

CONCILIATION AGREEMENT

between

THE U.S. DEPARTMENT OF LABOR
OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

and

MEGGITT (ERLANGER), LLC
1400 JAMIKE AVENUE
ERLANGER, KY 41018

PART I: PRELIMINARY STATEMENT

The Office of Federal Contract Compliance Programs (“OFCCP”) commenced a compliance evaluation of Meggitt (Erlanger), LLC’s establishment located at 1400 Jamike Avenue, Erlanger, Kentucky (hereinafter “Erlanger”) on August 26, 2016 and found that Erlanger was not in compliance with the Executive Order 11246, as amended (“E.O. 11246”) and its implementing regulations at 41 C.F.R. Section(s) 60-1, 60-2, 60-3 and 60-4. OFCCP notified Erlanger of the alleged violations found and the corrective actions required in a Notice of Violations issued on October 13, 2017. In the interest of resolving the alleged violations without engaging in further legal proceedings and in exchange for the good and valuable consideration described in this document, OFCCP and Erlanger enter this contract (“Conciliation Agreement” or “Agreement”) and agree to all the terms stated below.

PART II: GENERAL TERMS AND CONDITIONS

1. In exchange for Erlanger’s fulfillment of the obligations in Parts III-IV of this Agreement, OFCCP agrees not to institute administrative or judicial enforcement proceedings under E.O. 11246 based on the alleged 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 alleged violations described in Part III if Erlanger violates this Agreement. Nothing in this Agreement precludes OFCCP from initiating enforcement proceedings based on future compliance evaluations or complaint investigations.
2. Erlanger agrees that OFCCP may review Erlanger’s compliance with this Agreement. As part of such review, OFCCP may require written reports, inspect the premises, interview witnesses, and examine and copy documents. Erlanger will permit access to its premises during normal business hours for these purposes and will provide OFCCP with all reports and documents reasonably requested.
3. This Agreement does not constitute an admission by Erlanger of any violation of E.O. 11246 or other laws, nor has there been an adjudicated finding that Erlanger violated any laws.
4. Erlanger understands that nothing in this Agreement relieves Erlanger 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”), and/or the Vietnam Era Veterans’ Readjustment Assistance Act of 1974, as amended, 38 U.S.C. § 4212 (“VEVRAA”), and their implementing regulations and other applicable equal employment laws.

5. Erlanger 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).
6. The parties understand the terms of this Agreement and enter into it voluntarily.
7. This Agreement and its attachments contain the complete and final agreement 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 and signed by all parties.
8. If one or more provisions of this Agreement are rendered unlawful or unenforceable, the remaining provisions will remain in full force and effect.
9. This Agreement becomes effective on the day it is signed by the Regional Director of the Pacific Region (the “Effective Date”).
10. This Agreement will expire sixty (60) days after Erlanger submits the final progress report required in Part IV below, unless OFCCP notifies Erlanger in writing prior to the expiration date that Erlanger has not fulfilled all of its obligations under the Agreement, in which case this Agreement is automatically extended until the date that OFCCP determines Erlanger has met all of its obligations under the Agreement.
11. If Erlanger violates this Conciliation Agreement,
 - A. The procedures set forth at 41 C.F.R. § 60-1.34 will govern:
 - 1) If OFCCP believes that Erlanger violated any term of the Agreement while it was in effect, OFCCP will send Erlanger a written notice stating the alleged violations and summarizing any supporting evidence.
 - 2) Erlanger will have fifteen 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 Erlanger 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 alleged violations resolved by this Agreement.

- B. Erlanger may be subject to the sanctions set forth in Section 209 of E.O. 11246 and/or other appropriate relief for violation of this Agreement.

PART III. SPECIFIC VIOLATIONS AND REMEDIES

1. COMPENSATION DISCRIMINATION.

- A. **STATEMENT OF VIOLATION.** OFCCP alleged that since at least July 1, 2015, Erlanger discriminated against females in the Direct Labor Semi-Skilled Operatives group in compensation in violation of 41 C.F.R. § 60-1.4(a).
- B. **OFCCP'S SPECIFIC FINDINGS.** OFCCP performed a multiple regression analysis which shows that since July 1, 2015, Erlanger paid females in the Direct Labor Semi-Skilled Operatives group significantly less per year than males in the same pay analysis group at the same location. OFCCP's analysis demonstrates that a statistically significant disparity in compensation remained even when legitimate factors affecting pay were taken into account. In addition to the regression analysis, OFCCP reviewed available records, job descriptions and pay information provided by Erlanger, and conducted interviews with managers and employees onsite.
- C. **REMEDY FOR AFFECTED CLASS.**

1) **Notice.** Within 30 calendar days of the Effective Date of this Agreement, Erlanger must notify females in the Direct Labor Semi-Skilled Operatives group ("Class Member" or "CM") listed in Attachment A of the terms of this Agreement by mailing a certified letter with return receipt to each individual in the affected class the: Notice to Affected Class (Attachment B, "Notice"), Information Verification Form (Attachment C, "Information Form"), Release of Claims (Attachment D, "Release") and a postage paid return envelope. Erlanger will notify OFCCP of all letters returned as undeliverable 15 days after the response deadline. In addition, within 15 days after expiration of the response deadline set out in the Information Form and Release, Erlanger will provide OFCCP with a list of the individuals in the affected class who have not yet responded to the Notice and/or have not returned both a signed Information Form and a signed Release. OFCCP will then attempt to obtain and provide updated addresses to Erlanger within 30 days of receiving the list from Erlanger. Erlanger agrees to mail by certified mail with return receipt a second Notice, Information Form, Release, and postage paid return envelope to all individuals for whom updated addresses were obtained within 15 days of receiving the updated addresses. If OFCCP provides an updated address that is itself returned as undeliverable for one or more Class Members, such Class Member(s) will not be eligible for the remedy. Likewise, if OFCCP does not provide an updated address for one or more Class Members, the Class Member(s) will not be eligible for the remedy.

