

**Conciliation Agreement
Between
U.S. Department of Labor
Office of Federal Contract Compliance
Programs and
The Clorox Company
Clorox Technical Center
7200 Johnson Drive
Pleasanton, CA 94566**

PART I: General Provisions

1. This Agreement is between the Office of Federal Contract Compliance Programs (hereinafter "OFCCP") and The Clorox Company ("Clorox") located at 1221 Broadway, Oakland, CA 94612-1888 with regards to the Clorox Technical Center located at 7200 Johnson Drive, Pleasanton. CA 94566.
2. The violations which are identified in this Agreement were found during a compliance evaluation of Clorox which began on May 15, 2007, and were specified in a Notice of Violation issued on February 18, 2011, and a Show Cause Notice issued July 8, 2011. OFCCP alleges that Clorox has violated Executive Order 11246, as amended, and implementing regulations at 41 CFR Chapter 60 due to the specific violation cited in Part II below.
3. This Agreement does not constitute an admission by Clorox of any violation of Executive Order 11246, as amended, and implementing regulations. Clorox denies the alleged violations.
4. The provisions of this Agreement will be part of Clorox's Affirmative Action Program (hereinafter "AAP"). Subject to the performance by Clorox of all promises and representations contained herein, and its AAP, the identified violation in regard to the compliance of Clorox at its Pleasanton, California facility with all OFCCP programs will be deemed resolved. However, Clorox is advised that the commitments contained in this Agreement do not preclude future determinations of noncompliance based on a finding that the commitments are not sufficient to achieve compliance.
5. Clorox agrees that OFCCP may review compliance with this Agreement. As part of such review, upon ten (10) days' notice, OFCCP may require written reports, inspect the premises, interview witnesses, and examine and copy documents, as may be relevant to the matter under investigation and pertinent to Clorox's compliance. Clorox shall permit access to its premises during normal business hours for these purposes.
6. Nothing herein is intended to relieve Clorox from the obligation to comply with the requirements of Executive Order 11246, as amended, Section 503 of the Rehabilitation Act of 1973, as amended, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended (38 U.S.C. § 4212) and implementing regulations, or any other equal employment statute or executive order or its

implementing regulations.

7. Clorox agrees that there will be no retaliation of any kind against any beneficiary of this Agreement, or against any person who has provided information or assistance to the OFCCP, or who files a complaint, or who participates in any manner in any proceeding under Executive Order 11246, as amended, and/or Section 503 of the Rehabilitation Act of 1973, as amended, and/or the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended (38 U.S.C. § 4212).
8. This Agreement will be deemed to have been accepted by the Government on the date of signature by the designee of the Regional Director, unless the Director for OFCCP indicates otherwise within forty-five (45) days of the signature of the designee of the Regional Director on this Agreement.
9. If at any time in the future, OFCCP believes that Clorox has violated any portion of this Agreement during the term of this Agreement, Clorox will be promptly notified of that fact in writing. This notification will include a statement of the facts and circumstances relied upon in forming that belief. In addition, the notification will provide Clorox with fifteen (15) days from receipt of the notification to respond in writing, except where OFCCP alleges that such a delay would result in irreparable injury. Notice under this paragraph and this Agreement shall be provided as follows: By certified mail return receipt to Office of the General Counsel, The Clorox Company, 1221 Broadway, Oakland, CA 94612-1888.

Enforcement proceedings for violation of this Agreement may be initiated at any time after the fifteen (15)-day period has elapsed (or sooner, if irreparable injury is alleged) without issuing a Show Cause Notice.

Where OFCCP believes that Clorox has violated this Conciliation Agreement, OFCCP may seek enforcement of this Agreement itself and shall not be required to present proof of the underlying violations resolved by this Agreement.

Liability for violation of this Agreement may subject Clorox to sanctions (as applicable) set forth in Section 209 of the Executive Order and other appropriate relief.

