for addressing the following items in ACT agreements as appropriate, as they are in non-federal SPP agreements: disposition of property acquired under the agreement, export control, notice of intellectual

property infringement, and a statement that the Government and/or Contractor shall have the right to perform similar services in the Statement of Work for other Parties as otherwise authorized by this Contract subject to applicable data restrictions;

- g. Must include a standard legal disclaimer notice on all publications generated under ACT activities. Each DOE contractor has its own pre-approved publications statement, and this should be used; and
- h. Must insert the following disclaimer in each agreement under ACT, which must be conspicuous (e.g. bold type, all capital letters, or large font) in all Agreements under ACT so as to meet the standards of due notice.

DISCLAIMER

THIS AGREEMENT IS SOLELY BETWEEN [INSERT NAME OF CONTRACTOR] ACTING IN A PRIVATE CAPACITY AND [THE OTHER IDENTIFIED PARTY(IES)]. THE UNITED STATES GOVERNMENT IS **NOT** A PARTY TO THIS AGREEMENT, THIS AGREEMENT DOES NOT CREATE ANY OBLIGATIONS OR LIABILITY ON BEHALF OF THE GOVERNMENT AND THE GOVERNMENT MAKES NO EXPRESS OR IMPLIED WARRANTY AS TO THE CONDITIONS OF THE RESEARCH OR ANY INTELLECTUAL PROPERTY, GENERATED INFORMATION, OR PRODUCT MADE OR DEVELOPED UNDER THIS AGREEMENT, OR THE OWNERSHIP, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE RESEARCH OR RESULTING PRODUCT; THAT THE GOODS, SERVICES, MATERIALS, PRODUCTS, PROCESSES, INFORMATION, OR DATA TO BE FURNISHED HEREUNDER WILL ACCOMPLISH INTENDED RESULTS OR ARE SAFE FOR ANY PURPOSE INCLUDING THE INTENDED PURPOSE; OR THAT ANY OF THE ABOVE WILL NOT INTERFERE WITH PRIVATELY OWNED RIGHTS OF OTHERS. THE GOVERNMENT SHALL NOT BE LIABLE FOR SPECIAL, CONSEQUENTIAL, OR INCIDENTAL DAMAGES ATTRIBUTED TO SUCH RESEARCH OR RESULTING PRODUCT, INTELLECTUAL PROPERTY, GENERATED INFORMATION, OR PRODUCT MADE OR DELIVERED UNDER THIS AGREEMENT. THIS DISCLAIMER DOES NOT AFFECT ANY RIGHTS THE GOVERNMENT MAY HAVE AGAINST THIRD PARTIES ARISING FROM WORK CONDUCTED IN CONNECTION WITH THIS AGREEMENT.

4. *Contracting Authority.*

- a. Subject to DOE approval as described in this Paragraph, the Contractor is hereby authorized to negotiate terms and conditions between the Contractor

and third parties when entering into ACT agreements. The Contractor will have no authority to bind the Government in any way with such terms and conditions. The Government will have no obligation to the Contractor due to such terms and conditions.

- b. The Contractor shall submit an ACT proposal package (Package) to the Contracting Officer for approval prior to beginning work under an ACT Agreement.
 - i. A complete Package will include at a minimum: the identity of the parties to the ACT Agreement; the principal place of performance; any foreign ownership or control of the ACT Agreement parties; a Statement of Work; an estimate of costs incurred under the Contract; an anticipated schedule; identification of key Government equipment and facilities that will be used under the ACT Agreement; a list of expected deliverables; identification of the IP Lead and proposed selection of IP rights, as defined in DOE Class Waiver W(C)-2011-013; a signed certification by the private party(ies) that the Contractor offered the option to use CRADA and SPP alternatives (see Paragraph 7a) sufficiently that the private parties are aware of the relative costs and other differences between the ACT agreement and the CRADA and SPP alternatives; source of funds, including a statement that no Federal funds, including pass-through funds received as a subcontractor or partner, are being utilized to fund the agreement; applicable ES&H and NEPA documentation; a statement of consideration, summarizing the risk and/or consideration offered the private participants in exchange for charging beyond full cost recovery or for other compensation provided by the participants; and when multiple third parties are parties to the ACT Agreement, or otherwise requested by the Contracting Officer, an IP Management Plan that sets forth the proposed disposition of IP rights, and income and royalty sharing, among the parties to an ACT agreement.
 - ii. If the Contractor, Contractor's parent, member, subsidiary, or other entity in which the Contractor, Contractor's parent, member or subsidiary has an equity interest, is a party to the ACT Agreement, the Contractor shall include as necessary a project-specific addendum to the Master OCI Plan in the Package to address special circumstances not fully anticipated in the prior approved Master OCI Plan (see Paragraph 7).
 - iii. If the ACT Agreement includes a foreign entity as a party or the statement of work includes the use of human subjects, animal subjects, classified or sensitive subject matter or describes a work scope involving high risks or hazards including environmental

issues, the Contractor shall include additional information as necessary or as requested by the Contracting Officer.

- c. The Contracting Officer shall use reasonable best efforts to review each complete Package submitted by the Contractor under subparagraph b. of this Paragraph within ten (10) business days of receiving the Package and provide the Contractor with approval or non-approval of the Package. The review of the complete Package by the Contracting Officer shall include a determination that the proposed work: (1) is consistent with or complementary to DOE missions and the missions of the Facility; (2) will not adversely impact programs assigned to the Facility; (3) will not place the Facility in direct competition with the domestic private sector; and (4) will not create a detrimental future burden on DOE resources.
 - d. Except as conditionally allowed under subparagraph i. below, the Contracting Officer must approve the Package before the Contractor may begin work under the proposed ACT Agreement. If the Contracting Officer rejects the Package then the Contracting Officer must provide said rejection to the Contractor in writing including the reasons for the rejection. Upon receipt of the Contracting Officer's written rejection, the Contractor agrees to not further pursue the work described in the package or incur additional costs under the Contract for the work described in the Package.
 - i. The Contractor may request a preliminary determination that the proposed scope of work is consistent with the Facility mission and the Contracting Officer will use his/her best efforts to provide such a determination within three (3) business days. Upon such a determination from the Contracting Officer the Contractor may begin work under the ACT Agreement at the Contractor's risk pending final approval of the complete Package. The Contractor must submit a complete Package, as identified in subparagraph 4b above, within (10) business days of the preliminary determination. All costs associated with the performance of work under a preliminary determination are the responsibility of the Contractor, as no Federal funds will be used to fund any work conducted under this Clause.
 - ii. If the Contractor, Contractor's parent, member, subsidiary, or other entity in which the Contractor, Contractor's parent, member or subsidiary has an equity interest is a party sponsoring work in connection with the ACT agreement, work may not commence until approval of the complete Package by the Contracting Officer
5. *Advance Payment for ACT Projects.* The Contractor shall be responsible for providing adequate advance payment for ACT work conducted under this Clause consistent with procedures defined in the Department's Financial Management Handbook. The Contractor shall be solely responsible for collecting payments

- from third parties for any work conducted under this Clause and such collections shall be independent of providing advance payment. For such payments and for any costs, obligations, or liabilities arising due to the Contractor's work under this Clause, the Contractor is entirely at risk and the Government shall have no risk.
6. *Costs.* All direct costs associated with Contractor's work conducted under this Clause shall be directly charged to separate and identifiable accounts in accordance with the requirements of the Department's Financial Management Handbook. An allocable portion of indirect costs normally applied to equivalent work under this Contract shall also be applied to work conducted under this Clause in accordance with the requirements of the Financial Management Handbook. As required by the Financial Management Handbook, changes to the Handbook will be incorporated into this Clause by a unilateral administrative modification to the contract.
 - a. Work conducted under this Clause shall be excluded from Contract award fee calculations and such fee shall not be allocable to work conducted under this Clause.
 - b. No Federal funds will be used to fund work conducted under this Clause.
 7. *Organizational Conflict of Interest.* Contractor shall conduct work under this Clause in a manner that minimizes the appearance of conflicts of interest and avoids or neutralizes actual conflicts of interest with Contractor's functions under this Contract. Accordingly, Contractor shall develop a Master Organizational Conflict of Interest Mitigation Plan (OCI Plan). The Master OCI Plan should address OCI issues that arise as a result of the Contractor taking a financial interest in ACT projects, especially in those cases where the Contractor retains rights in ACT IP. Such Master OCI Plan shall be provided to the Contracting Officer for review and approval as soon as practicable after execution of the Contract modification incorporating this Clause into the Contract. In addition to those elements expressly stated in the Master OCI Plan, the Department may condition any ACT transaction on such other mitigating conditions it determines are appropriate. The Master OCI Plan shall, at a minimum, include elements that address the following:
 - a. *Full Disclosure.* Before work can begin under an ACT transaction, all parties to ACT agreements must sign a DOE-approved certification that they have been fully informed about the availability of SPP agreements and CRADAs in addition to ACT. The certification at a minimum shall briefly describe SPP agreements, CRADAs and ACT, and will include the relative disposition of IP rights and the costs (including any additional compensation to the Contractor under ACT) under each agreement for the scope of work being proposed for the Laboratory.
 - b. *Priority of Work.* The Contractor shall not give work under ACT any special attention or priority over other work at the Laboratory. Work under ACT shall be approved by the Contracting Officer and assigned the same priority

relative to other work at the Laboratory that it would normally have if performed under a non-Federal SPP agreement. The Contracting Officer has discretion to determine the agency's priority of work, considering the Contractor's input.

- c. *Participation by Contractor-related Entity:* Where the Contractor, Contractor's parent, member, subsidiary, or other entity in which the Contractor, Contractor's parent, member or subsidiary has an equity interest, is a party to the ACT Agreement, the Contractor shall include as necessary an addendum to the Master OCI Plan to address special circumstances not fully anticipated in the Master OCI Plan.
 - d. *Right of Inquiry for ACT IP Designation.* DOE Patent Counsel may inquire into Contractor's designation of any invention or data as arising under an ACT transaction. Contractor is responsible for curing any defect identified in such inquiry, and if Contractor cannot adequately justify the designation or cure the defect, then the parties to the ACT agreement may receive modified rights in the IP to the degree necessary to resolve the issues identified by the inquiry.
8. *Intellectual Property.* Disposition of intellectual property (IP) arising from work conducted under this Clause shall be governed by Class Waiver W(C)-2011-013 (ACT Class Waiver) which is incorporated herein by reference.
- a. All Contractor ACT inventions shall be reported to DOE pursuant to the requirements of the [cite Patent Rights – Management and Operating Contracts, Nonprofit Organization or Small Business Firm Contractor] clause of this Contract.
 - b. In reporting ACT inventions, the Contractor shall identify the ACT agreement under which the invention was made and specify the rights reserved by the Government pursuant to the ACT Class Waiver.
 - c. All technical data identified by the ACT client as ACT Protected Information shall also be marked to identify the ACT agreement under which the data was generated.
 - d. The Contractor shall ensure that all rights and obligations concerning ACT IP, including the appropriate IP provisions authorized in the ACT Class Waiver, are clearly provided in ACT agreements, and that all parties granted any rights in ACT IP are informed of the terms of the waived rights, including the rights reserved by the Government.
 - e. Where the Contractor receives ownership or license rights to ACT IP, the Contractor may elect to commercialize the ACT IP consistent with the Technology Transfer Mission clause of this Contract.

- f. As an alternative to subparagraph e., the Contractor may elect to retain private ownership of the ACT IP and commercialize the IP using its private funds, where no costs for developing, patenting, and marketing will be allowable under this Contract. The Contractor will share royalties collected on ACT IP with inventors in accordance with paragraph (h) of the Technology Transfer Mission clause of this Contract.
- g. Where terms and conditions governing Data and Subject Inventions under this Contract are inconsistent with the terms of the ACT Class Waiver, the ACT Class Waiver will control. Except as provided in this paragraph 8, licensing of ACT Subject Inventions the Contractor retains in its private capacity will not be subject to the Technology Transfer Mission clause of this Contract.

