

**CONCILIATION AGREEMENT
BETWEEN
THE U.S. DEPARTMENT OF LABOR
OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS
AND
KONIAG SERVICES INC.
4100 LAFAYETTE CENTER DRIVE, SUITE 303
CHANTILLY, VA 20151**

PART I: General Provisions

1. This Agreement is between the Office of Federal Contract Compliance Programs (hereinafter OFCCP) and Koniag Services Inc., 4100 Lafayette Center Drive, Suite 303, Chantilly, VA 20151 (hereinafter "Koniag").
2. The violations alleged in this Agreement were found during a compliance review of Koniag, which began on February 24, 2012, and they were specified in the Notice of Violations issued September 17, 2012. OFCCP alleges that Koniag has violated Executive Order 11246, as amended, Section 503 of the Rehabilitation Act of 1973, as amended, and the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended (38 U.S.C. 4212) and their implementing regulations at 41 CFR Chapter 60 due to the specific violations cited in Part II below.
3. This Agreement does not constitute an admission by Koniag of any violation of the Executive Order 11246, as amended, Section 503 of the Rehabilitation Act of 1973, as amended, or the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended (38 U.S.C. 4212) and implementing regulations.
4. The provisions of this Agreement will become part of Koniag's Affirmative Action Program (AAP). Subject to the performance by Koniag of all promises and representations contained herein and in its AAP, all named violations in regard to the compliance of Koniag with all OFCCP programs will be deemed resolved. However, Koniag 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. Koniag agrees that OFCCP may review compliance with this Agreement. As part of such review, 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 Koniag's compliance. Koniag shall permit access to its premises during normal business hours for these purposes.
6. Nothing herein is intended to relieve Koniag from the obligation to comply with the requirements of the Executive Order 11246, as amended, Section 503 of the Rehabilitation Act of 1973, as amended, and 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. Koniag 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, or who files a complaint, or who participated in any manner in any proceedings under Executive Order 11246, as amended, Section 503 of the Rehabilitation Act of 1973, as amended, and 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 Regional Director for OFCCP, unless the Deputy Assistant Secretary, OFCCP indicates otherwise within 45 days of the Regional Director's signature of this Agreement.
9. If at any time in the future, OFCCP believes that Koniag has violated any portion of this Agreement during the term of this Agreement; Koniag will be promptly notified of that fact in writing. This notification shall include a statement of the facts and circumstances relied upon in forming that belief. In addition, the notification will provide Koniag with 15 days from receipt of the notification to respond in writing except, where OFCCP alleges that such a delay would result in irreparable injury.

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

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

Liability for violation of this Agreement may subject Koniag to sanctions set forth in Section 209 of the Executive Order 11246, as amended, 41 CFR 60-250.66, 41 CFR 60-300.66 and 41 CFR 60-741.66 and/or other appropriate relief.

PART II: Specific Provisions

1. **VIOLATION:** OFCCP found that as of February 24, 2010, Koniag is not in compliance with 41 CFR 60-1.4(a)(1), 60-20.3(c), and 60-20.5(a). Specifically, OFCCP's analysis of Koniag's compensation practices and policies revealed that Koniag discriminated against a female (b) (7)(C) by paying her less than similarly situated male (b) (7)(C)

Koniag has not offered a legitimate, non-discriminatory reason to justify the disparity in pay between the female (b) (7)(C) and her two (2) similarly situated male counterparts. OFCCP conducted a cohort compensation analysis for the (b) (7)(C) (b) (7)(C) job title that compared the work duties, job performance, relevant experience, education, annual raises, time in company, time in job, and cost of living adjustment for each (b) (7)(C). This analysis was unable to identify a legitimate non-discriminatory reason for the pay disparity between the female (b) (7)(C) (b) (7)(C) and the similarly situated male (b) (7)(C). After conducting this compensation analysis, OFCCP also reviewed documents and compensation records provided by Koniag and conducted interviews with Koniag's staff and managerial employees, but OFCCP has still been unable to identify a legitimate non-discriminatory reason for the compensation disparity.