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Clorox

PART II: Specific Provisions

1. **VIOLATION:** OFCCP alleges that Clorox failed to ensure that its Senior Technician employees were compensated without regard to their sex as required by 41 C.F.R. § 60-1.4(a) and 41 C.F.R. § 60-20.5. OFCCP alleges that a review of compensation practices for the Senior Technician position as of June 1, 2006 revealed that on average, females in the Senior Technician positions were compensated at a lower salary than their male counterparts. OFCCP determined that this pay difference was based on sex and not based on legitimate factors affecting pay. Based on the examination of personnel records, and interviews with managers, human resources representatives, employees and selecting officials as well as anecdotal evidence gathered during the investigation, OFCCP determined that the female Senior Technicians whom Clorox paid less were as qualified as the male Senior Technicians whom Clorox paid more during the same time period. Therefore, OFCCP alleges that Clorox's compensation system resulted in a disparity adversely affecting female Senior Technicians. Clorox denies these allegations.

REMEDY: Clorox agrees to take steps to ensure that its compensation system provides an equal opportunity to all of its employees, regardless of sex. This applies to all aspects of compensation, including, but not limited to, salary at time of placement into a Senior Technician position and annual salary adjustments for Senior Technicians. Clorox agrees to provide make-whole relief to all identified victims of alleged discrimination, to include the following remedies:

- a) **Financial Settlement:** Within one hundred seventy-two (172) days after the effective date¹ of this Agreement, Clorox will provide back pay in the amount of \$76,112 and interest in the amount of \$4,027.96, to be distributed among the class members ("CMs") as listed on Attachment A² who respond properly within a timely fashion in accordance with the terms set forth in subparagraph (b) below. Such payment, in addition to salary adjustments made in accordance with the terms set forth in subparagraph (c) below, will constitute a full settlement of all financial claims related to this violation. Clorox will submit to OFCCP documentation of payment of the financial settlements in accordance with the terms contained in "PART III: Reporting," of this Agreement. The payments will be made in a lump sum to each CM, less appropriate withholding deductions. Clorox will send each CM an appropriate W-2 form for the portion designated as back pay and will pay the employer's share of FICA and all other applicable employer taxes on that portion. Clorox will provide a 1099 form to each CM for the portion designated as interest. Within ten (10) days of Clorox's receipt of a check to a CM returned as undeliverable, Clorox will notify OFCCP of this fact (b) (7) (c) @dol.gov, with copy to Atkins.IleaJung@dol.gov. OFCCP will attempt to locate the CM and if OFCCP obtains an alternate address, Clorox will re-mail the check within fourteen (14) days after receipt of such information from OFCCP. Any check that remains uncashed one hundred twenty (120) days after the initial date the check was mailed to the CMs will be void. With respect to the uncashed funds, Clorox will make a second distribution to all CMs who cashed their first check unless the second disbursement would result in

¹ The term "effective date" as used throughout this Agreement is the date of the signature of the Regional Director or Regional Director designee.

² Attachment A-Class Member List

a distribution of \$20 or less per recipient. Any funds still remaining shall be used by Clorox for EEO training.

- b) Location and Notification of Class Members: Within fifty (50) days after the effective date of this Agreement, Clorox agrees to notify each CM of her rights under this Agreement by sending a letter by certified mail,³ return receipt requested, with a postage paid return envelope, notifying the CM of this Conciliation Agreement and providing the CM with a verification form⁴ requesting current address, telephone number, and social security number and a release form.⁵ CMs must return the completed verification form and release form to Clorox within thirty (30) days of the postmarked date on the envelope containing the notice or forfeit any consideration for back pay. Clorox will notify OFCCP every Monday following mailing of the notification letters, verification forms, and release forms of any letters, verification forms, or release forms returned as undeliverable until the thirty (30)- day response period has lapsed.

Within ninety-one (91) days after the effective date of this Agreement, Clorox will identify for OFCCP all CMs who have not responded. After notification, OFCCP will then have an additional five (5) days to locate and provide Clorox the address of the non-responding class members. Within fifteen (15) days of obtaining an updated address, Clorox shall send a second mailing to the CM as provided in the paragraph immediately above. The CMs must return the completed verification form and release form to Clorox within thirty (30) days of the postmarked date on the envelope containing the notice and information form and release form or forfeit any consideration for back pay.

Within one hundred fifty-two (152) days after the effective date of this Agreement, Clorox will submit to OFCCP a list of all CMs who responded timely to the first or second notifications. Within five (5) days of receipt of the list of CMs who responded timely, OFCCP will review and approve the final list of CMs eligible to participate in the settlement.