9. *Contractor Liability and Indemnification.*

- a. General Indemnity.
 - (i) The Contractor agrees to indemnify and hold harmless the Government, the Department, and persons acting on their behalf from all liability, including costs and expenses incurred, to any person, including the ACT Participants, for injury to or death of persons or other living things or injury to or destruction of property arising out of the performance of an ACT transaction by the Government, the Department, Contractor, or persons acting on their behalf, or arising out of the use of the services performed, materials supplied, or information given hereunder by any person including the Contractor, and not directly resulting from the fault or negligence of the Government, the Department, or persons (other than the Contractor) acting on their behalf.
 - (ii) Subject to Contracting Officer approval, the General Indemnity set forth in (i) above may be modified or waived where: (1) ACT Participants are not providing material or equipment to the Contractor to be used in the performance of the Statement of Work under the ACT transaction; and (2) ACT Participants are not sending their employees to the Facility as part of the Statement of Work; and (3) the specific activities performed under the ACT transaction are normally performed by the DOE Contractor at the Facility.
 - (iii) Notwithstanding the provisions in a (i) and a (ii) above, the Contractor shall indemnify and hold harmless the Government, the Department, and persons acting on their behalf for loss, damage, or destruction of Government property resulting from the fault or

negligence of the Contractor. Such indemnification shall be subject to a liability limit of \$2,000,000 (two million dollars) per year, or such greater liability limit approved by the cognizant DOE/NNSA Program for the Facility. Above the applicable liability limit, Contractor's responsibility to the Government for such loss, damage or destruction shall be as set forth in the "Property" clause of this Contract.

- b. Intellectual Property Indemnity. The Contractor shall indemnify the Government, its agents, and employees against liability, including costs, for infringement of any United States patent, copyright, or other intellectual property arising out of any acts required or directed to be performed under the Statement of Work under an ACT transaction to the extent such acts are not already performed at the Facility. Such indemnity shall not apply to a claimed infringement that is settled without the consent of the Contractor unless required by a court of competent jurisdiction.
- c. Product Liability Indemnity.
 - (i) Except for any liability resulting from any negligent acts or omissions of the Government, the Contractor agrees to indemnify the Government for all damages, costs, and expenses, including attorney's fees, arising from personal injury or property damage occurring as a result of the making, using, or selling of a product, process, or service by or on behalf of the ACT Participants or the Contractor, their assignees, or licensees, which was derived from the work performed under ACT transactions. In respect to this clause, neither the Government nor the Contractor shall be considered assignees or licensees as a result of reserved Government rights in ACT IP. The indemnity set forth in this paragraph shall apply only if the Contractor shall have been informed as soon and as completely as practical by the Government of the action alleging such claim and shall have been given an opportunity, to the maximum extent afforded by applicable laws, rules, or regulations, to participate in and control its defense, and the Government shall have provided all reasonably available information and reasonable assistance requested by the Contractor. No settlement for which the Contractor would be responsible shall be made without the Contractor's consent, unless required by final decree of a court of competent jurisdiction.
 - (ii) Where Contractor assigns the responsibility for indemnifying the Government under subsection c (i) above to other ACT Participants, DOE agrees to seek such indemnification from the Contractor only to the extent not satisfied after reasonable efforts to obtain indemnification from those other ACT Participants.

- d. Claims and liabilities resulting from Contractor's performance of work under an ACT transaction authorized pursuant to this Clause shall not be subject to the Contract clause entitled "Insurance - Litigation and Claims." In no event shall the Contractor be reimbursed under the Contract for liabilities (and expenses incidental to such liabilities, including litigation costs, counsel fees, and judgment and settlements) incurred as a result of third party claims related to the Contractor's performance under this clause.
 - e. Contractor shall not include any guarantee or requirement that will obligate the Government to pay or incur any costs or create any liability on behalf of the Government in any ACT agreement or commitment the Contractor executes under authority of this Clause. The Contractor agrees if the Contractor does include such a guarantee or requirement, it will have no effect on the Government; that is, the Contractor will be responsible for any costs or liability due to such a guarantee or requirement.
10. *ACT Records.* All records associated with Contractor's activities conducted under authority of this Clause shall be treated as Contractor-owned records under the provisions of the Access to and Ownership of Records clause of this Contract.
11. *Reports and Abstracts.* The Contractor shall produce the following deliverables for each ACT Agreement:
- a. An initial abstract suitable for public release at the time the ACT transaction is approved by DOE;
 - b. A non-proprietary final report, upon completion or termination of the Agreement, to include a list of subject inventions; and
 - c. Where pursuant to the ACT Class Waiver, the Government reserves the right to use generated data after the particular project expires, computer software in source and executable object code format as defined within the statement of work or elsewhere within the Agreement.
12. *Termination of ACT Authority.* The PILOT Program implemented by this Clause will terminate five years from the date of the Contract modification adding this Clause to the Contract, unless renewed by the Contracting Officer. The Government may provide the Contractor with written notice to terminate Contractor's authority to conduct work under this Clause at any time. If the Contractor's authority to conduct work under this Clause has expired or been terminated, the Contractor may be permitted, subject to any other provisions of this Clause, to complete any work that was DOE approved work at the time Contractor's authority to conduct work under this Clause was terminated by the Government. [M881]

13. *Successor Contractor.*

- a. To minimize the potential for negative Government programmatic impact and to facilitate seamless transition of work to a successor contractor of the Facility, ACT Agreement(s) executed under this Clause and any contractual instruments associated therewith may be novated to the successor contractor with the mutual consent of the Contractor, the successor contractor, and the parties to the affected ACT Agreement(s). If the ACT Agreement(s) cannot be novated, then the Contractor as a private sponsor shall be permitted to enter into a Non-Federal Strategic Partnerships Projects agreement with the successor contractor that will enable completion of the statement of work. Such agreements shall be entered into pursuant to DOE SPP policies. DOE shall make good faith efforts to incorporate the terms of the applicable ACT Agreement.
- b. The Contractor may retain private ownership of any individual piece of ACT IP that it obtained during the term of the Contract if the Contractor demonstrates:
 - i. the ACT IP was successfully commercialized or deployed in the commercial marketplace using private funds; or
 - ii. the Contractor expended at least \$20,000 (USD) of private funds for patenting, marketing, licensing, or maturing the ACT IP.
- c. If the Contractor has not satisfied the criteria of Subparagraph b. to this Paragraph, then the Contractor and Contracting Officer, with input from the DOE Patent Counsel providing oversight to the Facility shall, prior to expiration or termination of the Contract, enter into negotiations to determine an equitable distribution of rights in the affected ACT IP. Such negotiations shall consider the equities of the parties with respect to each piece of intellectual property including, at a minimum, the private expenditures made by the Contractor for patenting, marketing, licensing, and maturing the ACT IP up to the date of Contract expiration or termination; which party is best positioned to appropriately commercialize the ACT IP; and any other equities that may apply under the circumstances.

14. *Minimum Reporting Requirements for ACT Activities.* During the ACT PILOT, the Contractor shall maintain records of its activities related to ACT in a manner and to the extent satisfactory to DOE and specifically including, but not limited to the number of ACT agreements, the amount of funds reimbursed to DOE for work under ACT, the number of private sector entities engaged through ACT that had not previously engaged the Laboratory and the number that had not previously engaged any DOE/NNSA laboratory, the amount of funds reimbursed to DOE by newly engaged entities, the number of parties and types of entities engaged in each individual ACT agreement, and the number of invention disclosures, licenses and start-ups arising from ACT. The

Contractor shall obtain from each entity engaged in ACT the entity's reason(s) for selecting ACT for laboratory engagement. Also during the PILOT, the Contractor shall report the above-identified data semiannually to DOE and in such a format which will serve to adequately inform DOE of the Contractor's activities under ACT while protecting any data not subject to disclosure under this Contract. Such records shall be made available in accordance with the clauses of this Contract pertaining to inspection, audit and examination of records.

The following paragraph applies for the period starting from the date of modification incorporating this clause and terminates in accordance with paragraph 12. *Termination of ACT Authority*:

15. *Use of Federal Funds*. Notwithstanding the prohibition set forth in this clause related to the use of federal funds to fund an ACT Agreement, the Contractor is permitted to negotiate and execute, subject to DOE approval as described in Paragraph 4 above and as set forth herein, up to three (3) ACT Agreements with sponsoring third parties which fall within the scope of a Federally funded contract or award. The following additional requirements apply:

- a. The Contractor agrees, prior to executing such agreements, to submit to DOE for approval a modified procedure for implementing the execution of such federally funded agreements.
- b. If the Contractor is charging the third party additional compensation beyond the direct costs of the work at the Laboratory, the ACT Agreement will not be approved unless DOE or the Contractor obtains a written a certification from the Federal Agency funding the third party that such additional compensation using federal funds is permissible under the Federal award. In order to maximize the transparency of the transaction to the funding agency, the written certification shall be in the form of a standard template approved by DOE. Such template shall include at a minimum:
 - i. The amount of and explanation for the cost difference between performing the work as an ACT Agreement v. an SPP or CRADA; and
 - ii. A detailed description of the risk and/or consideration offered the participant by the Contractor in exchange for charging beyond full cost recovery. This information shall also be included in the statement of consideration contained in the ACT proposal package submitted to the CO.

- c. The Contractor may not agree to any terms and conditions of the Federal award that conflict with this Contract.
- d. Notwithstanding the order of precedence set forth in Paragraph 8.g above, rights to ACT inventions and copyrights arising from work conducted under this paragraph made by the Contractor shall be governed by the terms of the Patent and Data Rights Clauses of this Contract, as well as H-6, "Other Intellectual Property Matters." The ACT Class Waiver does not apply to any ACT agreement funded with federal funds.
- e. The Contractor may not elect to retain private ownership of ACT IP arising under any ACT Agreement funded with federal funds as set forth in Paragraph 8.f.
- f. DOE's approval to negotiate and execute a federally funded ACT Agreement under this paragraph is for the sole purpose of evaluating and considering the Contractor and DOE's processes and procedures for implementing such ACT Agreements and does not in any way provide the Contractor authority beyond the scope of this paragraph or imply that such authority shall be forthcoming under this PILOT. On a case by case basis and upon request of the Contractor, DOE may consider approving additional ACT Agreements beyond the three (3) agreement limit set forth above.

(End of Clause)
[M1110]

H-30 No Third Party Beneficiaries

This Contract 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. This provision is not intended to limit or impair the rights which any person may have under applicable Federal statutes.

(End of clause)
[M943]

H-31 Employee Compensation: Pay and Benefits

(a) Total Compensation System

The Contractor shall develop, implement and maintain formal policies, practices and procedures to be used in the administration of its compensation system consistent with FAR 31.205-6 and DEAR 970.3102-05-6; "Compensation for Personal Services" (Total Compensation System"). DOE-approved standards shall be applied to the Total Compensation System. The Contractor's Total Compensation System shall be fully documented, consistently applied, and acceptable to the Contracting Officer. Periodic appraisals of contractor performance with respect to the Contractors' Total Compensation System will be conducted.

- (1) The description of the Contractor Employee Compensation Program should include the following components:
 - a. Philosophy and strategy for all pay delivery programs.
 - b. System for establishing a job worth hierarchy.
 - c. Method for relating internal job worth hierarchy to external market.
 - d. System that links individual and/or group performance to compensation decisions.
 - e. Method for planning and monitoring the expenditure of funds.
 - f. Method for ensuring compliance with applicable laws and regulations.
 - g. System for communicating the programs to employees.
 - h. System for internal controls and self-assessment.
 - i. System to ensure that reimbursement of compensation, including stipends, for employees who are on joint appointments with a parent or other organization shall be on a pro-rated basis.

(b) Reports and Information

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

- (1) An Annual Contractor Salary-Wage Increase Expenditure Report to include, at a minimum, breakouts for merit, promotion, variable pay, special adjustments, and structure movements for each pay structure showing actual against approved amounts.
- (2) A list of the top five most highly compensated executives as defined in FAR 31.205-6(p)(4)(ii) and their total cash compensation at the time of Contract award, and at the time of any subsequent change to their total cash compensation.

- (3) The Compensation and Benefits report no later than March 1 of each year.

(c) Pay and Benefit Programs

The Contractor shall maintain pay and benefit programs for its employees; provided, however, that employees scheduled to work fewer than 20 hours per week receive only those benefits required by law. Employees are eligible for benefits, subject to the terms, conditions, and limitations of each benefit program.

