

CONCILIATION AGREEMENT
Between
THE U. S. DEPARTMENT OF LABOR
OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS
and
XEROX CORPORATE CUSTOMER BUSINESS UNIT

PART I. PRELIMINARY STATEMENT

The Office of Federal Contract Compliance Programs ("OFCCP") conducted a compliance evaluation of Xerox Corporate Customer Business Unit's ("Xerox") establishment located at 7900 Westpark Drive in McLean, which has now relocated its workforce to 8260 Willow Oaks Corporate Drive, Building 74k, Fairfax, VA, beginning on January 17, 2013 and found that Xerox was not in compliance with the Executive Order 11246, as amended ("E.O. 11246"), and its implementing regulations at 41 C.F.R. Section 60-1. OFCCP notified Xerox of the initial violations found and the corrective actions required at the Fairfax, VA establishment in a Notice of Violations issued on March 9, 2015. In the interest of resolving the violations without engaging in further legal proceedings and in exchange for the good and valuable consideration described in this document, OFCCP and Xerox enter this agreement ("Conciliation Agreement" or "Agreement") and agree to all the terms stated below.

PART II. GENERAL TERMS AND CONDITIONS

1. In exchange for Xerox's fulfillment of all obligations in Parts III and IV of the Agreement, OFCCP agrees not to institute administrative or judicial enforcement proceedings under E.O. 11246 based on the violations described in more detail in Part III below. However, OFCCP has the right to initiate legal proceedings to enforce the Agreement itself or to correct and obtain relief for the violations described in Part III if Xerox violates this Agreement. Nothing in this Agreement precludes OFCCP from initiating enforcement proceedings based on future compliance evaluations or complaint investigations.
2. Xerox agrees that OFCCP may review its compliance with this Agreement. As part of such review, OFCCP may require written reports, inspect the premises, interview witnesses, and examine and copy documents. Xerox will permit access to its premises during normal business hours for these purposes and will provide OFCCP with all reports and documents requested.
3. Xerox understands that nothing in this Agreement relieves Xerox of its obligation to fully comply with the requirements of E.O. 11246, Section 503 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 793 ("Section 503"), the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended, 38 U.S.C. § 4212 ("VEVRAA"), their implementing regulations, and other applicable equal employment laws.
4. Xerox promises not to harass, intimidate, threaten, discriminate, or otherwise retaliate against any individual because the individual: benefits from this Agreement, files a complaint or participates in any investigation or proceeding under E.O. 11246, Section 503, and/or VEVRAA, or engages in any activity listed at 41 C.F.R. § 60-1.32(a).

5. The parties understand the terms of this Agreement and enter into it voluntarily.
6. This document and its attachments contain the complete and final understanding of the parties with respect to the matters referenced herein. This Agreement contains all terms by which the parties are bound and it supersedes all prior written or oral negotiations and agreements. There will be no modifications or amendments to this Agreement unless they are in writing, signed by all parties.
7. If one or more provisions of this Agreement are rendered unlawful or unenforceable, the remaining provisions will remain in full force and effect.
8. This Agreement becomes effective on the day it is signed by the Regional Director of the Mid-Atlantic Region (the "Effective Date") unless the Director of OFCCP indicates otherwise within 45 calendar days of the date the Regional Director signs the Agreement.
9. This Agreement will expire sixty (60) days after Xerox submits the final report required in Part IV below, unless OFCCP notifies Xerox in writing prior to the expiration date that Xerox has not fulfilled all of its obligations under the Agreement, in which case the Agreement is automatically extended until the date that OFCCP determines Xerox has met all of its obligations under the Agreement.
10. If Xerox violates this Conciliation Agreement,
 - A. The procedures set forth at 41 C.F.R. § 60-1.34 will govern:
 - 1) If OFCCP believes that Xerox violated any term of the Agreement while it was in effect, OFCCP will send Xerox a written notice stating the alleged violations and summarizing any supporting evidence.
 - 2) Xerox will have 15 days from receipt of such notice to demonstrate in writing that it has not violated the Conciliation Agreement, unless such a delay would result in irreparable injury to the employment rights of affected employees or applicants.
 - 3) If Xerox is unable to demonstrate that it has not violated the Agreement, or if OFCCP alleges irreparable injury, enforcement proceedings may be initiated immediately without issuing a show cause notice or proceeding through any other requirement.
 - 4) OFCCP may seek enforcement of this Agreement itself and is not required to present proof of any underlying violations resolved by this Agreement.
 - B. Xerox may be subject to the sanctions set forth in Section 209 of the Executive Order and/or other appropriate relief for violation of this Agreement.
11. This Agreement does not constitute an admission by Xerox of any violation of E.O. 11246, Section 503, VEVRAA, or other laws, nor has there been an adjudicated finding that Xerox violated any laws.