In the event all CMs receive and respond timely to the first notification, Clorox will notify OFCCP within ninety-five (95) days after the effective date of this Agreement. OFCCP will then have five (5) days to review and approve the final list of CMs eligible to participate in the settlement.

Clorox will have fifteen (15) days following OFCCP's approval of the eligible CMs to distribute payment of the financial settlement.

- c) Impact Analysis and Prospective Salary Adjustments. Within sixty (60) days of the Effective Date of this Agreement, Clorox will conduct a regression analysis of compensation using the methodology described in Attachment E for Senior Technicians using payroll data that is current as of June 1, 2013. If the analysis results in a statistically significant disparity (t-statistic) of -1.96 or more adverse

³ Attachment B- Notification Letter

⁴ Attachment C- Address and Social Security Verification Form

⁵ Attachment D- Release of Claims Form

to female Senior Technicians as of June 1, 2013, Clorox agrees to increase the salaries of female Senior Technicians using the formula set forth in Section 2 of Attachment E within thirty (30) days after conducting the analysis.

- d) Non-Monetary Remedies: Clorox will ensure that all employees are afforded equal employment opportunities. Clorox agrees to continue or to implement the corrective actions detailed below.

1) Implement Policy Review. Clorox will review its current policies affecting compensation of Senior Technicians to identify and eliminate all practices that may have an adverse effect on the compensation of female Senior Technicians.

▪ **SETTING STARTING SALARY FOR SENIOR TECHNICIANS:**
Clorox will develop and implement guidelines for determining the starting salaries to be assigned to those newly placed in the Senior Technician position. Clorox will ensure factors included in setting starting salary are job-related and consistent with business necessity. Clorox will assess each factor used to determine if it has an adverse impact and will not use any criteria which is shown to have an adverse impact based on sex unless it can be validated as job-related and consistent with business necessity. Clorox will review its guidelines for determining starting salaries for Senior Technicians at least annually to identify discriminatory adverse impact and take immediate corrective actions.

▪ **ANNUAL SALARY ADJUSTMENTS**

Clorox will develop and implement guidelines for determining any annual adjustments to pay for Senior Technicians to ensure nondiscrimination in pay. Clorox will ensure all factors considered when setting any annual adjustments to pay for Senior Technicians are nondiscriminatory. Clorox will develop and implement salary adjustment procedures to determine where and how equity adjustments should be made to ensure nondiscrimination.

2) Training. Within ninety (90) days of the Effective Date of this Agreement, Clorox must train all individuals involved in any way in determining compensation for Senior Technician positions on all new and revised policies, procedures, and programs developed under Part II.1(d) of this Agreement.

▪ Self-monitoring/ Auditing. Clorox will monitor base salary, annual pay increases, and equity adjustments, as well as the administration of non- base compensation and benefits, including merit awards, and adverse employment actions, for any indication of disparities based on sex and will investigate and remedy any such inequity that may be established. Clorox expressly agrees to investigate any complaint or information it receives

- e) Clorox agrees it will provide equal employment opportunities for its workers.

Clorox agrees to retain records pertinent to the alleged violations resolved by this Conciliation Agreement. Clorox agrees to submit two progress reports, as specified below, to the U.S. Department of Labor, Office of Federal Contract Compliance Programs, San Francisco District Office, 90 7th Street, Suite 11-100, San Francisco, California 94103.

REPORTING PERIOD

DUE DATE

Progress Report 1

Effective Date of Agreement – August 31, 2014

September 30, 2014

Progress Report 2

October 1, 2014-September 30, 2015

November 1, 2015

Clorox will include the following information in the first report:

1. Copies of cancelled checks for the back pay and interest disbursed to CMs.
2. Copies of the notification letters Clorox sent to the CMs.
3. Copies of completed Address and Social Security Verification Forms (Attachment C) and Release Forms (Attachment D) submitted by CMs to Clorox.
4. Compensation Process: Clorox will provide the following:
 - Documentation that Clorox undertook the analysis required by Attachment E. If Clorox were to find, based on the analysis required by Attachment E, that pay changes are required under section II.1.(c) of this Agreement, Clorox will show that it has made the required changes.
 - Data sufficient to allow OFCCP to reproduce the analysis described in Attachment E.
 - Evidence of guidelines implemented to determine the starting salaries to be assigned to those newly placed in Senior Technician positions. Specifically, the submission must list all factors considered when setting pay for those newly placed in Senior Technician positions.
 - Evidence of guidelines implemented to determine annual pay adjustments for Senior Technicians. The submission must include a list of all factors considered when setting any annual adjustments to pay for Senior Technicians, including criteria for when equity adjustments should be made to ensure nondiscrimination.
 - Documentation of training provided to all individuals involved in any way in the compensation for Senior Technician positions on all new and revised policies, procedures, and programs developed under II.1(d) of this Agreement.