(1) Cash Compensation

- A. The Contractor shall submit the following to the Contracting Officer for a determination of cost allowability for reimbursement under the Contract:
- (i) Any proposed major compensation program design changes prior to implementation.
 - (ii) Variable pay programs/incentives. If not already authorized under Section J Appendix A of the Contract, a justification shall be provided with proposed costs and impacts to budget, if any.
 - (iii) In the absence of Departmental policy to the contrary (e.g. Secretarial pay freeze,) a Contractor that meets the criteria, as set forth below, is not required to submit a Compensation Increase Plan (CIP) to the Contracting Officer for an advance determination of cost allowability for a Merit Increase fund or Promotion/Adjustment fund:
 - The Merit Increase fund does not exceed the mean percent increase included in the annual Departmental guidance providing the WorldatWork Salary Budget Survey's salary increase projected for the CIP year.
 - The Promotion/Adjustment fund does not exceed 1% in total.
 - The budget used for both Merit Increase funds and Promotion/Adjustment funds shall be based on the payroll for the end of the previous CIP year.
 - Salary structure adjustments do not exceed the mean WorldatWork structure adjustments projected for the CIP year and communicated through the annual Departmental CIP guidance.

- No later than the first day of the CIP cycle, Contractors must provide notification to the Contracting Officer of planned increases and position to market data by mutually agreed-upon employment categories.
- (iv) If a Contractor does not meet the criteria included in (iii) above, a CIP must be submitted to the Contracting Officer for an advance determination of cost allowability.
- (v) The Compensation Increase Plan (CIP) for a Contractor that has received Contracting Officer approval for having an Employee Compensation Program with the components identified under (a)(1) above should include the following components and data:
- (1) Market analysis summary, including a comparison of average pay to market average pay.
 - (2) Merit Fund requests for each Employee Group (i.e., S&E, Administrative, Technical, Exempt/Non-Exempt)
 - (3) Aging factors used for escalating survey data (4) Projection of escalation in the market (5) Information to support proposed structure adjustments, if any.
 - (6) Analysis to support special adjustments or promotions that exceed the 1% Promotion/Adjustment fund authorized under Section J Appendix A.
 - (7) Discussion of recruitment/retention issues (e.g., turnover and hiring) relevant to the proposed increase amounts.
 - (8) A discussion of the impact of budget and business constraints on the CIP amount.
 - (9) Information to support a request for variable pay beyond that authorized under Section J Appendix A.
 - (10)
 - (a) Reimbursed salary levels are used to establish the annual CIP fund.
 - (b) The proposed plan totals shall be expressed as a percentage of the payroll for the end of the previous plan year.

- (c) All pay actions granted under the compensation increase plan are fully charged when they occur regardless of time of year in which the action transpires and whether the employee terminates before year end.
 - (d) Specific Employee or Payroll groups (e.g., exempt, nonexempt) for which CIP amounts are intended shall be defined by mutual agreement between the contractor and the Contracting Officer.
 - (e) The Contracting Officer may adjust the CIP amount after approval based on major changes in factors that significantly affect the plan amount (for example, in the event of a major reduction in force or significant ramp-up).
 - (f) The Contractor may make minor shifts of merit funds between employment categories (e.g., Scientist/Engineer, Admin, Exempt, Non-Exempt) after approval of the CIP or if criteria under (c) (1)(A)(iii) was met, in order to meet the compensation requirements of its organization, subject to the following guidelines:
 - Minor shift is defined as up to 10% of the approved merit funds from one employment category to another (e.g, 10% of Admin merit funds shifted to Technician employment category)
 - Total merit increase expenditures will be limited to the total merit fund approved.
 - Contractors will notify the Contracting Officer that funds have been shifted.
- B. Individual compensation actions for the top contractor official (e.g., laboratory director or equivalent) and key personnel not included in the CIP. For those key personnel included in the CIP, DOE will approve salaries upon the initial contract award and when key personnel are replaced during the life of the contract. DOE will have access to all individual salary reimbursements, this access is provided for transparency; DOE will not approve individual salary actions (except as previously indicated).

- C. The Contracting Officer's approval of individual compensation actions will be required only for the top contractor official (e.g., laboratory director/plant manager or equivalent) and key personnel as indicated in (c)(1)(A)(iii) above. The base salary reimbursement level for the top contractor official establishes the maximum allowable salary reimbursement under the contract. The Contractor shall not be reimbursed for the Top Contractor Official's incentive compensation. The base salary reimbursement level for the Top Contractor Official establishes the maximum allowable salary reimbursement under the Contract when compared to subordinate compensation, which would include base salary and any potential incentive compensation under an incentive compensation agreement. Unusual circumstances may require a deviation for an individual on a case-by-case basis. Any such deviations must be approved by the Contracting Officer.
- D. Severance Pay is not payable to an employee under this Contract if the employee:
- (i) Voluntarily separates, resigns or retires from employment ((unless associated with a workforce restructuring action in accordance with Section J Appendix A, Section V, Reductions in Contractor Employment)
 - (ii) Is offered employment with a successor/replacement contractor,
 - (iii) Is offered employment with a parent or affiliated company, or
 - (iv) Is discharged for cause.
- E. Service Credit for purposes of determining severance pay does not include any period of prior service for which severance pay has been previously paid through a DOE cost-reimbursement contract.

(d) Pension and Other Benefit Programs

- (1) No presumption of allowability will exist when the Contractor implements a new benefit plan or makes changes to existing benefit plans that increase costs or are contrary to Departmental policy or written instructions or until the Contracting Officer makes a determination of cost allowability for reimbursement for new or changed benefit plans. Changes shall be in accordance with and pursuant to the terms and conditions of the Contract. Advance

notification, rather than approval, is required for changes that do not increase costs and are not contrary to Departmental policy or written instruction.

- (2) Cost reimbursement for Employee pension and other benefit programs sponsored by the Contractor will be based on the Contracting Officer's approval of Contractor actions pursuant to an approved "Employee Benefits Value Study" and an "Employee Benefits Cost Survey Comparison" as described below.
- (3) Unless otherwise stated, or as directed by the Contracting Officer, the Contractor shall submit the studies required in paragraphs (A) and (B) below. The studies shall be used by the Contractor in calculating the cost of benefits under existing benefit plans. In addition, the Contractor shall submit updated studies to the Contracting Officer for approval prior to the adoption of any change to a benefit plan which increases costs. An Employee Benefits Value (Ben-Val) Study Method using no less than 15 comparator organizations and an Employee Benefits Cost Survey Comparison Method shall be used in this evaluation to establish an appropriate comparison method.
 - (A) The Ben-Val, every three years for each benefit tier (e.g., group of employees receiving a benefit package based on date of hire,) which is an actuarial study of the relative value (RV) of the benefits programs offered by the Contractor measured against the RV of benefit programs offered by comparator companies approved by the Contracting Officer. To the extent that the value studies do not address post-retirement benefits other than pensions, the Contractor shall provide a separate cost and plan design data comparison for the post-retirement benefits other than pensions using external benchmarks derived from nationally recognized and Contracting Officer approved survey sources.
 - (B) An Employee Benefits Cost Study Comparison, 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. **[M1140]**
- (4) When the net benefit value exceeds the comparator group by more than five percent, the Contractor shall submit a corrective action plan to the Contracting Officer for approval, unless waived in writing by the Contracting Officer.

- (5) When the benefits cost 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. **[M1140]**
- (6) Within two years, or longer period as agreed to between the Contractor and the Contracting Officer, of the Contracting Officer acceptance of the Contractor's corrective action plan, the Contractor shall align employee benefit programs with the benefit value and the cost as a percent of payroll in accordance with its corrective action plan. **[M1140]**
- (7) The Contractor may not terminate any benefit plan during the term of the Contract without the prior approval of the Contracting Officer in writing.
- (8) Cost reimbursement for post-retirement benefits (PRBs) is contingent on meeting PNNL service eligibility requirements for PRBs, with not less than 5 years under a DOE cost reimbursement contract(s). Annually, the Contractor will provide the Contracting Officer with a report identifying Laboratory retirees eligible for post-retirement benefits. The report will provide a service history for each retiree, specifying years at the Laboratory, under other DOE cost reimbursement contracts, and applicable corporate service. Unless required by Federal or State law, advance funding of PRBs is not allowable.
- (9) Each contractor sponsoring a Defined Benefit pension plan and/or postretirement benefit plan will participate in the annual plan management process which includes written responses to a questionnaire regarding plan management, providing forecasted estimates of future reimbursements in connection with the plan(s) and participating in a conference call to discuss the contractor submission (see (f)(6) below for Pension Management Plan requirements).
- (10) Each contractor will respond to quarterly data calls issued through iBenefits, or its successor system.
- (11) The Contractor previously established an account in a voluntary employees beneficiary association (VEBA) to accrue funds to pay its portion of the retiree medical liability attributable to non-1830 contract commitments. As of the effective date of this contract, and concurrent with the cessation of non-1830 work, the VEBA assets exceed the Contractor's corresponding non-1830 liability for retiree medical. In

addition, non-1830 pension assets satisfy the non-1830 liability. The Contractor will not seek reimbursement for the value of the excess VEBA assets but will apply such excess to future retiree medical claims in recognition that the Contractor has no further non-1830 liability under the pension plan or the retiree medical plan prior to the effective date of this contract. The Contractor will not seek reimbursement from DOE for retiree medical claims paid from the VEBA until the assets of the VEBA have been exhausted. . The Contractor will provide an annual report to the Contracting Officer on the benefits paid from the VEBA in the fiscal year as well as the balance of VEBA assets remaining at the end of the fiscal year.

(e) Establishment and Maintenance of Pension Plans for which DOE Reimburses Costs

- (1) Employees working for the Contractor shall only accrue credit for service under this Contract and the prior Use Permit Agreement (1831 agreement) after the date of original Contract award. For vesting and participation purposes, service under other members of the controlled group will be included as required by law.
- (2) Except for Commingled Plans in existence as of the effective date of the Contract, any pension plan maintained by the Contractor for which DOE reimburses costs, shall be maintained as a separate pension plan distinct from any other pension plan that provides credit for service not performed under a DOE cost-reimbursement contract. When deemed appropriate by the Contracting Officer, Commingled Plans shall be converted to separate plans at the time of new contract award or the extension of a contract.

(f) Basic Requirements

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

- (1) The Contractor shall become a sponsor of the existing pension and other benefit plans (or comparable successor plans), including other post-retirement benefit (PRB) plans, as applicable, with responsibility for management and administration of the plans. The Contractor shall be responsible for maintaining the qualified status of those plans consistent with the requirements of ERISA and the Internal Revenue Code (IRC).

- (2) Each Contractor defined benefit and defined contribution pension plan shall be subjected to a limited-scope audit annually that satisfies the requirements of ERISA section 103, except that every third year the contractor must conduct a full-scope audit of defined benefit plan(s) satisfying ERISA section 103. Alternatively, the contractor may conduct a full-scope audit satisfying ERISA section 103 annually. In all cases, the Contractor must submit the audit results to the Contracting Officer. In years in which a limited scope audit is conducted, the Contractor must provide the Contracting Officer with a copy of the qualified trustee or custodian's certification regarding the investment information that provides the basis for the plan sponsor to satisfy reporting requirements under ERISA section 104.

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

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

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

- (1) Contractors that sponsor single employer or multiple employer defined benefit pension plans will be reimbursed for the annual required minimum contributions under the Employee Retirement Income Security Act (ERISA), as amended by the Pension Protection Act

(PPA) of 2006 and any other subsequent amendments. Reimbursement above the annual minimum required contribution will require prior approval of the Contracting Officer. Reimbursement amounts will take into consideration all pre-funding balances and funding standard carryover balances. Early in the fiscal year but no later than the end of November, the Contractor requesting above the minimum may submit/update a business case for funding above the minimum if preliminary approval is needed prior to the Pension Management Plan process. The business case shall include a projection of the annual minimum required contribution and the proposed contribution above the minimum. The submission of the business case will provide the opportunity for the Department to provide preliminary approval, within 30 days after contractor submission, pending receipt of final estimates, generally after January 1st of the calendar year. Final approval of funding will be communicated by the Head of Contracting Activity (HCA) when discount rates are finalized and it is known whether there are any budget issues with the proposed contribution amount.

- (2) Contractors that sponsor multi-employer DB pension plans will be reimbursed for pension contributions in the amounts necessary to ensure that the plans are funded to meet the annual minimum requirement under ERISA, as amended by the PPA. However, reimbursement for pension contributions above the annual minimum contribution required under ERISA, as amended by the PPA, will require prior approval of the Contracting Officer and will be considered on a case by case basis. Reimbursement amounts will take into consideration all pre-funding balances and funding standard carryover balances.

(h) Reporting Requirements for Designated Contracts

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

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

- (3) Forms 5300. Copies of all forms in the 5300 series submitted to the IRS that document the establishment, amendment, termination, spin-off, or merger of a plan submitted to the IRS.

