LOCAL IMPLEMENTING GUIDELINES

This document serves as the CEMRP2 Local Implementing Guidelines for eligible UCLA Health employees. The University of California Clinical Enterprise Management Recognition Plan 2 ("Plan") is governed by Personnel Policies for Staff Members (PPSM) 34 (Incentive and Recognition Award Plans – Managers and Senior Professionals (MSP)/ Professional and Support Staff (PSS).

Plan Oversight

Development, governance, and interpretation of the Plan will be overseen by the UCOP Administrative Oversight Committee (AOC) under the purview of the Office of the President. Local administration will be overseen by the President, UCLA Health and CHRO, UCLA Health in conjunction with senior leadership.

Plan Year

The Plan year will correspond to the University's fiscal year, beginning July 1, 2019 and ending the following June 30, 2020.

Eligibility

Employees in the Health System in the following personnel programs who make contributions that enable UCLA Health to attain or exceed key Clinical Enterprise objectives may be eligible to participate in the Plan:

- Managers and Senior Professionals (MSP)
- Professional and Support Staff (PSS)
- Exclusively represented employees in the Registered Nurse (UC/CNA NX), Patient Care Technical (UC/AFSCME EX) and Clerical (UC/Teamster CX) bargaining units.
- CAOs in the David Geffen School of Medicine, excluding Basic Sciences

Participants must meet all of the following criteria:

- Individual goals must be entered and documented in the eGoals system as directed in the goal entry period that opens July 29, 2019 and ends on August 23, 2019
- Goals require manager’s approval by August 30, 2019
- New hires or transfers who become eligible on or before December 31, 2019 must submit individual goals within 30 days of hire or no later than January 31, 2020
- A minimum of six months from the initial eligibility date to end of plan year is required. New hires January 1 or after will not meet this requirement and are therefore not eligible. Individuals taking leaves for more than six months will not meet this requirement
- PPSM 23 and prevailing contracts require that written performance evaluations must be completed for the plan year
- Non-represented staff must have an overall performance rating of “Needs Improvement” or higher. A rating of “Unsatisfactory” will eliminate the total award for the participant
- Represented staff must have an overall performance rating of “Meets Expectations” or higher
Participants must be active employees of the University on June 30, 2020 to be eligible to receive an award for that Plan year, unless they have retired or involuntarily separated from the University as set forth in the Separation from the University provision below.

Other Eligibility Provisions

A participant who has been found to have committed a serious violation of state or federal law or a serious violation of University policy at any time prior to the distribution of an incentive award will not be eligible to receive an incentive award for the Plan year. If such allegations against a participant are pending investigation at the time of the incentive award distribution, the participant’s award for that Plan year may be withheld pending the outcome of the investigation.

Plan participation in any one year does not provide any right or guarantee of eligibility or participation in any subsequent year of the Plan.

Participants in this Plan are not eligible for any other incentive plan during the Plan year, including the STAR Award or Health Sciences Compensation Plan ('Z' payment), except in the event of a transfer within the University on or before December 31 of the plan year. If a Plan participant is eligible for only a partial year award under this Plan because a transfer of position, he or she is not eligible in a different University incentive plan.

Partial Year Awards

- Eligible participants with a minimum of six months of time worked during the Plan year, but less than a full year will receive a prorated award based on the table below.
- Employees on a leave of absence for six months or less during the plan year will receive a prorated award upon return based on the table below, provided their return to the eligible position is within one year of the Plan closure (June 30).
- Employees on a leave of absence for more than six months during the plan year are not eligible to receive any award.
- Participants who retire or who separate involuntarily due to reorganization, restructuring, or total disability during the current Plan year are eligible to receive a prorated incentive award for the current Plan year based on the date of separation from the University. The employee must be in an eligible position as of December 31 and have a minimum of six months of time worked during the Plan year to participate. Prorated payments will be calculated at the end of the Plan year and issued in accordance with the normal processing schedule.
- Participants whose employment terminates as a result of death during the current Plan year are eligible to receive a prorated incentive award for the current Plan year. The employee must be in an eligible position by December 31 and have a minimum of six months of time worked during the Plan year to participate. Award payments will be made to the estate of the deceased participant.
Awards are pro-rated according to the guidelines below:

<table>
<thead>
<tr>
<th>Percentage Payout</th>
<th>100%</th>
<th>75%</th>
<th>60%</th>
<th>0%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Hire and Transfer into Eligible Position</strong></td>
<td>July 1, 2019 - September 30, 2019</td>
<td>October 1, 2019 - October 31, 2019</td>
<td>November 1, 2019 - December 31, 2019</td>
<td>Hired after January 1, 2020</td>
</tr>
<tr>
<td><strong>Leave of Absence</strong></td>
<td>Less than 90 calendar days</td>
<td>91 to 120 calendar days</td>
<td>121 to 180 calendar days</td>
<td>181 calendar days and beyond</td>
</tr>
<tr>
<td><strong>Retirement or Layoff</strong></td>
<td>On or after April 1, 2020</td>
<td>Between January 1, 2020 and March 31, 2020</td>
<td>N/A</td>
<td>Prior to January 1, 2020</td>
</tr>
</tbody>
</table>