Clorox will include the following information in the second report:

- Documentation of Clorox's review of its compensation procedures annually to ensure nondiscriminatory compensation practices are followed. Such review shall include examination of practices regarding the initial pay and any annual increases for Senior Technician employees to determine if sex predicts Senior Technician pay, even after controlling for legitimate factors.
- Documentation of training provided to all individuals involved in any way in the selection or compensation for Senior Technician positions on all new and revised policies, procedures, and programs developed under II.1(d) of this Agreement.

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Attachment A

CLASS MEMBER LIST

CM Name	Employee ID	Backpay	Interest	Total per CM
(b) (7) (c)		\$3,440.00	\$182.05	\$3,622.05
		\$4,624.00	\$244.70	\$4,868.71
		\$3,344.00	\$176.97	\$3,520.97
		\$3,840.00	\$203.22	\$4,043.22
		\$3,392.00	\$179.51	\$3,571.51
		\$3,600.00	\$190.52	\$3,790.52
		\$4,344.00	\$229.89	\$4,573.89
		\$3,424.00	\$181.20	\$3,605.20
		\$3,840.00	\$203.22	\$4,043.22
		\$3,680.00	\$194.75	\$3,874.75
		\$3,616.00	\$191.36	\$3,807.36
		\$5,056.00	\$267.57	\$5,323.57
		\$3,504.00	\$185.44	\$3,689.44
		\$3,120.00	\$165.12	\$3,285.12
		\$3,272.00	\$173.16	\$3,445.16
		\$3,600.00	\$190.52	\$3,790.52
		\$4,208.00	\$222.69	\$4,430.69
		\$3,440.00	\$182.05	\$3,622.05
		\$4,216.00	\$223.12	\$4,439.12
		\$4,552.00	\$240.90	\$4,792.90
		\$76,112.00	\$4,027.96	\$80,139.96

Attachment B

NOTIFICATION LETTER

Certified Mail, Return Receipt Requested

Date: _____

[Name]
[Street]
[City, State, Zip Code]

Dear [Name]:

I am writing to provide you with information about a legal settlement between Clorox and the U.S. Department of Labor that may benefit you. The settlement involves claims of alleged differences in pay for male and female Senior Technicians at Clorox's Pleasanton facility as of June 1, 2006. You have been identified as a female Senior Technician employed at the Pleasanton facility on June 1, 2006.

The Department of Labor's Office of Federal Contract Compliance Programs (OFCCP) conducted an audit of Clorox's pay practices and issued a Notice of Violation against Clorox on these claims. OFCCP is the government agency responsible for enforcing the equal employment opportunity and affirmative action requirements that apply to federal contractors.

Clorox denies that it in any way acted unlawfully or unfairly in paying Senior Technicians, and there has not been any finding by a court or a judge that Clorox violated any laws. Clorox decided to enter into a Conciliation Agreement to avoid the costs and time associated with litigation. (A Conciliation Agreement is a legal document that explains the terms of an agreement to settle a violation).

As part of the settlement, you are eligible to receive at least \$3,285, (before taxes). This payment represents your share of back wages and other payments Clorox is making to settle the claim. The final amount you receive will be reduced by deductions for things such as income tax withholding and Social Security contributions. Please note that it may take up to six (6) months from the date of this letter for you to receive your payment. To receive this payment you must release any legal claims that are covered by the settlement.

To be eligible for this payment, you must sign and send back the original of the enclosed Address and Social Security Verification form and the enclosed Release of Claims Form. These forms should be mailed as soon as possible; they *must* be mailed to the address below no later than thirty (30) days after the date this Notice was mailed out (postmarked) to you:

Attachment B

NOTIFICATION LETTER (Continued)

Clorox
Attention: [first name last name]
[title]
[address]

For your convenience, a self-addressed stamped envelope is enclosed.