(i) Changes to Pension Plans

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

- (1) For proposed changes to pension plans and pension plan funding, the Contractor shall provide the following to the Contracting Officer:
 - (A) a copy of the current plan document (as conformed to show all prior plan amendments), with the proposed new amendment indicated in redline/strikeout;
 - (B) an analysis of the impact of any proposed changes on costs and if applicable, actuarial accrued liabilities;
 - (C) any projected withdrawal liability;
 - (D) except in circumstances where the Contracting Officer indicates that it is unnecessary, a legal explanation of the proposed changes from the counsel used by the plan for purposes of compliance with all legal requirements applicable to private sector defined benefit pension plans;
 - (E) the Summary Plan Description; and,
 - (F) any such additional information as requested by the Contracting Officer.
- (2) Contractors shall submit new benefit plans and changes to plan design or funding methodology with justification to the Contracting Officer for approval, as applicable [see (d)(1) above.] The justification must:
 - (A) Demonstrate the effect of the plan changes on the Contract net benefit value or percent of payroll benefit costs;
 - (B) Provide the dollar estimate of savings or costs; and,

(C) Provide the basis of determining the estimated savings or cost.
[M1140]

(j) Terminating Operations

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

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

(k) Terminating Plans

- (1) DOE contractors shall not terminate any pension plan (Commingled or site specific) without requesting Departmental approval at least 60 days prior to the scheduled date of plan termination.
- (2) To the extent possible, the contractor shall satisfy plan liabilities to plan participants by the purchase of annuities through competitive bidding on the open annuity market or lump sum payouts. The contractor shall apply the assumptions and procedures of the Pension Benefit Guaranty Corporation.
- (3) Funds to be paid or transferred to any party as a result of settlements relating to pension plan termination or reassignment shall accrue interest from the effective date of termination or reassignment until the date of payment or transfer.

- (4) If ERISA or IRC rules prevent a full transfer of excess DOE reimbursed assets from the terminated plan, the Contractor shall pay any deficiency to DOE according to a schedule of payments to be negotiated by the Parties.
- (5) On or before the same day as the contractor notifies the IRS of the spinoff or plan termination, all plan assets assigned to a spun-off or terminating plan shall be placed in a low-risk liability matching portfolio until the successor trustee, or an insurance company, is able to assume stewardship of those assets.
- (6) DOE liability to a Commingled pension plan shall not exceed that portion which corresponds to DOE contract service. The DOE shall have no other liability to the plan, to the plan sponsor, or to the plan participants.
- (7) After all liabilities of the plan are satisfied, the Contractor shall return to DOE an amount equaling the asset reversion from the plan termination and any earnings which accrue on that amount because of a delay in the payment to DOE. Such amount and such earnings shall be subject to DOE audit. To effect the purposes of this paragraph, DOE and the Contractor may stipulate to a schedule of payments.

(l) Special Programs

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

(m) Definitions

- (1) Commingled Plans. Cover employees from the contractor's private operations and its DOE contract work. As of 10/01/2012, the PNNL plan does not qualify as a Commingled Plan.
- (2) Current Liability. The sum of all plan liabilities to employees and their beneficiaries. Current liability includes only benefits accrued to the date of valuation. This liability is commonly expressed as a present value.
- (3) Defined Benefit Pension Plan. Provides a specific benefit at retirement that is determined pursuant to the formula in the pension plan document.

- (4) Defined Contribution Pension Plan. Provides benefits to each participant based on the amount held in the participant's account. Funds in the account may be comprised of employer contributions, employee contributions, investment returns on behalf of that plan participant and/or other amounts credited to the participant's account.
- (5) Designated Contract. For purposes of this clause, a contract (other than a prime cost reimbursement contract for management and operation of a DOE facility) for which the Head of the Departmental Contracting Activity determines that advance pension understandings are necessary or where there is a continuing Departmental obligation to the pension plan.
- (6) Pension Fund. The portfolio of investments and cash provided by employer and employee contributions and investment returns. A pension fund exists to defray pension plan benefit outlays and (at the option of the plan sponsor) the administrative expenses of the plan.
- (7) Separate Accounting. Account records established and maintained within a commingled plan for assets and liabilities attributable to DOE contract service. NOTE: The assets so represented are not for the exclusive benefit of any one group of plan participants.
- (8) Separate Plan. Must satisfy IRC Sec. 414(l) definition of a single plan, designate assets for the exclusive benefit of employees under DOE contract, exist under a separate plan document (having its own DOL plan number) that is distinct from corporate plan documents and identify the contractor as the plan sponsor.
- (9) Spun-off Plan. A new plan which satisfies IRC Reg. 1.414 (l)-1 requirements for a single plan and which is created by separating assets and liabilities from a larger original plan. The funding level of each individual participant's benefits shall be no less than before the event, when calculated on a "plan termination basis."

(End of clause)

[M1067]

H-32 Group Pension Plans

Staff members of the Contractor's Pacific Northwest National Laboratories (PNNL) assigned to or performing work under the Contract may participate in the Contractor's Group Pension Plans (the Plans) applicable to PNNL in accordance with the terms of the

Plans. The Group Pension Plans are trusted plans described in items (a) and (b) below and with respect to the Plans, the Contractor and DOE agree as follows:

- (a) "Pension Plan of Pacific Northwest Laboratories, Battelle Memorial Institute," [PNNL Plan] (applicable to non-bargaining unit employees) effective July 1, 1987, and as the foregoing PNNL Plan may be amended from time to time by the Contractor's Board of Trustees; and as determined to be reimbursable by the DOE Contracting Officer.
- (b) "Hanford Contractors Multi Employer Defined Benefit Pension Plan for HAMTC Represented Employees," [HAMTC Plan] (applicable to bargaining unit employees) effective April 1, 1987; and, as the foregoing HAMTC Plan may be amended from time to time by the Plan Administrator in cooperation with the Administrative Committee; as determined to be reimbursable by the DOE Contracting Officer.
- (c) To the extent practicable all non-settlor administrative costs shall be charged to the pension plan rather than to the operating budget to the maximum extent permitted by Department of Labor regulations.
- (d) Payments and Transfers of Assets
 - (1) If transfers of Plan assets are made to a successor plan in the form of investment holdings, such holdings shall include cash, equity securities, and fixed income securities. Such assets shall be allocated on a pro rata basis, with the prorating for fixed income assets based on rating and sector classification.
 - (2) Battelle will transfer Plan assets at a rate at least sufficient to meet the cash flow requirements of transferred staff members who go into benefit status after the effective date of Contract termination.
- (e) With respect to the Multi-Employer Pension Plan for HAMTC Represented Employees (paragraph (b) above), the Contractor and DOE agree that effective April 1, 1987, pursuant to a collective bargaining agreement, the Contractor became a participating employer in the Hanford Contractor Multi-Employer Pension Plan for HAMTC Represented Employees. All assets and liabilities of the "Employees Retirement Plan of Battelle Memorial Institute" were transferred to and merged with the said Multi-Employer Plan.
- (f) The HAMTC Plan fund, not the Contractor, shall be liable for costs incurred in the course of administration (actuary fees, reports, and similar expenses); provided, however, that costs for employee communications, sign up and termination, payroll, and similar expenses are allowable as normal operating expenses to the extent applicable to work under the Contract.

- (g) Upon expiration or termination of the Contract, all liability of the Contractor with respect to the HAMTC Plan shall cease. The Contractor shall have no claim to any HAMTC Plan assets in excess of HAMTC Plan liabilities, nor shall the Contractor be required to fund any excess of HAMTC Plan liabilities over HAMTC Plan assets. DOE agrees that all costs, including cost of defense, from any withdrawal liability arising under federal law by reason of the Contractor's withdrawal from the Multi-Employer Plan shall be an allowable cost under the Contract subject to the provisions of paragraph (j) of the clause entitled "Payments and Advances".

(End of Clause)

[M991]

H-33 Group Savings Plans

The Contractor maintains or is a participating employer in savings plans for eligible non-bargaining employees. In addition, the Contractor is a participating employer in a multi-employer plan for bargaining unit employees. The savings plans are trusteed plans described in the following two documents entitled "Battelle Employees' Savings Plan", and "Hanford Contractors Multi-Employer Savings Plan for HAMTC Represented Employees." The plans must be established and maintained as qualified defined contribution plans under the regulations of the Internal Revenue Service. The Plan and Trust documents and any amendments thereto which effect substantive changes or increase costs are subject to the approval of the Contracting Officer. With respect to the Plans, the parties agree as follows:

- (a) Costs of employer matching contributions incurred and accrued under the terms of the Plans are allowable to the extent applicable to Contract work. To the extent permitted by law or regulation, the Plans funds, not the Contractor, shall be liable for the costs of administration.
- (b) The Contractor will provide the Contracting Officer with annual accounting reports within eight months after the close of a Plan year. A copy of IRS Form 5500, together with any supplemental or supporting documents submitted therewith, will be provided to DOE each year when prepared by the Contractor, which may be provided in lieu of the accounting report required by this provision.
- (c) Employee forfeitures of accrued benefits shall be in accordance with the terms of the Plans and such forfeitures shall be used to reduce Contractor contributions made on behalf of remaining participating employees.
- (d) In the event of Contract expiration or termination, the Contractor, if requested by DOE to do so, will transfer assets and liabilities to a replacement contractor's plan.
- (e) In the event of Plan terminations, vest immediately one hundred percent in the Plan participants' individual accounts.

- (f) Upon expiration or termination of the Contract, all liability of the Contractor with respect to the Hanford Contractors Multi-Employer Savings Plan for HAMTC Represented Employees shall cease. DOE agrees that all costs, including cost of defense from any withdrawal liability arising under federal law by reason of the Contractor's withdrawal from the Multi-Employer Plan shall be an allowable cost under the Contract, subject to the provisions of paragraph (j) of the clause entitled "Payments and Advances".
- (g) The Contractor will take no action concerning termination, merger, spin-off, or other action affecting the status of the Plans without the approval of the DOE.

(End of Clause)
[M943]

H-34 Post Contract Responsibilities for Pension and Other Benefit Plans

- (a) If this Contract expires or terminates and DOE has awarded a contract under which the new contractor becomes a sponsor and assumes responsibility for management and administration of the pension or other benefit plans covering active or retired contractor employees with respect to service at the Pacific Northwest National Laboratory (collectively, the "Plans"), the Contractor shall cooperate and transfer to the new contractor its responsibility for sponsorship, management and administration of the Plans consistent with direction from the Contracting Officer.
- (b) If this Contract expires or terminates and DOE has not awarded a contract to a new contractor under which the new contractor becomes a sponsor and assumes responsibility for management and administration of the Plans, or if the Contracting Officer determines that the scope of work under the Contract has been completed (any one such event may be deemed by the Contracting Officer to be "Contract Completion" for purposes of this clause), whichever is earlier, and notwithstanding any other obligations and requirements concerning expiration or termination under any other clause of this Contract, the following actions shall occur regarding the Contractor's obligations regarding the Plans at the time of Contract Completion:
 - (1) Subject to subparagraph (2) below, and notwithstanding any legal obligations independent of the Contract the Contractor may have regarding responsibilities for sponsorship, management, and administration of the Plans, the Contractor shall remain the sponsor of the Plans, in accordance with applicable legal requirements.
 - (2) The parties shall exercise their best efforts to reach agreement on the Contractor's responsibilities for sponsorship, management and administration of the Plans prior to or at the time of Contract Completion.

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

(End of clause)

[M943]

H-35 Labor Relations

- (a) The Contractor shall pursuant to federal law respect the right of employees to organize and to form, join, or assist labor organizations, to bargain collectively through their chosen labor representatives and to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.
- (b) The Contractor shall meet with the Contracting Officer or designee(s) for the purpose of reviewing the Contractor's bargaining objectives prior to negotiations of any collective bargaining agreement or revision thereto and shall consult with and obtain the approval of the Contracting Officer regarding appropriate economic bargaining parameters, including those for pension and medical benefit costs, prior to the Contractor entering into the collective bargaining process. During the collective bargaining process, the Contractor shall submit to the Contracting Officer for approval any collective bargaining proposal which exceeds the approved economic bargaining parameters.
- (c) The Contractor will seek to achieve the judicious expenditure of public funds, equitable resolution of disputes and effective and efficient bargaining relationships consistent with the requirements of FAR, Subpart 22.1 and DEAR, Subpart 970.2201 and all applicable Federal and State Labor Relations laws.
- (d) The Contractor will notify the Contracting Officer or designee in a timely fashion of labor relations issues affecting Laboratory operations such as; organizing initiatives, unfair labor practice, work stoppages, picketing, labor arbitrations, and settlement agreements and will furnish such additional information as may be required from time to time by the Contracting Officer.