REMEDY: Koniag will immediately implement the following:

- A. **Compensation Procedures:** Koniag agrees to immediately stop using the compensation procedures that resulted in adverse impact against the female (b) (7)(C) (b) (7)(C) and to evaluate, continue to modify and/or revise as necessary its compensation procedures in order to eliminate any pay disparity in the (b) (7)(C) (b) (7)(C) position. Koniag agrees to ensure that all stages of the newly developed compensation procedures will be in compliance with 41 CFR 60-3, the Uniform Guidelines on Employee Selection Procedures.
- B. **Training:** Koniag will commit to continue on a periodic basis to provide equal employment opportunity training to its human resource personnel, managers and supervisors who make compensation decisions. Within one hundred and eighty (180) days from the Effective Date of this Agreement (the Effective Date being the date of the Regional Director's signature), Koniag has begun to proactively make efforts and agrees to develop, implement, and maintain documentation of the criteria to be used for each step of the compensation process for (b) (7)(C)

Koniag has spent \$76,000 and agrees to commit an additional amount of \$8,000 towards the following 1) for a new and updated HR systems 2) providing training to managers and supervisors, who are responsible for making compensation determinations 3) consulting fees and 4) value of managerial time. Koniag agrees to provide OFCCP documentation for all expense that occurred, as result of the training.

- C. **Compensation Adjustments:** Koniag will adjust the annual salary of the female (b) (7)(C) to \$71,282.00 effective October 1, 2012.

D. Compensation Back Pay: Koniag will pay the following:

- To (b) (7)(C) the amount of \$15,623.56, plus interest in the amount of \$956.47, less deductions for back pay. Interest rates were calculated using the Internal Revenue Service's underpayment formula.
- Such payment will be in the form of a check to the identified employee.

2. **VIOLATION:** During the period of January 1, 2011 through December 31, 2011, Koniag failed to implement an applicant tracking system for applicants and hires in accordance with the requirements of 41 CFR 60-1.3, 60-3.4 A & B and 60-3.15. Specifically, Koniag failed to track all candidates (i) who expressed interest in employment of a specific open position, (ii) were considered for an open position, (iii) who possessed the minimum qualifications for the position, and (iv) did not remove themselves from consideration at any point in the selection process.

REMEDY: Koniag will implement an applicant tracking system that will allow it to analyze all candidates who express interest in employment in an open position, are considered for an open position, who possess the minimum qualifications for the position, and who do not remove themselves from consideration at any point in the selection process as required by 41 CFR 61-1.3, 60-3.4 A & B, and 60-3.15.

3. **VIOLATION:** During the period of January 1, 2011 through December 31, 2011, Koniag failed to perform in-depth analyses of its total employment process to determine whether and where impediments to equal employment opportunity exist. Specifically, Koniag failed to analyze its compensation system to determine whether and where there was gender and race or ethnicity-based disparities. This is a violation of 41 CFR 60-2.17(b)(3).

REMEDY: Koniag will perform in-depth analyses of its total employment process to determine whether and where impediments to equal employment opportunity exist. Koniag will analyze its compensation system as part of its in-depth analyses to determine whether and where gender and race or ethnicity-based disparities exist.

4. **VIOLATION:** During the period of January 1, 2011 through December 31, 2011, Koniag failed to develop and implement an internal audit and reporting system that periodically measures the effectiveness of its total Affirmative Action Program. Specifically, Koniag failed to develop and implement a system to monitor the compensation of its (b) (7)(C) (b) (7)(C) to ensure that females were not discriminated against with regard to their compensation. This is a violation of 41 CFR 60-2.17(d)(1)-(4).

REMEDY: Koniag will design and implement an internal auditing and reporting system to measure the effectiveness of its total Affirmative Action Program to include auditing and reporting of its compensation practices as they impact all employees as required by 41 CFR 60-2.17(d)(1)-(4).

5. **VIOLATION:** During the period of January 1, 2011 through December 31, 2011, Koniag failed to invite all applicants, after extending a job offer but before the applicant begins work, to inform the company whether they believe they may be covered under Section 503 of the Rehabilitation Act of 1973, as amended, or the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended, and wish to benefit under the affirmative action programs. This is a violation of 41 CFR 60-250.42, 41 CFR 60-300.42, and 41 CFR 60-741.42.

REMEDY: Koniag will ensure that the invitation to self-identify is extended after making an offer of employment to a job applicant and before the applicant begins his or her employment duties.

6. **VIOLATION:** During the period of January 1, 2011 through December 31, 2011, Koniag failed to immediately list all employment openings at its Chantilly, VA establishment that were not executive and top management, were not filled within Koniag's organization and were not positions lasting three days or less, with the local employment service office of the state employment security agency. This is a violation of 41 CFR 60-250.5(a) (2)-(6) and 41 CFR 60-300.5(a) (2)-(6).