PLEASE NOTE: If you fail to return originals of the required forms discussed above within thirty (30) days after the date this Notice was mailed out (postmarked) to you, you will give up any right to be paid money or to otherwise participate in this settlement.

If you have any questions, you may call _____ at _____ and your call will be returned as soon as possible.

Sincerely,

[name]
[title]
Clorox

cc: (b) (7) (e) Compliance Officer
U.S. Department of Labor, Office of Federal Contract Compliance Programs
90 7th Street, Suite 11-100, San Francisco, CA

Enclosures: Address and Social Security Verification Form
Release of Claims Form

Attachment C

ADDRESS AND SOCIAL SECURITY VERIFICATION FORM

Complete all sections of this form, sign it, and send it to [first name last name] [title] [address] WITHIN 30 DAYS of the date this form was mailed out (postmarked) to you to be eligible for any monetary distribution under the terms of the Conciliation Agreement (CA) between Clorox and the U.S. Department of Labor's Office of Federal Contract Compliance Programs. Please print legibly, except for the signature.

Section 1

Your Name: _____

Your Telephone Number: _____

- I confirm that the address on the cover letter is correct.
- The address on the cover letter is not correct. My correct address is:
Address: _____

Notify Clorox at the address above if your address changes within the next 6 months.

Section 2

Your Social Security Number is required for tax purposes:

____-__-____

Print Your Name

Sign Your Name

Date

You MUST complete ALL sections or your form will be disregarded and you will not be eligible to participate in the settlement between OFCCP and Clorox.

Attachment D

RELEASE OF CLAIMS FORM

In consideration of the payment by The Clorox Company located at Clorox Technical Center, 7200 Johnson Drive, Pleasanton, CA 94566 (hereinafter "Clorox") of at least \$3,285.00 less deductions required by law, which I agree is acceptable, and also in consideration of the Conciliation Agreement (hereinafter "CA") between Clorox and the Office of Federal Contract Compliance Programs (hereinafter "OFCCP"), I _____, agree to the following:

I.

I hereby waive, release and forever discharge Clorox, its parent, subsidiaries, affiliates, predecessors, successors and assigns, and its and their respective current, former and future officers, directors, agents, representatives, servants, employees, attorneys, (hereinafter collectively referred to as "Clorox") of and from any and all actions, causes of action, damages, liabilities, and claims arising out of or actionable under Executive Order 11246, as amended, and/or Section 503 of the Rehabilitation Act of 1973, as amended, and/or the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended (38 U.S.C. 4212), which I or my representatives (heirs, executors, administrators, or assigns) have or may have which relate in any way to my not being appropriately compensated for employment for the period from June 1, 2005 through May 31, 2007.

II.

I understand that Clorox denies that it treated me unlawfully or unfairly in any way and that Clorox entered into a settlement with the OFCCP under which it agreed to make the payment described above to resolve this matter without further legal proceedings in the compliance evaluation initiated by OFCCP on May 15, 2007. I further agree that the payment of the above sum by Clorox to me is not to be construed as an admission of any liability by Clorox.

III.

I understand that if I am concerned about how the process described in this Release of Claims applies to me, I may contact the OFCCP for assistance, as follows:

(b) (7) (c) _____ Compliance Officer
U. S. Department of Labor/OFCCP
90 7th Street, Suite 11-100
San Francisco, CA
Telephone Number: (415) 625- (b) (7) (c)

IV.

I declare that I have read this Release of Claims and that I have had a full opportunity to consider and understand its terms and to consult with my attorney or advisors. I further declare that I have decided of my own free will to sign this Release of Claims.

V.

I understand that if I do not sign this Release of Claims and return it to Clorox within 30 days of receipt by me, I will not be entitled to receive the payment referenced above from Clorox.