PART III: SPECIFIC PROVISIONS

1. **VIOLATION:** Compensation data provided by Xerox for employees as of January 1, 2011, revealed that Xerox provided lower compensation to two female employees than to similarly-situated male employees in the Customer Service Engineer position. Time with Xerox, time in current job title, experience, and performance did not explain the disparities in compensation. OFCCP found that Xerox discriminated against two Customer Service Engineers because of their gender, in violation of 41 CFR § 60-1.4(a)(1), 41 CFR § 60-20.3(c), and 41 CFR § 60-20.5(a).

REMEDY: Pursuant to this Agreement Xerox will immediately implement the following:

- A. **Compensation Adjustments:** Xerox will adjust the annual salary of each Female in the corresponding amount listed in the monetary remedies below. These salary adjustments shall be effective on or before November 1, 2015.
- B. **Monetary Settlement:** Xerox will pay a total monetary settlement of Thirty Three Thousand Three Hundred and Eighty-Seven Dollars and Thirty Eight Cents (\$33,387.38) to the two Females identified in the monetary remedies below. This represents back pay and interest and salary adjustments. The two Females will be distributed a check for the amounts listed in the monetary remedies below on or before November 1, 2015.
- C. **Non-Monetary Remedies:** Xerox will ensure that all employees are afforded equal employment opportunities. Xerox agrees to continue or to implement the corrective actions detailed below.
- 1) **Eliminate Discriminatory Compensation Practices:** Xerox agrees to immediately cease using the compensation procedures which negatively affected the compensation of females in the identified job titles.
 - 2) **Evaluation, Creation and Monitoring of Compensation Policies and Practices:** Xerox will evaluate its current compensation practices for Customer Service Engineers at its Fairfax, VA establishment and identify and eliminate any non-legitimate factors or practices that contributed to any disparities found in annual wages that disfavor females in the identified job titles. Xerox will create a written compensation policy that ensures that decisions affecting compensation for Customer Service Engineers are based solely on legitimate, non-discriminatory factors. Xerox will monitor on a regular basis its compensation practices, including wage rates, job assignments, promotions and fringe benefits, and ensure that compensation for its Customer Service Engineers is based solely on legitimate, non-discriminatory factors. Xerox shall investigate any complaint or information it receives regarding gender-based differences in compensation among its Customer Service Engineers, and rectify any such differences when warranted.

- 3) Xerox will continue to perform in-depth analyses of its compensation system to determine whether and where gender-based disparities exist. Xerox 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 at the Fairfax, VA establishment, as required by 41 CFR 60-2.17(d)(1)-(4). Xerox expressly agrees to investigate any complaint or information it receives that may indicate compensation disparities for Customer Service Engineers at the Fairfax, VA establishment. If Xerox finds evidence that the criteria are not uniformly applied to all employees, it will create written guidance explaining the criteria and procedures for compensation and it will provide related training to all employees who make compensation decisions for Customer Service Engineers at the Fairfax, VA establishment.
- 4) Xerox will continue to evaluate, create, and monitor compensation policies and practices that apply to its U.S. workforce and will take the following specific actions as it relates to the Fairfax, VA establishment:
 - a. By January 1, 2016, Xerox will perform an in-depth analysis of the total employment process to determine whether and where impediments to equal employment opportunity (EEO) exist at the Fairfax, VA establishment. This includes reviewing job codes and job descriptions; reviewing organizational charts and job titles to ensure they reflect employees' actual duties and roles; and updating the HRIS system if appropriate to ensure consistency at the Fairfax, VA establishment.
 - b. By January 1, 2016, Xerox will develop, implement and maintain documentation of the criteria to be used for each step of the compensation process for the Customer Service Engineer position.
 - c. By January 1, 2016, Xerox will examine average pay differences between male and female Customer Service Engineers at its Fairfax, VA establishment for statistical significance using an appropriate statistical methodology ("compensation analysis"). Statistically-significant differences, if any, will be investigated to determine what factors explain the differences. In addition, any differences deemed large in a practical sense, but not statistically significant because of small numbers of employees, will be investigated in a similar manner. A copy of Xerox's compensation analysis for the Fairfax, VA establishment will be submitted to OFCCP in the progress reports described below in Part IV.
 - d. If the compensation analysis and/or other activities undertaken as specified above result in the identification of pay disparities for Customer Service Engineers at the Fairfax, VA establishment, Xerox will make the necessary adjustments to employees' compensation, to include, but not be limited to, salary and merit increases, including annual salary increases, to each employee whose salary falls below the minimum salary range for the position. Xerox commits to submit to OFCCP in its progress reports documentation showing