REMEDY: Koniag will immediately list all employment openings at its Chantilly, VA. establishment with the local employment service office of the state employment security agency wherein the openings occur, as required by Paragraphs 2 through 6 of the equal opportunity clause at 41 CFR 250.5(a) (2)-(6) and 41 CFR 60-300.5(a) (2)-(6). Specifically, Koniag agrees to list employment openings at its Chantilly, VA establishment with at least the following employment service office:

State of Maryland
Prince George's One Stop Career Center
Laurel Regional Career Center
312 Marshall Avenue, Suite 604
Laurel, Maryland 20707-4824
Telephone (301) 362-9708
Fax: (301) 362-9719
laurel@dllr.state.md.us

7. **VIOLATION:** During the period of January 1, 2011 through December 31, 2011, Koniag failed to undertake appropriate outreach and positive recruitment activities that are reasonably designed to effectively recruit qualified special disabled veterans, veterans of the Vietnam Era, recently separated veterans, Armed Forces service medal veterans, other protected veterans and qualified individuals with disabilities as required by 41 CFR 60-250.44(f), 41 CFR 60-300.44(f), and 41 CFR 60-741.44(f). Specifically, Koniag did not provide documentation that it sent job vacancy announcements to recruitment sources for special disabled veterans, covered veterans or qualified individuals with disabilities.

REMEDY: Koniag will immediately begin to undertake appropriate outreach and positive recruitment activities designed to recruit covered veterans, qualified special disabled veterans and qualified individuals with disabilities. Koniag will solicit the assistance and support of at least the following organizations by sending their job vacancy announcements:

ARC of the United States
1010 Wayne Ave, Suite 650
Silver Spring, MD 20910
(301) 565-3842

Maryland Veterans Representative
Wheaton Plaza, South Office Bldg
11002 Viers Mill Road, First Floor
Wheaton, MD 20902
Fax: (301) 929-4383
Local Veteran Employment Representative: Robert Pelletier
rpelletier@dllr.state.md.us
Phone: (301) 929-4378
Disabled Veteran Outreach Program Specialist: Jan Larson
jl Larson@dllr.state.md.us
Phone: (301) 929-4350 ext. 2006

FUTURE CONDUCT: Koniag commits that the above violations will not recur.

PART III: Reporting

In order for OFCCP to monitor Koniag's progress toward fulfilling the provisions of this Agreement, Koniag shall submit the specific reports identified below.

Koniag shall send each report to:

U.S. Department of Labor
Office of Federal Contract Compliance Programs
Arlington Area Office
Courthouse Plaza II, Suite 1330
2300 Clarendon Boulevard
Arlington, VA 22201
Attn: Compliance Officer Kimberly Ziser

The first report shall be due within thirty (30) days from the Effective Date of this Agreement and will include:

- Documentation of salary increase and payment to the female employee in the (b) (7)(C) (b) (7)(C) position as specified in subparagraphs C and D of the Remedy to Violation 1. The documentation will include a copy of the check disbursed by Koniag to (b) (7)(C) or other equivalent documentation verifying she was paid.

The second report shall be due July 31, 2013 and will cover the period beginning January 1, 2013 through June 30, 2013; and will include:

- Documentation that Koniag provided training to its human resource managers and other employees who participate in compensation decision making. This documentation will identify the following:
 - Date, time and place of the training;
 - Name and job title of the trainers and personnel attending the training;
 - Subject matter discussed relative to company's compensation system to include but not limited to:
 - Detailed description of the implementation of any new or updated compensation systems to address the violations identified in this Agreement;
 - Name and contact information of the person that is responsible for monitoring any new or updated systems; and
 - Copies of any training materials provided to Koniag to ensure its compliance with regard to fair and equitable compensation for its workforce.
- Documentation of Koniag's compensation policies and procedures for its workforce, including but not limited to all steps in the compensation process, promotions, bonuses, and other related processes and procedures as required by 41 CFR Part 60.
- As of the snapshot date June 30, 2013, provide documentation of your annualized compensation data (wages, salaries, commissions, and bonuses) showing total number of

employees by race and gender and total compensation by race and gender. Present these data in the manner most consistent with your current compensation system. Please submit in electronic format (i.e. Microsoft Excel or Microsoft Access).

- Documentation on the implementation of an internal auditing and reporting system used to measure the effectiveness of its compensation practices, as they impact all employees by race and gender.
- A copy of the applicant flow log to include the applicant's name, gender, race, and/or ethnicity, method of application (i.e. walk-in, fax, online, etc.), date of application, position applied for by job title, whether the applicant was interviewed, recruitment source used, point of contact at recruitment source, disposition, hire date if applicable, annual salary (if hired), job description filled, and reason for rejection (if applicable).
- Documentation of Koniag's listing of all job openings, as defined by 41 CFR 60-250.5(a) (2)-(6) and 41 CFR 60-300.5(a) (2)-(6), with the local Virginia State Employment Center office wherein the openings occur; along with a report on the number of referrals/responses and the number of hires from those referrals, providing for the hires, to the extent known, the number of Vietnam Era and other veterans covered under OFCCP's regulations.
- Documentation of Koniag's outreach and positive recruitment activities designed to recruit persons with disabilities, special disabled veterans, Vietnam Era veterans, recently separated veterans and other protected veterans covered by OFCCP's regulations.