(End of clause)

[M943]

H-36 Key Positions

- (a) The key positions listed below are considered essential to the performance of the laboratory mission, operations and/or contractor assurance processes under this Contract and require advance notification of any replacement(s) to the Contracting Officer:

Associate Laboratory Directors;
Chief Financial Officer;
Chief Information Officer;
Director, Facilities and Operations Division;
Director, Environment, Health, Safety, & Security Division;
Chief Audit Executive;
General Counsel

- (b) DEAR 952.215-70, "Key Personnel," may invoke additional requirements if any of the above positions are collateral duties of Key Personnel.

(End of clause)

[M991]

H-37 Conference Management

The Contractor agrees that:

- (a) The Contractor shall ensure that Contractor-sponsored conferences reflect the DOE/NNSA's commitment to fiscal responsibility, appropriate stewardship of taxpayer funds and support the mission of DOE/NNSA as well as other sponsors of work. In addition, the Contractor will ensure conferences do not include any activities that create the appearance of taxpayer funds being used in a questionable manner.
- (b) "Conference" is defined in the Federal Travel Regulation as, " [a] meeting, retreat, seminar, symposium, or event that involves attendee travel. The term ' conference' also applies to training activities that are considered to be conferences under 5 C.F.R 410.404." Other common terms used include conventions, expositions, symposiums, seminars, workshops, or exhibitions. They typically involve topical matters of interest to, and the participation of, multiple agencies and/or nongovernmental participations. Indications of a formal conference often include but are not limited to registration, registration fees, a published substantive agenda, and scheduled speakers, or discussion panels. Individual events may qualify as conferences without meeting all of the criteria listed above, but will generally meet some of them. Please note that some training events may qualify

as conferences for the purposes of this guidance, particularly if they take place in a hotel or conference center.

Exemptions. For the purposes of this clause, the exemptions below apply and these types of activities should not be considered to be conferences even if the event meets the general definition of conference.

- (1) Meetings necessary to carry out statutory oversight functions. This exemption would include activities such as investigations, inspections, audits, or non-conference planning site visits.
 - (2) Meetings to consider internal agency business matters held in Federal facilities. This exemption would include activities such as meetings that take place as part of an organization's regular course of business, do not exhibit indicia of a formal conference as outlined above, and take place in a Federal facility.
 - (3) Bi-lateral and multi-lateral international cooperation engagements that do not exhibit indicia of a formal conference as outlined above that are focused on diplomatic relations.
 - (4) Formal classroom training which does not exhibit indicia of a formal conference as outlined above.
 - (5) Meetings such as Advisory Committee and Federal Advisory Committee meetings, Solicitation/Funding Opportunity Announcement Review Board meetings, peer review/objective review panel meetings, evaluation panel/board meetings, and program kick-off and review meetings (including those for grants and contracts).
- (c) Contractor-sponsored conferences include those events that meet the conference definition and either or both of the following:
- (1) The Contractor provides funding to plan, promote, or implement an event, except in instances where the Contractor:
 - (i) covers participation costs in a conference for specified individuals (e.g., students, retirees, speakers, etc.) in a total amount not to exceed \$10,000 (by individual contractor for a specific conference); or
 - (ii) purchases goods or services from the conference planners (e.g., attendee registration fees, renting booth space).
 - (2) The Contractor authorizes use of the official Laboratory seal, or other approved Laboratory seals/logos/ trademarks to promote a conference. Exceptions include non-M&O contractors who use their seal to promote a conference that is unrelated to their DOE contract(s) (e.g., if a DOE IT contractor were to host a general conference on cyber security).

- (d) Attending a conference, giving a speech or serving as an honorary chairperson does not connote sponsorship.
- (e) The Contactor will provide information on conferences they plan to sponsor with expected costs exceeding \$100,000 in the Department's Conference Management Tool, including:
 - (1) Conference title, description, and date;
 - (2) Location and venue;
 - (3) Description of any unusual expenses (e.g., promotional items);
 - (4) Description of contracting procedures used (e.g., competition for space/support);
 - (5) Costs for space, food/beverages, audio visual, travel/per diem, registration costs, recovered costs (e.g., through exhibit fees); and
 - (6) Number of attendees.
- (f) The Contractor will not expend funds on the proposed Contractor-sponsored conferences with expenditures estimated to exceed \$100,000 until notified of approval by the Contracting Officer.
- (g) For DOE-sponsored conferences, the Contractor will not expend funds on the proposed conference until notified by the Contracting Officer.
 - (1) DOE-sponsored conferences include events that meet the definition of a conference and where the Department provides funding to plan, promote, or implement the conference and/or authorizes use of the official DOE seal, or other seals/logos/ trademarks to promote a conference. Exceptions include instances where DOE:
 - (i) covers participation costs in a conference for specified individuals (e.g., students, retirees, speakers, etc.) in a total amount not to exceed \$10,000 (by individual contractor for a specific conference); or
 - (ii) purchases goods or services from the conference planners (e.g., attendee registration fees; renting booth space); or provide funding to the conference planners through Federal grants.
 - (2) Attending a conference, giving a speech, or serving as an honorary chairperson does not connote sponsorship.
 - (3) The Contractor will provide cost and attendance information on their participation in all DOE-sponsored conference in the DOE Conference Management Tool.
- (h) For non-Contractor sponsored conferences, the Contractor shall develop and implement a process to ensure costs related to conferences are allowable, allocable, reasonable, and further the mission of DOE/NNSA. This process must at a minimum:

- (1) Track all conference expenses; and
 - (2) Require the Laboratory Director (or equivalent) or Chief Operating Officer approve a single conference with net costs to the contractor of \$100,000 or greater.
- (i) Contractors are not required to enter information on non-sponsored conferences in DOE's Conference Management Tool.
 - (j) Once funds have been expended on a non-sponsored conference, contractors may not authorize the use of Laboratory trademarks/logos for the conference, provide the conference planners with more than \$10,000 for specified individuals to participate in the conference, or provide any other sponsorship funding for the conference. If the Contractor does so, its expenditures for the conference may be deemed unallowable.

(End of Clause)
[M1034]

H-38 Management and Operating Contractor (M&O) Subcontract Reporting (Sep 2015)

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 cost.

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

“Transaction” means any awarded contract, agreement, order, or modification, etc. other than one involving an employer-employee relationship) entered into by a DOE M&O prime contractor calling for supplies and services (including construction) required solely for performance of the prime contract.

b) *Limited Interim Reporting.*

- (1) The Contractor shall report no less than the twenty highest dollar value first-tier small business subcontract transactions under the contract by

December 1 for the previous fiscal year until the Contractor business systems can report the required data as set forth in paragraph (c) below. Classified subcontracts shall be excluded from the reporting requirement and shall not be counted towards the total number of transactions of the reporting requirement.

- (2) Transactions with a corporation, company, or subdivision that is an affiliate of the Contractor are not included in these reports.
 - (3) The Contractor shall provide the data on first-tier small business subcontract transactions under the contracts, as described in the *MOSRC Guide* via the Microsoft Excel spreadsheet co-located at <https://max.gov> in the MOSRC Collaboration Center. The spreadsheet will be submitted to HQProcurementSystems@hq.doe.gov.
- c. *Full Reporting.* The Contractor shall update their business systems and processes to collect and report data to MOSRC in compliance with the MOSRC Guide. The Contractor shall report data in MOSRC for FY17 (and each year thereafter) first-tier small business subcontracting transactions under the contract. Classified subcontracts shall be excluded from the reporting requirements. All Contractor systems shall be updated in order to provide the first FY17 report in November 2016 for October 2016 transactions.
- d. *Pilot M&Os.* Oak Ridge National Laboratory, the National Security Campus at the Kansas City Plant, and the National Renewable Energy Laboratory shall have their business systems updated in order to provide the first FY2016 report in April of 2016 for March of 2016 transactions.

(End of Clause)

[M1042]

H-39 Risk Management and Insurance Programs

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

1. BASIC REQUIREMENTS

- a. Maintain commercial insurance or a self-insured program, (i.e., any insurance policy or coverage that protects the Contractor from the risk of legal liability for adverse actions associated with its operation, including malpractice, injury, or negligence) as required by the terms of the contract. Types of

insurance include automobile, general liability, and other third party liability insurance. Other forms of coverage must be justified as necessary in the operation of the Department facility and/or the performance of the contract, and approved by the DOE.

- b. Contractors shall not purchase insurance to cover public liability for nuclear incidents without DOE authorization (See DEAR 970.5070, Indemnification, and DEAR 950.70, Nuclear Indemnification of DOE Contractors).
- c. Insurance programs and costs comply with the cost limitations and exclusions at FAR 28.307, Insurance Under Cost Reimbursement Contracts, FAR 31.205-19, Insurance and Indemnification, DEAR 952.231-71 Insurance-Litigation and Claims, and DEAR 970.5228-1, Insurance-Litigation and Claims.
- d. The insurance program is being conducted in the government's best interest and at reasonable cost.
- e. Upon request the Contractor shall submit copies of all insurance policies or insurance arrangements to the Contracting Officer no later than 30 days after the purchase date.
- f. When purchasing commercial insurance, the contractor shall use a competitive process, when practical, to ensure costs are reasonable.
- g. Ensure self-insurance programs include the following elements:
 - (1) Compliance with criteria set forth in FAR 28.308, Self-Insurance. This includes hybrid plans (i.e., commercially purchased insurance with self-insured retention (SIR) such as large deductible based on business size, matching deductible, retrospective rating cash flow plans, and other plans where insurance reserves are under the control of the insured). The SIR components of such plans are self-insurance and are subject to the approval and submission requirements of FAR 28.308, as applicable.
 - (2) If a self-insurance program is approved, it must be executed in full compliance with applicable state and federal regulations and related professional administration necessary for participation in alternative insurance programs.
 - (3) Safeguards to ensure third party claims and claims settlements are processed in accordance with approved procedures.
 - (4) Accounting of self-insurance charges in the approved cost accounting system.

(5) Accrual of self-insurance reserve. The Contracting Officer's approval is required if the contract holds a reserve in a contract-held account using DOE funds and would then be predicated upon the following:

- (a) The claims reserve shall be held in a special fund or interest bearing account.
- (b) Submission of a formal written statement to the Contracting Officer stating that use of the reserve is exclusively for the payment of insurance claims and losses, and that DOE shall receive its equitable share of any excess funds or reserve.
- (c) Annual accounting and justification as to the reasonableness of the claims reserve submitted for Contracting Officer's review.
- (d) Claim reserves, not payable within the year the loss occurred, are discounted to present value based on the prevailing Treasury rate.

- h. If the Contractor purchases a letter of credit or other financial instrument, the Contractor shall separately identify and account for interest cost on a Letter of Credit used to guarantee self-insured retention, as an unallowable cost and omitted from charges to the DOE contract.
- i. Comply with the Contracting Officer's written direction for ensuring the continuation of coverage and settlement of incurred and/or open claims and payments of premiums owed or owing to the insurer for prior DOE contractors.

2. PLAN EXPERIENCE REPORTING. The Contractor shall:

- a. Upon request, provide the Contracting Officer with annual experience reports for each type of insurance (e.g., automobile and general liability), listing the following for each category:
 - (1) The amount paid for each claim.
 - (2) The amount reserved for each claim.
 - (3) The direct expenses related to each claim.
 - (4) A summary for the year showing total number of claims.
 - (5) A total amount for claims paid.
 - (6) A total amount reserved for claims.
 - (7) The total amount of direct expenses.
- b. Upon request, provide the Contracting Officer with an annual report of insurance costs and/or self-insurance charges. When applicable, separately identify total policy expenses (e.g., commissions, premiums, and costs for claims servicing) and major claims during the year, including those expected to become major claims (e.g., those claims valued at \$100,000 or greater).
- c. Provide additional claim financial experience data as may be requested on a case-by-case basis.

3. TERMINATING OPERATIONS. The Contractor shall:
 - a. Ensure protection of the government's interest through proper recording of cancellation credits due to policy terminations and/or experience rating, if applicable.
 - b. Identify and provide insurance policy administration and management requirements to a successor, other DOE contractor, or as specified by the Contracting Officer.
 - c. Reach agreement with DOE on the handling and settlement of self-insurance claims incurred but not reported at the time of contract termination; otherwise, the contractor shall retain this liability.