Additional Guidelines for Transfers

<table>
<thead>
<tr>
<th>Transfer Type</th>
<th>Before January 1</th>
<th>On or after January 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Transfer: Campus/DGSOM to Health System</td>
<td>Eligible to participate in CEMRP pro-rata if all criteria met.</td>
<td>Ineligible to participate in CEMRP; may be eligible for STAR from Campus/DGSOM.</td>
</tr>
<tr>
<td>Internal Transfer: Health System to Campus/DGSOM</td>
<td>Forfeits eligibility to participate in CEMRP, but may be eligible for STAR.</td>
<td>If eligible for CEMRP prior to transfer, employee retains CEMRP eligibility for current plan year only. Payout is pro-rated. Following fiscal year may be eligible for STAR only.</td>
</tr>
</tbody>
</table>

Note: Employees cannot receive both CEMRP and STAR awards in the same fiscal year.

Objective Setting Process

Approved participants must complete the **Performance Objectives Grid** to include the three Institutional Goals, and three departmental/individual goals from the following pillars:

- Our People
- Patient Experience
- Quality, Safety and Value
- Strategic Operations and Growth
- Financial Sustainability and Economic Alignment
- Culture of Discovery, Education and Innovation

- Objectives are aligned in support of the objectives set by the respective Senior Director or Chief for each individual/department.
- **Performance Objectives must be entered by August 23, 2019 of the plan year. For new hires, Performance Objectives must be entered within 30 days of hire.**
- Performance Objectives are reviewed and approved by the Senior Associate Director/Chief in coordination with the Manager/Supervisor.
Award Processing

CEMRP 2 awards are processed for payout after fiscal year closing. UCOP AOC must approve and authorize payment for each plan year. The date for payout is in accordance with the UCLA bi-weekly/monthly payroll calendar. For the purpose of calculating awards, “salary” is defined as a participant’s annual base salary as of May 31, 2020 for biweekly and as of June 1, 2020 for monthly.

Local approval is completed with authorization by the senior leadership and the CHRO.

The assigned Description of Service (DOS) code of “XCI” specific to this Plan must be used when paying awards to employees.

Treatment for Benefit Purposes

Incentive awards under this Plan are not considered to be covered compensation for purposes of University benefits, such as the University of California Retirement Plan or employee life insurance programs.

Tax Treatment and Reporting

Pursuant to Internal Revenue Service Regulations, payment of CEMRP 2 incentive awards must be included in the employee’s income as wages subject to withholding for federal and state income taxes and applicable FICA taxes. The payment is reportable on the employee’s Form W-2 in the year paid.

Opportunity Levels

Eligible Employees (excludes ISS)

<table>
<thead>
<tr>
<th>Tier</th>
<th>Threshold Opportunity % of Salary</th>
<th>Target Opportunity % of Salary</th>
<th>Maximum Potential % of Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier A*</td>
<td>5%</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>Tier B**</td>
<td>4%</td>
<td>7.5%</td>
<td>10%</td>
</tr>
<tr>
<td>Tier C***</td>
<td>2%</td>
<td>3.5%</td>
<td>5%</td>
</tr>
<tr>
<td>Staff</td>
<td>≤ $1,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Tier A – MSP Grades 6 – 9; CAOs in DGSOM (excluding Basic Sciences CAOs)
** Tier B – All other MSP titles
*** Tier C – Titles in PSS Grades 5-7; Supervisor/MSO in PSS Grade 4; ITP Grade 4; MSO I with >2 direct reports
Staff – PSS Grades 1-4; ITP Grades 1-3; non-represented in PSS Grades A-D; NX, EX, CX
UCLA Health Clinical Enterprise Management Recognition Plan 2 (CEMRP 2) for Plan Year July 1, 2019 through June 30, 2020

ISS ONLY

<table>
<thead>
<tr>
<th>Tier</th>
<th>Threshold Opportunity % of Salary</th>
<th>Target Opportunity % of Salary</th>
<th>Maximum Potential % of Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier A (ISS Chiefs)</td>
<td>5%</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>Tier B*</td>
<td>4%</td>
<td>7.5%</td>
<td>10%</td>
</tr>
<tr>
<td>Tier C**</td>
<td>2%</td>
<td>3.5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

* Tier B
1. MSP classification; and
2. Directly reports to a Director or Chief; and
3. Supervisory responsibility for at least one direct report

** Tier C
1. MSP classification; or
2. PSS Exempt classification and supervisory responsibility for at least one direct report; or
3. Principal Admin Analyst 1 (PSS Grade 5; TC 7241), CRM 1 (ITP Grade 4; TC 7282)

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Ineligible Employees
- SMG members
- Legal Affairs
- Compliance Department
- Audit Department
- Limited
- Floaters
- Per Diems
- Students
- Rehired retirees
- Contract employees