The third report shall be due January 31, 2014 and will cover the period beginning July 1, 2013 through December 31, 2013, and will include:

- As of the snapshot date December 31, 2013, provide documentation of your annualized compensation data (wages, salaries, commissions, and bonuses) showing total number of employees by race and gender and total compensation by race and gender. Present these data in the manner most consistent with your current compensation system. Please submit in electronic format (i.e. Microsoft Excel or Microsoft Access).
- Documentation on the implementation of an internal auditing and reporting system used to measure the effectiveness of its compensation practices, as they impact all employees broken down by race and gender.
- A copy of the applicant flow log to include the applicant's name, gender, race, and/or ethnicity, method of application (i.e. walk-in, fax, online, etc.), date of application, position applied for by job title, whether the applicant was interviewed, recruitment source used, point of contact at recruitment source, disposition, hire date if applicable, annual salary (if hired), job description filled, and reason for rejection (if applicable).
- Documentation of Koniag's listing of all job openings, as defined by 41 CFR 60-250.5(a) (2)-(6) and 41 CFR 60-300.5(a) (2)-(6), with the local Virginia State Employment Center office wherein the openings occur; along with a report on the number of referrals/responses and the

number of hires from those referrals, providing for the hires, to the extent known, the number of Vietnam Era and other veterans covered under OFCCP's regulations.

- Documentation of Koniag's outreach and positive recruitment activities designed to recruit persons with disabilities, special disabled veterans, Vietnam Era veterans, recently separated veterans and other protected veterans covered by OFCCP's regulations.

The fourth report shall be due January 31, 2015 and will cover the period beginning January 1, 2014 through December 31, 2014, and will include:

- As of the snapshot date December 31, 2014, provide documentation of your annualized compensation data (wages, salaries, commissions, and bonuses) showing total number of employees by race and gender and total compensation by race and gender. Present these data in the manner most consistent with your current compensation system. Please submit in electronic format (i.e. Microsoft Excel or Microsoft Access).
- Documentation on the implementation of an internal auditing and reporting system used to measure the effectiveness of its compensation practices, as they impact all employees broken down by race and gender.
- A copy of the applicant flow log to include the applicant's name, gender, race, and/or ethnicity, method of application (i.e. walk-in, fax, online, etc.), date of application, position applied for by job title, whether the applicant was interviewed, recruitment source used, point of contact at recruitment source, disposition, hire date if applicable, annual salary (if hired), job description filled, and reason for rejection (if applicable).
- Documentation of Koniag's listing of all job openings, as defined by 41 CFR 60-250.5(a) (2)-(6) and 41 CFR 60-300.5(a) (2)-(6), with the local Virginia State Employment Center office wherein the openings occur, along with a report on the number of referrals/responses and the number of hires from those referrals, providing for the hires, to the extent known, the number of Vietnam Era and other veterans covered under OFCCP's regulations.
- Documentation of Koniag's outreach and positive recruitment activities designed to recruit persons with disabilities, special disabled veterans, Vietnam Era veterans, recently separated veterans and other protected veterans covered by OFCCP's regulations.

Koniag shall retain all records pertinent to the violations resolved by this Conciliation Agreement and the reports submitted under it (including the underlying data/information upon which the reports are based) until the expiration date of this Conciliation Agreement or consistent with regulatory timeframes, whichever is later.

Termination Date:

The termination date of this Agreement shall be sixty (60) days from the submission of the final progress report or if compliance is not accomplished by that date, then this Agreement shall remain in full force and effect until compliance is achieved.

PART IV: Signatures

This Conciliation Agreement is hereby executed by and between the Office of Federal Contract Compliance Programs and Koniag Services Inc. 4100 Lafayette Center Drive, Chantilly, VA 20151.

(b) (7)(C)

EDWARD O'HARE
President & Chief Executive Officer
Koniag Services Inc.
4100 Lafayette Center Drive
Chantilly, VA 20151

DATE: 9/24/2012

(b) (7)(C)

ANDREW E. RANSOME
Area Office Director
Arlington Area Office

DATE: 9/24/2012

(b) (7)(C)

MICHELE HODGE
Regional Director
Mid-Atlantic Regional Office

DATE: 9/25/2012

(b) (7)(C)

KIMBERLY ZISER
Compliance Officer
Arlington Area Office

DATE: 9/24/2012