pay adjustments identified by Xerox's compensation analysis of Customer Service Engineers for the Fairfax, VA establishment by gender, including the salary prior to the adjustment and the salary following the adjustment.

- 5) **Training:** Xerox will train all individuals involved in any way in determining compensation for Customer Service Engineers at the Fairfax, VA establishment on all new and revised policies, procedures, and programs developed under Part III of this Agreement. At least annually while this Agreement is in effect, Xerox will commit to provide training to all individuals who make compensation decisions for Customer Service Engineers at the Fairfax, VA establishment.

The monetary remedies for this violation are as follows:

- Xerox will provide 6 & 7 (c) with \$4,160.00 in salary adjustment. Additionally, Xerox will disburse \$8,480.00 in back pay and \$948.45 in interest totaling \$9,428.45 to 6 & 7 (c). The total disbursement to this employee is \$13,588.45.
 - Xerox will provide 6 & 7 (c) with \$6,310.00 in salary adjustment. Additionally, Xerox will disburse \$12,132.00 in back pay and \$1,356.93 in interest totaling \$13,488.93 to 6 & 7 (c). The total disbursement to this employee is \$19,798.93.
 - The back pay and interest will be paid to these employees in a lump sum, less appropriate legal deductions. These payments will be reduced by withholdings for federal income tax, state, and/or local income tax and the employees' share of FICA. The employees will receive an IRS Form W-2 for their share of back pay and will receive an IRS Form 1099 for their share of the interest amount.
2. **VIOLATION:** During the period of January 1, 2012 through December 31, 2012, Xerox failed to preserve all personnel or employment records for a period of not less than two years from the date of the making of the record or the personnel action involved, whichever occurs later, in violation of 41 CFR § 60-1.12(a). Specifically, Xerox failed to preserve copies of all performance evaluations for its Customer Service Engineer employees.
- REMEDY:** Xerox will preserve and maintain all personnel and employment records for a period of not less than two years from the date of the making of the record or the personnel action involved, whichever occurs later. In particular, Xerox will maintain copies of performance evaluations for Customer Service Engineers.
3. **VIOLATION:** During the period of January 1, 2012 through December 31, 2012, Xerox failed to perform in-depth analyses of its total employment process to determine whether and where impediments to equal employment opportunity exist. Specifically, Xerox failed to evaluate its compensation system to determine whether there were gender-based disparities for Customer Service Engineers. This is a violation of 41 CFR § 60-2.17(b)(3).

REMEDY: Xerox will perform in-depth analyses of its total employment process to determine whether and where impediments to equal employment opportunity exist. Xerox will analyze its compensation system as part of its in-depth analyses to determine whether gender-based disparities exist for Customer Service Engineers.

4. **VIOLATION:** During the period of January 1, 2012 through December 31, 2012, Xerox failed to develop and implement an auditing system that periodically measures the effectiveness of its total affirmative action program. Specifically, Xerox failed to monitor the compensation of its Customer Service Engineer positions to ensure that the nondiscriminatory policy is carried out. This is a violation of 41 CFR § 60-2.17(d)(1)-(4).

REMEDY: Xerox must 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 for Customer Service Engineers working at the Fairfax, VA establishment as required by 41 CFR § 60-2.17(d)(1)-(4). Specifically, Xerox will:

1. Monitor records of compensation activity with regard to Customer Service Engineers working at the Fairfax, VA establishment to ensure the nondiscriminatory policy is carried out;
2. Require internal reporting on a scheduled basis as to the degree to which equal employment opportunity and organization objectives are attained for Customer Service Engineers working at the Fairfax, VA establishment ;
3. Review report results with all levels of management responsible for Customer Service Engineers working at the Fairfax, VA establishment; and
4. Advise top management at the Fairfax, VA establishment of program effectiveness and submit recommendations to improve unsatisfactory performance.