IN WITNESS WHEREOF, I have set my hand to this Release of Claims on the _____ day of

_____, 2013.

Signature

Attachment E

1. REGRESSION ANALYSIS

The Statistical Analysis will be conducted using the natural logarithm of annual base salary as the dependent variable and will include the following independent variables:

- A. Female gender, using an indicator variable
- B. Years in current job, using a continuous variable
- C. Other years at company, using a continuous variable
- D. Relevant prior experience in years, using a continuous variable
- E. Education – no postsecondary degree, as reference category
- F. Education – associate, using an indicator variable
- G. Education – bachelor's, using an indicator variable
- H. Education – master's, using an indicator variable
- I. Age at start of relevant experience, using a continuous variable
- J. Employees with truncated time in job, using an indicator variable
- K. Performance rating 2010 (lowest rating), as reference category
- L. Performance rating 2010 (second to lowest rating)
- M. Performance rating 2010 (second to highest rating)
- N. Performance rating 2010 (highest rating)
- O. Performance rating 2011 (lowest rating), as reference category
- P. Performance rating 2011 (second to lowest rating)
- Q. Performance rating 2011 (second to highest rating)
- R. Performance rating 2011 (highest rating)
- S. Performance rating 2012 (lowest rating), as reference category
- T. Performance rating 2012 (second to lowest rating)
- U. Performance rating 2012 (second to highest rating)
- V. Performance rating 2012 (highest rating)

2. FORMULA FOR SALARY INCREASE

If a salary adjustment for female Senior Technicians as of June 1, 2013 is required under Section II.1.(c) of the Conciliation Agreement, the amount of such salary increase shall be determined as follows.

Clorox shall increase the annual salary of each full-time female Senior Technician as of June 1, 2013, included in the analysis by the percentage differential shown as the female coefficient resulting from the Statistical Analysis ("Salary Adjustment") according to the following method:

- A. Since the dependent variable is the natural logarithm of annual base salary, each regression coefficient may be interpreted as the approximate percentage effect on annual base salary (the dependent variable) of a unit change in the independent variable. Therefore, to determine the actual percentage differential ("p") by which the salaries of male Senior Technicians exceed the salaries of female Senior Technicians, Clorox will compute $p = (1/(1+\beta))-1$, where β is the coefficient for the female gender indicator variable resulting from the Statistical Analysis.

- B. To determine the Salary Adjustment to be made for each female Senior Technician, Clorox shall multiply each female Senior Technician's salary by the percentage differential as defined in paragraph 2.A. By way of example only, if the percentage differential relative to male Senior Technician salaries, as determined by the formula set forth in paragraph 2.A, is 2.5%, (i.e., $p = 0.025$), then the Salary Adjustment would be determined as follows: $0.025 \times$ female Senior Technician annual base salary.

This Conciliation Agreement will expire sixty (60) days after receipt of the final progress report or on the date the District Director gives notice to Clorox that it has satisfied its reporting requirements, whichever occurs earlier, unless OFCCP notifies Clorox in writing by certified by mail to General Counsel, The Clorox Company, 1221 Broadway, Oakland, CA 94612-1888, prior to the expiration of the 60-day period that Clorox has not satisfied its reporting requirements pursuant to this Agreement.

PART IV: Signatures

This Conciliation Agreement is hereby executed by and between the Office of Federal Contract Compliance Programs and Clorox, Clorox Technical Center, located at 7200 Johnson Drive, Pleasanton, CA 94566.

(b) (7) (c)
[Redacted Signature]
7-5-14
NAME: [Redacted]
DATE: 7-5-14
POSITION: Assoc. Dir. of Compliance
CLOROX: Compliance & Associate Counsel

(b) (7) (e)
[Redacted Signature]
2/7/2014
Compliance Officer
Office of Federal
Contract Compliance Programs
San Francisco District Office

(b) (7) (c)
[Redacted Signature]
2-6-14
WENDY LAZERSON, ESQ.
DATE: 2-6-14
Sidley Austin LLP
1001 Page Mill Road
Building 1
Palo Alto, CA 94304

(b) (7) (c)
[Redacted Signature]
2/7/14
HAE JUNG ATKINS
DATE: 2/7/14
District Director
Office of Federal Contract
Compliance
Programs
San Francisco District Office

Attorneys for Clorox

(b) (7) (c)
[Redacted Signature]
2-7-2014
MELISSA L. SPEER
DATE: 2-7-2014
Regional Director Designee
Office of Federal Contract
Compliance Programs
Pacific Regional Office