4. INSURANCE POLICY CANCELLATION. The Contractor shall:
 - a. Obtain the written approval of the Contracting Officer for any change in program direction; and
 - b. Ensure insurance coverage replacement is maintained as required and/or approved by the Contracting Officer.

(End of Clause)

[M1124]

H-40 Defense and Indemnification of Employees

- (a) The Parties recognize that, under applicable State law, the Contractor could be required to defend and indemnify its officers and employees from and against civil actions and other claims which arise out of the performance of work under this contract. Except for defense costs made unallowable by law, Section I Clause entitled "DEAR 970.5232-2 – Payments and Advances," or the Major Fraud Act (41 U.S.C. §256(k)), the costs and expenses, including judgments, resulting from the defense and indemnification of employees from and against such civil actions and claims shall be allowable costs under this contract if incurred pursuant to the terms of Section I Clause entitled "DEAR 970.5228-1 – Insurance--Litigation and Claims."
- (b) Costs and expenses, including judgments, resulting from the defense and indemnification of employees from civil fraud actions filed in federal court by the Government will be unallowable where the employee pleads nolo contendere or the action results in a judgment against the defendant.
- (c) Where in accordance with applicable State law, the Contractor determines it must defend an employee in a criminal action, DOE will consider in good faith, on a case-by-case basis, whether the Contractor has such an obligation. If DOE

concurr, the costs and expenses, including judgments, resulting from the defense and indemnification of employees shall be allowable.

- (d) The Contractor shall immediately furnish the Contracting Officer written notice of any such claim or civil action filed against any employee of the Contractor arising out of the work under this contract together with copies of all pleadings filed. The Contractor shall furnish to the Contracting Officer a written determination by the Contractor's counsel that the defense or indemnity of the employee is required by the provisions of applicable State law, that the employee was acting within the course and scope of employment at the time of the acts or omissions which gave rise to the claim or civil action, and that any exclusions set forth under applicable State law for fraud, corruption, malice, willful misconduct, or lack of good faith on the part of the employee does not apply. A copy of any letter asserting a reservation of rights under applicable State law with respect to the defense or indemnification of such employee shall also be provided to the Contracting Officer. The costs associated with the settlement of any such claim or civil action shall not be treated as an allowable cost unless approved in writing by the Contracting Officer.

(End of clause)

[M1067]

H-41 Additional Labor Requirements

The Contractor shall conduct payroll and job-site audits and conduct investigations of complaints as authorized by DOE on all Davis-Bacon Act activity, including any subcontracts, as may be necessary to determine compliance with the Davis-Bacon Act. Where violations are found, the Laboratory shall report them to DOE Contracting Officer. The Contracting Officer may require that the Contractor assist in the determination of the amount of restitution and withholding of funds from a subcontractor so that sufficient funds are withheld to provide restitution for back wages due for workers inappropriately classified and paid, fringe benefits owed, overtime payments due, and liquidated damages assessed.

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

(End of Clause)

[M1067]

H-42 Sustainability Program

In accordance with Executive Order (EO) 13693, Planning for Federal Sustainability in the Next Decade, the Department of Energy is committed to managing its facilities in an environmentally preferable and sustainable manner. In the performance of work under this contract, the Contractor shall endeavor to provide its services in a manner that will promote the natural environment and protect the health and well-being of Federal employees, contract service providers and visitors using the facility.

The Site Sustainability Plan will identify the contributions toward meeting the Department's sustainability goals and will be updated annually based on annual guidance provided by the DOE Pacific Northwest Site Office. The Contractor will develop, implement and maintain an Environmental Management System that is certified to the International Organization for Standardization's 14001 standard. The sustainability goals identified within the Contractor's Site Sustainability Plan will be integrated into the Contractor's Environmental Management System.

(End of Clause)

[M1089]

H-43 Multifactor Authentication for Contractor Information Systems (Jun 2016)

The Contractor shall take actions to achieve multifactor authentication (MFA) for standard and privileged user accounts of all classified and unclassified networks by September 30, 2016. Any delays that are due to DOE's failure to provide adequate Government Furnished Equipment in a timely manner will be taken into account in assessing the accomplishment of this requirements.

(End of Clause)

[M1124]

H-44 Real Property Asset Management

A. The Contractor shall comply with Departmental requirements and guidance involving the acquisition, management, maintenance, disposition, or disposal of real property assets to ensure that real property assets are available, utilized, and in a suitable condition to accomplish DOE's missions in a safe, secure, sustainable, and cost-effective manner. Contractors shall meet these functional requirements through tailoring of their business processes and management practices, and use of standard industry practices and standards as applicable. The contractor shall flow down these requirements to subcontracts at any tier to the extent necessary to ensure the contractor's compliance with the requirements.

B. Contractor shall:

1. Submit all real estate actions to acquire, utilize, and dispose of real property assets to DOE for review and approval and maintain complete and current real estate records.
2. Perform physical condition and functional utilization assessments on each real property assets at least once every five-year period or at another risk-based interval as approved by SC-1 based on industry leading practices, voluntary consensus standards, and customary commercial practices.
3. Establish a maintenance management program including: a computerized maintenance management system (CMMS); a condition assessment system; a master equipment list; maintenance service levels; a method to determine for each asset the minimum acceptable level of condition; methods for categorizing deficiencies as either deferred maintenance and repair (DM) or repair needs; management of the DM backlog; a method to prioritize maintenance work; and a mechanism to track direct and indirect funded expenditures for maintenance, repair, and renovation at the asset level.
4. Maintain Facilities Information Management System (FIMS) data and records for all lands, buildings, trailers, and other structures and facilities. FIMS data must be current and verified annually.

(End of Clause)

[M1124]

H-45 Foreign Engagements with DOE National Laboratories

The contractor shall maintain a process to ensure they meet the following expectations for entering into collaborative engagement with foreign entities under the following mechanisms:

1. Memorandum of Understanding (MOU);
2. Strategic Partnership Projects (SPPs);
3. Cooperative Research and Development Agreements (CRADAs); and
4. Agreements for Commercializing Technology (ACT) and/or other contractual instrument.

Prior to negotiation of the proposed laboratory MOU with one or more foreign entities, the draft text of the proposed MOU must undergo review by the Senior Counterintelligence Officer (SCIO) for the laboratory, the laboratory export control

office, and DOE Site Office (SO) counsel, followed by HQ review. HQ review of such MOUs requires pre-negotiation review and concurrence from each of the following offices:

1. Cognizant Secretarial Office (CSO);
2. Program Secretarial Office (PSO);
3. Office of International Science & Technology Collaboration (IA-42);
4. Cognizant General Counsel Office (GC);
5. Office of Intelligence and Counterintelligence (IN);
6. Office of Nonproliferation and Arms Control (NA-20); and
7. Office of Classification (AU-60), if involving potential access to or use of classified information.

As part of the package submitted for HQ review, laboratories must indicate in writing how the MOU aligns with each of the following principles:

1. In the long-term, there must be a benefit to DOE and/or the U.S. Government from the partnership;
2. The partnership must be consistent with the foreign policy and national security interests and priorities of the U.S. Government;
3. Work under the MOU must comply with all applicable laws, U.S. Government policies and regulations, and DOE procedures;
4. Work under any proposed MOU must be consistent with the long-term goals and objectives of DOE and the relevant DOE programs must be notified;
5. The collaboration should not create a resource burden on a DOE Program Office or DOE Laboratory;
6. The partnership should aim to leverage domestic capabilities to advance U.S. scientific achievement or clean energy technologies and potentially enhance the Department's or laboratory's stature and global leadership;
7. The partnership should aim to advance global efforts in areas related to DOE's missions including, for example, environmental protection and remediation, energy security, development or adoption of clean energy technologies, or nuclear security and nonproliferation; and

8. The partnership should aim to provide benefit to the U.S. economy through lower cost technologies for consumers, export markets for domestic companies, U.S.-based jobs, or similar economic advantages.

In some cases, a foreign entity may require a copy of the agreement in its own language, in addition to English. In such cases, language conformance will be required to ensure the English and foreign language versions agree precisely in meaning. These services must be provided by the Department of State's Office of Language Services, and be coordinated by IA-42, with the costs for such services borne by the cognizant DOE program or laboratory. No laboratory MOU may be signed in a foreign language until the HQ review has been completed and the State Department's Office of Language Services issues DOE an official comparison memo indicating that the two texts have the same meaning in all substantive respects.

An MOU with a foreign entity must be reviewed by HQ at least every five years to ensure these activities remain consistent with U.S. national security and other policies.

HQ review of proposed laboratory work under a contractual mechanism (SPP, CRADAs, Agreements for Commercializing Technology Act, or other Contractual Instrument) with one or more foreign entities is initiated by the laboratory through the Site Office, and requires review and concurrence from each of the following offices:

1. Cognizant Secretarial Office (CSO);
2. Program Secretarial Office (PSO);
3. Office of International Science & Technology Collaboration (IA-42);
4. Cognizant General Counsel Office (GC);
5. Office of Intelligence and Counterintelligence (IN); and
6. Office of Nonproliferation and Arms Control (NA-20).

Based on information provided by the laboratory, the Site Office provides to the appropriate HQ offices, a copy of the abbreviated proposal and any supporting documents, which may include the agreement itself and a full or summary statement of work. A project with a foreign entity must be reviewed by HQ at least every five years to ensure these activities remain consistent with U.S. national security and other policies.

All DOE HQ reviews for both MOUs and contractual instruments should be completed within 20 business days following receipt of the request. A response will be provided by HQ to the SO within the 20 business day timeframe that indicates approval, disapproval, or the need for more time to review the request since some proposals may require additional time to review due to special circumstances. All issues identified by the SO

and HQ reviewing offices and communicated to the laboratory must be satisfactorily resolved before negotiation and signature of the proposed MOU or contractual instrument will be authorized.

For MOUs, the laboratory may negotiate and sign the MOU with the foreign entity or entities after all the required reviews are completed and concurrences are received. Any substantive departures from the approved MOU text must be reviewed by SO counsel before the MOU may be signed. Any changes in the identity of the foreign entity or entities must be reviewed by the laboratory's SCIO. A pdf copy of each final, fully executed MOU must be submitted to the IA-42 (at labagreements@hq.doe.gov) within 20 days of signature.

(End of Clause)
[M1124]

Section J

Appendix A

Advance Understandings on Human Resources Cost

**Applicable to the Operation of
Pacific Northwest National Laboratory**

Contract No. DE-AC05-76RL01830

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Pacific Northwest National Laboratory

Advance Understanding on Human Resources Costs

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I. INTRODUCTION

- (a) This Advance Understanding is intended to document the principles and measures for evaluation of items of allowable human resources costs and related expenses not specifically addressed elsewhere under this Contract.
- (b) The Contractor shall select, manage, and direct its work force and apply its human resource policies in general conformity with its private operations and/or industrial practices insofar as they are consistent with this Contract. The Contractor shall notify the Contracting Officer of all changes to personnel policies. Any changes to the personnel policies or practices in place as of the effective date of this contract which would increase costs, are subject to approval in advance by the Contracting Officer. Any programs or policies initiated for corporate application, permanently or for a finite period, that will impact staffing levels or compensation costs (i.e., furloughs or salary cuts) will not be applicable to Laboratory employees, without prior approval of the Contracting Officer.
- (c) This Appendix A may be modified from time to time by agreement of the Parties. Either Party may, at any time, request that this Appendix A be revised, and the Parties hereto agree to negotiate in good faith concerning any requested revision. Revisions to this Appendix A shall be accomplished by executing a modification to the prime contract.
- (d) The Contractor may propose exceptions to the provisions of Appendix A when such exceptions are in the best interest of contract operations, beneficial to the government, or will facilitate or enhance contract performance and are approved in advance by the Contracting Officer (CO).
- (e) It is understood that no provision of this Appendix can affect any right guaranteed to a bargaining unit staff member by the terms of a Collective Bargaining Agreement.

II. COMPENSATION

The Contractor is required to include the following elements in Laboratory compensation systems:

- (a) Salary Increases
Compensation will comply with the maximum compensation reimbursement level, per the Bipartisan Budget Act of 2013 (BBA), Section 702, Limitation on Allowable Government Contractor Compensation Costs.
- (b) Compensation Increase Plan
 - (1) The Contractor shall submit the Compensation Increase Plan (CIP) proposal no later than 60 days prior to the start of the new salary cycle.