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

PART IV: REPORTING

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

The first progress report shall be due within sixty (60) days from the Effective Date of this Agreement and will include:

1. Copies of personnel forms documenting salary adjustments made to **6 & 7 (c)**

2. Documentation of back pay and interest disbursed to **6 & 7 (c)**, including copies of the cancelled checks and pay slips showing the gross amount and legal deductions;
3. Documentation of training that Xerox provided on equal employment opportunity programs for all persons involved in determining compensation for Customer Service Engineers working at the Fairfax, VA establishment;
4. Results of Xerox's review of its compensation system for Customer Service Engineers working at the Fairfax, VA establishment; and
5. Copies of any performance evaluations of Customer Service Engineers at the Fairfax, VA establishment.

Thereafter, Xerox will submit two additional progress reports for the Fairfax, VA establishment. The second progress report will be due on February 1, 2016 and will cover the time period between the Effective Date of this Agreement and December 31, 2015. The third progress report will be due January 31, 2017 and will cover the period beginning January 1, 2016 through December 31, 2016. Xerox will submit the following documentation in each progress report, as appropriate, based on the timeframes identified above under Part III, Violation 1.

1. The results of Xerox's in-depth analysis of its total employment process to determine whether and where impediments to equal employment opportunity exist at the Fairfax, VA establishment. This will include documentation showing the results of Xerox's review of its job codes, job descriptions, organizational charts, and job titles, as well as updates to its HRIS system at the Fairfax, VA establishment.
2. Documentation of the criteria to be used for each step of the compensation process for the Customer Service Engineer position.
3. Documentation of annualized compensation data (wages, salaries, commissions, and bonuses) for Customer Service Engineers at the Fairfax, VA establishment as of December 31, 2015 for the second progress report and December 31, 2016 for the third progress report. This data will include the employee number, gender, job title, job grade, job group, and annualized salary for each Customer Service Engineer employed at the Fairfax, VA establishment. Xerox will submit this information in electronic format (i.e. Microsoft Excel).
4. A copy of Xerox's compensation analysis for the Fairfax, VA establishment and copies of other supporting documentation, including the variables used in the compensation analysis for the Fairfax, VA establishment.
5. Specific information on any pay disparities identified and corrected as a result of Xerox's baseline and annual compensation analysis for Customer Service Engineers at the Fairfax, VA establishment.

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6. A report on how Xerox has redesigned and implemented its revised internal audit and reporting system to measure the effectiveness of its Affirmative Action Program (AAP), including compensation practices, at the Fairfax, VA establishment.
7. Evidence of the training provided to all managers of Customer Service Engineers at the Fairfax, VA establishment to ensure that they understand Xerox's compensation system for Customer Service Engineers and are able to evaluate Customer Service Engineer compensation, as appropriate, in accordance with Xerox's revised policies.
8. Performance evaluations for all Customer Service Engineer positions employed at the Fairfax, VA establishment. Performance evaluations for 2015 should be submitted with the second progress report. Performance evaluations for 2016 should be submitted with the third progress report.

Xerox shall send the progress 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 6 & 7 (c)

Xerox shall retain all records pertinent to the violations resolved by this Conciliation Agreement and the report submitted under it (including the underlying data/information upon which the report is 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 V: Signatures

This Conciliation Agreement is hereby executed by and between the Office of Federal Contract Compliance Programs and Xerox Corporate Customer Business Unit, formerly located at 7900 Westpark Drive in McLean, VA.

6 & 7 (c)

WILLIAM CASTLE
Chief Diversity Officer &
VP, HR Business Process Effectiveness
Xerox Corporation
100 Clinton Ave. S. (027)
Rochester, NY 14644

DATE: 9/24/15

6 & 7 (c)

ANDREW E. RANSOME
Area Director
Arlington Area Office

DATE: 9/28/15

6 & 7 (c)

MICHELE HODGE
Regional Director
Mid-Atlantic Regional Office

DATE: 9/28/15