

**Part III – List of Documents,
Exhibits, And Other Attachments**

Section J

Appendix A

Advance Understandings on Human Resources

Introduction

This Advance Understanding (AU) is intended to document the principles and measures for assessment of the Contractor's Human Resource Management (CHRM) programs and Other Items of Allowable Cost not specifically addressed in H-30 of this Contract. PNNL CHRM policies, practices, and plans are located in the PNNL Standards-Based Management System. Any changes to SBMS CHRM policies, practices, and/or plans covered in an advance understanding that increase costs shall require written approval by the DOE Contracting Officer. PNNL CHRM programs will comply with the Federal Acquisition Regulation (FAR) cost principles and FAR contract clauses, as supplemented by the Department of Energy Acquisition Regulation (DEAR), for all HR programs, including but not limited to Compensation, Health and Welfare Benefits, Pension Plans, Savings Plans, Training and Development, Professional Society Memberships, Staff Association, Employee and Labor Relations, Diversity/Equal Employment Opportunity/Affirmative Action, Recruitment and Relocation. The Contractor shall use effective management review procedures and internal controls to assure compliance with the FAR and DEAR. The Contractor shall ensure appropriate systems are in place for change control to any such SBMS CHRM policies, practices, and/or plans

Either party may request that this AU be revised and the parties hereto agree to give consideration in good faith to any such request. Revisions to this AU shall be accomplished by executing an AU modification as approved by the DOE Contracting Officer. Any prior Contracting Officer reimbursement determination referenced in this section must be in writing.

The Contractor, or designated representative, shall promptly furnish all reports and information required or otherwise indicated in this Advance Understanding to the Contracting Officer. The Contractor recognizes that the Contracting Officer or designated representative may make other data requests from time to time and the Contractor agrees to cooperate in meeting requests.

It is understood that no provision of this Appendix can affect any right guaranteed to a bargaining unit employee by the terms of a Collective Bargaining Agreement.

I. CHRM Program Assessment Performance Measures

Performance measures include, but are not limited to the following:

A. Employee Welfare Benefit Measures

1. Relative Benefit Value (ben-val) process standards
 - a. The Contractor shall determine a list of no less than 15 participants to be a part of the comparator group. The comparator group is defined as companies of comparable size, industry, market, and region. The Contracting Officer shall approve the list prior to the performance of the ben-val measure.

- b. The Contractor shall measure all major non-statutory benefit plans offered by the Contractor, including qualified defined benefit and defined contribution retirement and capital accumulation plans, and death, disability, health, and paid time-off welfare benefit programs.
 - c. Relative benefit values must be actuarially calculated by a national consulting firm with expertise in relative benefit value calculations.
2. Per Capita employee benefit cost comparison process standards
- a. The Contractor at its option may provide a proposal for establishing an alternative cost study in lieu of the Chamber of Commerce (CoC) Annual Employee Benefits Cost Survey for review and approval to the Contracting Officer.
 - b. This proposal must at a minimum identify the organization to perform the study, the proposed study methodology, and must be a broad-based national survey that includes comparators of like size, industry, market.
 - c. The Contracting Officer shall respond to this request within 90 calendar days with an approval, rejection, or request for additional information, or to inform the Contractor that DOE requires an extension for the review (not to exceed the original review period).
 - d. If the Contractor does not submit a proposal in accordance with this clause, or if the proposal is rejected by the Contracting Officer, the Contractor will use the CoC Annual Employee Benefits Cost Survey for the cost study.
3. Retirement income replacement ratios- An actuarial measure that may be used by the DOE or Contractor that compares (with other mutually agreed to and Contracting Officer approved databases and/or broad based surveys by professional actuarial consulting firms) the value of Contractor retirement benefit programs measured as a percentage of final pay replaced by Contractor provided defined benefit, defined contribution and retiree medical benefits combined with Social Security Benefits.

II. Other items

A. Incentive Compensation

1. The Contractor may submit a proposal for establishing an incentive compensation plan to the Contracting Officer for review and approval for a determination of cost reimbursement under this Contract. The proposal must contain: a description of the performance management

system and “line of sight” to the DOE mission and Contract statement of work at all levels and be consistent with established performance measurement approaches; the incentive compensation plan design, funding methodology, and linkage to Contract performance measures; and the design must contain a policy for a specific Passover rate, i.e., percent of participants who will not receive an incentive and pay at risk.

2. The Contracting Officer shall respond to this request within 90 calendar days with an approval, rejection, or request for additional information, or to inform the Contractor that DOE requires an extension for the review (not to exceed the original review period).

B. Pension.

The Contractor may submit a proposal for establishing pension/service reciprocity within Battelle managed Office of Science Laboratories to the Contracting Officer for review and approval of allowability under this Contract. The Contracting Officer shall respond to this request within 180 calendar days with an approval, rejection, or request for additional information, or to inform the Contractor that DOE requires an extension for the review (not to exceed the original review period).

C. Dependent Care.

Any agreement between contractors and dependent care (program) provider organizations must ensure that contractors and the DOE are held harmless from liability.

1. Property damage liability and bodily injury liability insurance policies must be retained by the dependent care (program) provider organization in an amount appropriate for services provided. The contractors must also be insured under these policies.
2. Agreements between the contractors and dependent care (program) provider organizations must ensure that the provider organizations operate, maintain, and upgrade any proposed workplace dependent care facility in compliance with federal, state, and local policies, regulations, and requirements for environment, safety and health.