- (2) In order to pay "on-market-on-average," in the calculation of market position, Laboratory salary data shall be matched to survey data as of the midpoint of the salary cycle. PNNL's salary cycle is from January 1 to December 31 with a June 1 midpoint.
- (3) The annual effective date of the merit increase shall be the first pay period beginning on or after January 1 or as soon thereafter as is practicable following CIP approval from DOE. If the CO approval is not received in sufficient time to allow implementation as of that date, a retroactive payment adjustment will be made as soon as practicable after the CO approval is obtained.

(c) Variable Pay Plan

The contractor is authorized to expend contract funds in the amount of 1.5% of the combined exempt and non-exempt salary base, as of the previous year's December 31st data. This authorization is for the annual recruiting, retention and performance awards programs described under X. Employee Programs and XI. Recruiting Personnel.

(d) Payment of Joint Appointees

Joint Appointees shall be paid at the salary and fringe benefit rates established by the home institution with only the home institution being the employer for purposes of pay and benefits. The host institution will reimburse to the home institution the percentage of time worked (salary and fringe benefit rate) by the Joint Appointee at the host institution.

III. ANCILLARY PAY COMPONENTS

Ancillary pay will be conducted in accordance with Contractor's policies/practices as approved by the Contracting Officer.

- (a) Medical evacuation services/insurance. Employees required to perform official travel to foreign countries where local care is substandard (according to U.S. standards) may have coverage that pays for evacuation services to an acceptable medical facility in a proximal location on an urgent or emergency basis. The policy shall cover evacuation, expatriation of remains, and ancillary costs associated with the incident. Costs for such coverage for eligible employees are allowable.
- (b) Temporary Assignment Allowances (Domestic and Foreign). Contracting Officer approval is required for all assignments on an annual basis.

IV. REDUCTIONS IN CONTRACTOR EMPLOYMENT

Workforce Reductions in Force (RIF) (voluntary and involuntary) will be conducted in accordance with Contractor's Contracting Officer-approved policies/practices, the approved

DOE Workforce Restructuring plan for the Pacific Northwest National Lab, and Contracting Officer direction on workforce restructuring.

(a) Workforce Restructuring Actions

(1) The Contractor will notify or request approval of individual workforce restructuring actions in accordance with the following:

RESTRUCTURING ACTION	#EMPLOYEES POTENTIALLY IMPACTED	ACTION REQUIRED
Voluntary	100+	CO Notification
Involuntary	100+	CO Approval

Note: "Actions" are defined as restructuring efforts that are driven by impact to functional area, business purpose, or programmatic funding.

- a. Notifications will be consistent with the following parameters:
 - (1) In accordance with approved laboratory/contractor policies;
 - (2) No enhanced benefits (severance or pension);
 - (3) No backfilling (internally or externally) or re-employment of employees after severance is paid;
 - (4) A business case is submitted 5 business days in advance of notification date that include maximum number of voluntary reductions, maximum dollars, positions/skills impacted; reasons reductions are needed, copy of self-select waivers, and communication plan; and
 - (5) Voluntary reductions are offered to all eligible employees in an operational unit (i.e., organization, direct/indirect category, etc.).
 - b. Actions requiring approval will additionally require a workforce restructuring plan prepared in accordance with DOE policy.
 - c. Approval actions shall be submitted a minimum of 10 business days prior to announcement to employees.
 - d. A diversity analysis shall be submitted a minimum of 10 business days prior to notification to individual impacted employees if at the end of the action, or any significant phase of it, 100 or more employees will be involuntarily separated in a rolling 12-month period.
 - e. Waivers or self-select forms that vary from those provided in DOE policy documents are subject to approval by DOE.
- (2) Severance. Any employee who volunteers for layoff or retirement during a time period in which the Contract has a DOE approved active reduction in force plan

will be eligible for severance pay provided the termination is accepted by Laboratory management and results in the retention of an employee who otherwise would have been laid off.

- a. If DOE approval is not required, severance may be paid to an employee who volunteers for layoff or retirement, if Contractor management has approved the restructuring action and the termination results in the retention of an employee who otherwise would be laid off.
 - b. Severance is payable to an employee who volunteers for layoff or retirement, if the termination is associated with a restructuring action approved and initiated by Contractor management or DOE. Severance not associated with workforce restructuring is unallowable.
- (3) Outplacement. The Contractor, to the extent practicable, shall provide outplacement services in the forms of skills assessment and resume preparation to those employees who are involuntarily separated due to a layoff.
- (4) Displaced Worker Medical Benefit.

Contractor employees who separate from employment voluntarily or involuntarily (other than for cause) and who were eligible for medical insurance coverage under the Contractor's plan at the time of separation from employment are eligible for medical coverage under the DOE Displaced Workers' Medical Benefits Program, provided they are not eligible for coverage under another plan, e.g., another employer's group health plan, the Contractor's Retiree Medical Plan, a spouse's medical plan, or Medicare. Allowable cost will be based on the following schedule:

- (1) First Year: The Contractor's contribution for an active employee
- (2) Second Year: One half of the Contractor's Cobra premium
- (3) Third and subsequent years: Reasonable administrative costs that exceed the two percent administrative fee paid by the displaced worker.

Eligibility is determined in accordance with Departmental policy on workforce restructuring.

V. PAYMENTS ON TERMINATION OF EMPLOYMENT

- (a) Vacation. The Contractor is authorized to pay accumulated vacation upon termination at the rate in effect as of the date of termination, including any shift differential.
- (b) Sick leave. The payment of accumulated sick leave upon termination is unallowable.

- (c) Reduction in Force (RIF). When employees are terminated due to a RIF, the following costs are allowable:
- (1) Pay in lieu of notice. Any employee who is laid off or terminated due to a RIF may be given pay in lieu of the required minimum written notice of termination. Accumulated vacation credit is also paid.
 - (2) Severance pay benefit. The severance payment shall be made in an amount equal to one week's pay for each year of continuous full-time equivalent service plus one-quarter of a week's pay for each additional three (3) months of continuous service at the time of layoff up to a total of twenty (20) weeks' pay. An additional five weeks of pay may be provided to staff who sign a General Release. Severance payments may be made at the Contractor's option to a staff member within a RIF grouping who is not scheduled for termination but who offers to terminate employment, provided the termination is accepted by Laboratory management, thereby eliminating the need for terminating another staff member involuntarily
- (d) Terminations for Cause. Any consideration of pay in lieu of notice for immediate dismissal will be evaluated on a case-by-case basis in accordance with Contractor policies/procedures.

VI. SETTLEMENT COSTS

Staff Settlement Costs. The Contractor is authorized to resolve claims settlements and internal staff settlements up to \$25,000 without the advance approval of the Contracting Officer. Worker's Compensation claims settlements shall be in accordance with the Worker's Compensation Clause of the Contract.

VII. LABOR RELATIONS

- (a) Collective Bargaining – Consistent with Contract provisions, costs of fringe benefit and wages paid to staff under collective bargaining agreements will be reimbursed as well as all other reasonable costs and expenses (such as expenses relating to the grievance process, arbitration and arbitration awards), and other costs and expenses incurred pursuant to applicable collective bargaining agreements and revisions thereto.
- (b) Bargaining Unit Activity – Reasonable paid absence leave will be authorized for staff for time spent acting in the capacity of union officers, union stewards, or committee members handling grievances, negotiating with the Laboratory, and /or serving on labor management (Laboratory) committees as outlined in the Contractor's policies.

VIII. PROGRAMS INVOLVING EMPLOYEE ABSENCE FROM THE WORKPLACE

- (a) Paid Leave – The Laboratory will provide a reasonable and cost effective paid leave program. Paid leave includes but is not limited to: Vacation, holiday, sick leave, jury duty, personal leave, and flextime, according to approved Laboratory schedules (where appropriate) and administered in accordance with applicable Contracting Officer-approved PNNL policies. Only leave categories included in the Benefit Value Study shall be allowable.
- (b) Sabbaticals/Temporary Assignments of Laboratory Staff to Other Institutions for Teaching and Research/Technical Exchange – The Contractor shall be reimbursed for expenditures arising out of an approved staff assignment to another institution for teaching and/or research or technical exchange if the assignment does not exceed one year. Extensions can be approved by the Human Resources Director with total assignment not to exceed three years.
- (c) The Contractor will notify the CO on an annual basis of joint appointments with research institutions within specific skill areas critical to national interest
- (d) Military Leave – Military leave and associated pay is authorized in accordance with Contracting Officer-approved policies, and/or State or Federal law.
- (e) Security Leave – Wages or salaries paid to staff when access authorization is suspended by DOE will be allowable costs under the following conditions:

If an appropriate position which does not require access authorization is not available, the Contractor may place the staff member on leave with pay at his or her base compensation until final disposition of the case.

IX. EMPLOYEE TRAINING, EDUCATION AND DEVELOPMENT

- (a) The Laboratory shall establish training, education and development programs that are consistent with DOE requirements and guidance, industry standards, and other Federal, State and local regulations. These programs shall deliver quality training that will provide the learning foundation for staff to be well-qualified and competent to manage facilities and meet mission requirements through administrative, professional and technical excellence.
 - (1) Training - The Laboratory may conduct or permit regular staff members to attend training programs and courses that are based on training needs assessments. These training courses should contribute to the performance of work under the contract and be provided at reasonable costs to the government. The Laboratory may permit regular staff members to attend training activities during normal

working hours while receiving full pay in order to enable them to acquire the needed skills to qualify them for other jobs within the Laboratory, maintain competence, and/or stay current in their field of study or discipline.

(2) Education

a. The Laboratory may approve and support educational courses taken by staff that serve to improve efficiency and productivity of Laboratory operations, increase and enhance needed skills, or prepare staff for increased responsibilities.

b. Tuition Reimbursement - Tuition, required textbooks and fees for staff who are employed under this Contract will be provided to the extent that courses are approved in advance by the Laboratory and the staff members continue their employment during the period of reimbursement.

(3) Development – The allowable cost for developmental programs shall include but is not limited to, apprenticeship training, supervisory training, management development, scientist/engineer development, project management development, career updating and redirection, and other programs supporting the development of staff in fields of interest to the Laboratory, in accordance with policy. Course completion certificates/awards may also be provided.

X. EMPLOYEE PROGRAMS

(a) The Contractor is authorized to provide monetary or non-monetary recognition for achievements not based on performance. Awards may include, for example:

(1) Length of Service/Retirement Recognition;

(2) Safety Awards;

(3) Suggestion Program.

(b) The Contractor may recognize staff members or groups of staff who have distinguished themselves by their significant contributions and outstanding performance in the course of their work. Awards may be provided to staff or groups of staff in the form of cash. Additionally, distinguishing contributions and outstanding performance as well as noteworthy achievements and special efforts that contribute to the reputation and stature of the Laboratory may be recognized by the presentation of plaques, certificates, and memorabilia. The presentation of such recognition may be done at events designed to honor recipients as well as to encourage all staff to strive for similar achievement. Examples of contributions and performance that warrant recognition include:

- (1) Academy of Science nomination
 - (2) Presidential Early Career Award (PECASE)
 - (3) Recipient of high-level DOE award (e.g., DOE Distinguished Associate)
 - (4) Recipient of prestigious, coveted and competitive award from a respected agency external to the Laboratory (e.g., Nobel Prize, National Medal of Science, E.O. Lawrence Award, Discover Award, Enrico Fermi Award)
 - (5) Recipient of an external award given to recognize exemplary community service and/or citizenship.
- (c) Lab level events, as described in paragraphs (b), to distribute these awards are limited to \$150,000 per year, unless otherwise approved by the CO and shall be limited to no more than three (3) per year.
- (d) The Contractor may develop, administer and support a variety of staff programs. These programs may include athletic, cultural, and family activities. Participant fees may be collected to partially offset the cost of some or all of these activities. Appropriate facilities, utilities, and maintenance may be provided by the Laboratory.
- (e) The Contractor is authorized costs to provide a comprehensive Wellness Program to promote staff health and fitness as outlined in approved policies.
- (f) The Contractor shall maintain a program of preventive services, education, short-term counseling, coordination with and referrals to outside agencies, and follow-up upon return to work that conforms to the requirements of 10 CFR 707.6, Employee Assistance Program (EAP), Education, and Training.
- (g) Extended Travel Duty (ETD). Contractor shall maintain a program within the following parameters for ETD for all PNNL sponsors. PNSO review and approval is only required for DOE Office of Science assignments.
- (1) ETD will not exceed three years, i.e. (36) months, in duration and a break between assignments should be at least 12 months.
 - (2) If a staff member is not maintaining a residence and/or the assignment will exceed 12 months from inception, Temporary Change of Station should be evaluated.
 - (3) Employee initial trip to assignment location and final travel from assignment location will be reimbursed at 100% Federal Travel Regulation (FTR) per diem rate
 - (4) Reimbursement for Meals and Incidental Expenses (M&IE) for the first 30 days and last 30 days of the assignment shall be at 100% of the FTR per diem rate.

- Reimbursement for lodging for the first 60 days and last 30 days of the assignment shall be paid at 100% of the FTR per diem rate. Interim M&IE and Lodging expenses will be reimbursed in accordance with Part I, Section H, H-21 "Advance Understandings on Allowable Costs", Item 12) Extended Domestic Travel.
- (5) Employee may be reimbursed up to 10 trips home from assignment location in a 12-month period.
 - (6) Employee may be authorized to ship up to 1,000 pounds of personal effects to the assignment location. Staff member may be authorized to ship an additional 3,000 pounds of personal effects if the staff member waives his/her trips home for the duration of the assignment.
 - (7) Employee may be authorized to ship one Personally Operated Vehicle (POV), unless they travel to the assignment location via a POV.
 - (8) Employee may be authorized to Extended TDY Tax Reimbursement Allowance (ETTRA), which will be calculated in accordance with the FTR methodology (FTR 301-11.604)
 - (9) Employee may receive a transit subsidy for public transportation for assignments in the Washington, DC, area, consistent with what is allowed for Federal employees.
 - (10) M&IE cannot be claimed concurrently in two different temporary duty locations.

XI. RECRUITING PERSONNEL

- (a) The Contractor shall have a recruitment program contained within the personnel management policies and practices that provides for recruitment and retention of future or existing staff of the Laboratory. This program should include strategies and benefits that retain a stable workforce and that retain the critical skills essential to carrying out the missions of the Laboratory.
- (b) The Contractor may incur costs for the recruitment of personnel, as follows:
 - (1) Costs of advertising and agency and consultant fees.
 - (2) Recruiting Expenses - The Laboratory may reimburse, consistent with other provisions of this contract, employees traveling for recruiting purposes, the cost incurred for the following expenses: transportation, lodging, and meals for prospective employees and, when approved, for spouses or representatives of academic institutions, professional societies and other scientific organizations and incidental expenses incurred in recruiting.

(3) New or prospective employees who have been offered and have accepted a position, and who are required to take a pre-placement physical examination, shall be reimbursed for costs of the physical examination.

(4) Costs associated with pre-employment screening shall be allowable.

(c) Recruitment/Retention Tools.

(1) The Contractor may pay a sign-on bonus to recruit employees with critical skills.

(2) An annual retention bonus is authorized to retain employees with critical skills or whose expertise is critical to the completion of a specific project.

(3) The Contractor is authorized to provide service credit to critical skill new-hires for previous relevant experience at another DOE facility or external organization. Credited service may be used to establish eligibility for, or determine accrual of, service-based benefits (i.e., vacation accruals, vesting, or severance – unless severance has been paid for prior service), in accordance with the contractor's policies.

XII. EMPLOYEE BENEFITS

Energy Employees' Occupational Illness Compensation Program Act (EEOICPA).

The Contractor agrees to comply with requests for information, records, and other program requirements to ensure the orderly administration and adjudication of claims under the EEOICPA.

**PART III – List of Documents,
Exhibits and Other Attachments**

Section J

Appendix D

List of Applicable DOE Directives & External Requirements

**SECTION J
APPENDIX D
LIST OF APPLICABLE DOE DIRECTIVES & EXTERNAL REQUIREMENTS**

DOE DIRECTIVES	
DIRECTIVE NO.	DIRECTIVE TITLE
CRD O 130.1	BUDGET FORMULATION
CRD M 140.1-1B	INTERFACE WITH THE DEFENSE NUCLEAR FACILITIES SAFETY BOARD
CRD O 142.2A, Admin Chg. 1	VOLUNTARY OFFER SAFEGUARDS AGREEMENT AND ADDITIONAL PROTOCOL WITH THE INTERNATIONAL ATOMIC ENERGY AGENCY
CRD M 142-2-1, Admin Chg. 1	MANUAL FOR IMPLEMENTATION OF THE VOLUNTARY OFFER SAFEGUARDS AGREEMENT AND ADDITIONAL PROTOCOL WITH THE INTERNATIONAL ATOMIC ENERGY AGENCY
CRD O 142.3A, Chg. 1	UNCLASSIFIED FOREIGN VISITS AND ASSIGNMENTS PROGRAM
CRD O 144.1, Admin Chg. 1	DEPARTMENT OF ENERGY AMERICAN INDIAN TRIBAL GOVERNMENT INTERACTIONS AND POLICY
CRD O 150.1A	CONTINUITY OF PROGRAMS
CRD O 151.1D	COMPREHENSIVE EMERGENCY MANAGEMENT SYSTEM
CRD O 200.1A, Chg. 1	INFORMATION TECHNOLOGY MANAGEMENT
CRD O 205.1B, Chg. 3	DEPARTMENT OF ENERGY CYBER SECURITY PROGRAM
CRD O 206.1	DEPARTMENT OF ENERGY PRIVACY PROGRAM
CRD O 206.2	PERSONAL IDENTITY VERIFICATION
CRD O 210.2A	DOE CORPORATE OPERATING EXPERIENCE PROGRAM
CRD O 221.1B	REPORTING FRAUD, WASTE, AND ABUSE TO THE OFFICE OF INSPECTOR GENERAL
CRD O 221.2A	COOPERATION WITH THE OFFICE OF INSPECTOR GENERAL
CRD O 225.1B	ACCIDENT INVESTIGATIONS
CRD O 227.1A	INDEPENDENT OVERSIGHT PROGRAM
CRD O 231.1B, Admin Chg. 1	ENVIRONMENT, SAFETY AND HEALTH REPORTING
CRD O 232.2A	OCCURRENCE REPORTING AND PROCESSING OF OPERATIONS INFORMATION
CRD O 241.1B, Chg. 1	SCIENTIFIC AND TECHNICAL INFORMATION MANAGEMENT
CRD O 243.1B, Admin Chg. 1	RECORDS MANAGEMENT PROGRAM
CRD O 252.1A, Admin Chg. 1	TECHNICAL STANDARDS PROGRAM
CRD O 313.1	MANAGEMENT AND FUNDING OF THE DEPARTMENT'S OVERSEAS PRESENCE
CRD O 410.2, Admin Chg. 1	MANAGEMENT OF NUCLEAR MATERIALS
CRD O 411.2	SCIENTIFIC INTEGRITY
CRD O 413.1B	INTERNAL CONTROL PROGRAM
CRD O 413.2C	LABORATORY DIRECTED RESEARCH AND DEVELOPMENT
CRD O 413.3B, Chg. 4 (Min. Chg.)	PROGRAM AND PROJECT MANAGEMENT FOR THE ACQUISITION OF CAPITAL ASSETS
CRD O 414.1D, Admin Chg. 1	QUALITY ASSURANCE

DOE DIRECTIVES	
DIRECTIVE NO.	DIRECTIVE TITLE
CRD O 415.1, Chg. 2	INFORMATION TECHNOLOGY PROJECT MANAGEMENT
CRD O 420.1C, Chg. 1	FACILITY SAFETY
CRD O 420.2C	SAFETY OF ACCELERATOR FACILITIES
CRD O 422.2, Admin Chg. 1 (Pg. Chg.)	CONDUCT OF OPERATIONS
CRD O 425.1D, Admin Chg. 1	VERIFICATION OF READINESS TO STARTUP OR RESTART NUCLEAR FACILITIES
CRD O 426.2, Admin Chg. 1	PERSONNEL SELECTION, TRAINING, QUALIFICATION, AND CERTIFICATION REQUIREMENTS FOR DOE NUCLEAR FACILITIES
CRD O 433.1B, Admin Chg. 1	MAINTENANCE MANAGEMENT PROGRAM FOR DOE NUCLEAR FACILITIES
CRD O 435.1, Chg. 1*	RADIOACTIVE WASTE MANAGEMENT
DOE M 435.1-1, Admin Chg. 2	RADIOACTIVE WASTE MANAGEMENT MANUAL
CRD O 440.2C, Chg. 1	AVIATION MANAGEMENT AND SAFETY
CRD M 441.1-1, Chg. 1	NUCLEAR MATERIAL PACKAGING MANUAL
CRD O 442.2	DIFFERING PROFESSIONAL OPINIONS FOR TECHNICAL ISSUES INVOLVING ENVIRONMENT, SAFETY AND HEALTH
CRD O 443.1B, Chg. 1	PROTECTION OF HUMAN SUBJECTS
CRD N 443.1	PROTECTION OF HUMAN SUBJECTS IN CLASSIFIED RESEARCH
CRD O 452.8	CONTROL OF NUCLEAR WEAPON DATA
CRD O 456.1A	THE SAFE HANDLING OF UNBOUND ENGINEERED NANOPARTICLES
CRD O 458.1, Chg. 3**	RADIATION PROTECTION OF THE PUBLIC AND THE ENVIRONMENT
CRD O 460.1D	HAZARDOUS MATERIALS PACKAGING AND TRANSPORTATION SAFETY
CRD M 460.2-1A	RADIOACTIVE MATERIAL TRANSPORTATION PRACTICES MANUAL
CRD O 460.2A	DEPARTMENTAL MATERIALS TRANSPORTATION AND PACKAGING MANAGEMENT
CRD O 461.1C	PACKAGING AND TRANSFER FOR OFFSITE SHIPMENT OF MATERIALS OF NATIONAL SECURITY INTEREST
DOE O 470.3C	DESIGN BASIS THREAT (DBT) ORDER
CRD O 470.4B, Admin Chg. 2	SAFEGUARDS AND SECURITY PROGRAM
CRD O 470.5	INSIDER THREAT PROGRAM
CRD O 470.6	TECHNICAL SECURITY PROGRAM
CRD O 471.1B	IDENTIFICATION AND PROTECTION OF UNCLASSIFIED CONTROLLED NUCLEAR INFORMATION
CRD O 471.3, Chg. 1	IDENTIFYING AND PROTECTING OFFICIAL USE ONLY INFORMATION
CRD M 471.3-1, Chg. 1	MANUAL FOR IDENTIFYING AND PROTECTING OFFICIAL USE ONLY INFORMATION
CRD O 471.5	SPECIAL ACCESS PROGRAMS
CRD O 471.6, Admin Chg. 2	INFORMATION SECURITY
CRD O 472.2, Chg. 1	PERSONNEL SECURITY
CRD O 473.3A	PROTECTION PROGRAM OPERATIONS
CRD O 474.2, Admin Chg.4	NUCLEAR MATERIAL CONTROL AND ACCOUNTABILITY
CRD O 475.1	COUNTERINTELLIGENCE PROGRAM

DOE DIRECTIVES	
DIRECTIVE NO.	DIRECTIVE TITLE
CRD O 475.2B	IDENTIFYING CLASSIFIED INFORMATION
CRD O 483.1B	DOE COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS
CRD O 484.1, Chg. 2 (Admin Chg.)	REIMBURSABLE WORK FOR THE DEPARTMENT OF HOMELAND SECURITY
CRD O 522.1	PRICING OF DEPARTMENTAL MATERIALS AND SERVICES
CRD O 534.1B	ACCOUNTING
CRD O 551.1D, Chg. 2	OFFICIAL FOREIGN TRAVEL
CRD O 580.1A, Admin Chg. 1	DEPARTMENT OF ENERGY PERSONAL PROPERTY MANAGEMENT PROGRAM
DOE O 5639.8A	SECURITY OF FOREIGN INTELLIGENCE INFORMATION AND SENSITIVE COMPARTMENTED INFORMATION FACILITIES
DOE/RL-94-02, Rev. 5	HANFORD EMERGENCY MANAGEMENT PLAN- APPLICABLE TO PNNL-MANAGED FACILITIES AND ACTIVITIES ON THE HANFORD SITE
DOE/RL-2001-36	HANFORD SITE TRANSPORTATION SAFETY DOCUMENT, REV.1-E

- * The Contractor shall submit a plan to implement CRD O 435.1, Chg 1 “Radioactive Waste Management” no-later-than 30 calendar days after the effective date of the modification to extend the contract. The Contractor shall continue to comply with DOE O 5820.2A “Radioactive Waste Management” until implementation of CRD 435.1, Chg 1.
- ** The Contractor’s responsibility to implement CRD O 458.1, Chg. 3 “Radiation Protection of the Public and the Environment” is limited to paragraphs 2.d., 2.g., and 2.k.