2) **Eligibility.** All members of the affected class listed on Attachment A who sign and return both the Information Form and Release to Erlanger within 30 days of the postmarked date on the envelope containing the notice and information form ("Eligible Class Members") will receive a share of the monetary settlement. If an individual receives but does not return both the signed Information Form and the signed Release to Erlanger within 30 calendar

days of the postmarked date on the envelope containing the first or second Notice, Information Form, and Release he/she will no longer be entitled to a payment under this Agreement. Within 15 days after the response deadline set out in the Information Form and Release, Erlanger will provide OFCCP with a list of the Eligible Class Members (individuals who returned both the signed Information Form and the signed Release by the deadline). Within 15 calendar days after receiving the list, OFCCP will approve the final list of Eligible Class Members or discuss with Erlanger any issues necessary to finalize the list, such as the inclusion or exclusion of certain individuals.

3) Monetary Settlement. Erlanger agrees to distribute \$153,804.57 in wages and \$7,322.09 in interest, less legal deductions required by law from wages only (such as federal, state and/or local taxes and the Eligible Class Members' share of FICA taxes), to all eligible class members on the final approved list. Erlanger will pay the Internal Revenue Service ("IRS") the employer's share of social security withholdings and will mail each Eligible Class Member an IRS W-2 Form reporting the portion of the payment representing wages and an IRS Form 1099 for the portion of the payment representing interest. These IRS forms will be mailed at the end of the year. Erlanger will disburse the monetary settlement within 15 calendar days after OFCCP approves the final list of Eligible Class Members.

Within 15 calendar days of Erlanger's receipt of a check to an Eligible Class Member returned as undeliverable, Erlanger will notify OFCCP of this fact via e-mail sent to Compliance Officer (b) (7)(E) at (b) (7)(E)@dol.gov. OFCCP will attempt to locate the Eligible Class Member and if OFCCP obtains an alternate address, Erlanger will re-mail the check within 15 calendar days of receiving an alternate or corrected address. Any check that remains uncashed 120 days after the initial date the check was mailed to the Eligible Class Member will be void. With respect to any uncashed funds, Erlanger will make a second distribution to all Eligible Class Members who cashed their first check. The uncashed funds will be divided equally amongst all Eligible Class Members who cashed their first check.

4) Impact Analysis and Prospective Adjustments. Erlanger will conduct separate compensation analyses for each monitoring period referenced in IV.1.C, below. The analyses will include all Erlanger job titles equivalent to the job titles included in OFCCP's analysis of Direct Labor Semi-Skilled Operatives referred to in III.1.B, above, with Erlanger grouping these employees into one or more regression analyses of similarly situated employees during each monitoring period, and/or consistent with OFCCP Directive 2013-03, Procedures for Reviewing Contractor Compensation Systems and Practices. As part of its reporting obligations below, Erlanger will provide OFCCP with copies of the regression analyses as well as all supporting information and factors used in the analyses, including copies of the compensation datasheets¹ used in the analyses, so that OFCCP can replicate the analyses. Erlanger will investigate and remedy, through wage adjustments or other adjustments, provided such adjustments are consistent with applicable law, regulation, and OFCCP directives, any statistically-significant wage disparities in

¹ Datasheet refers to the Excel file containing all the data points used in the regression analysis

annualized salaries based upon sex within 60 days. Erlanger will provide OFCCP with all information relating to the adjustments.

D. NON-MONETARY REMEDIES. Erlanger will ensure that all employees are afforded equal employment opportunities. Erlanger agrees to continue or to implement the corrective actions detailed below.

- 1) Equal Employment Opportunities. Erlanger will ensure that all employees are afforded equal employment opportunities with respect to Erlanger's policies and practices that affect compensation. Erlanger agrees to continue or to implement the corrective actions detailed below.
- 2) Evaluation. For the Direct Labor Semi-Skilled Operatives group, Erlanger will evaluate whether starting salaries, salary increases, promotion decisions, performance evaluation ratings, procedures for assigning work, the availability of training opportunities, leave policies, steering applicants into low paying jobs, and/or limiting the opportunity to transfer to better jobs have a disproportionately negative effect on the compensation of females.
- 3) Implement Improved Policies. Erlanger will review its policies and revise them as necessary to eliminate all practices that had an adverse effect on the compensation of females in the Direct Labor Semi-Skilled Operatives group, based on OFCCP's analysis. Erlanger will review its guidelines for determining the starting salaries to be assigned to newly hired employees and, as necessary, revise them. Erlanger will also review its procedures and, as necessary revise them to ensure compensation decisions are tracked and evaluated for compliance with all policies and documents are retrained in accordance with 41 C.F.R. § 60-1.12(a) and Part 60-3.
- 4) Training. Within three months of the Effective Date of this Agreement, Erlanger will train all individuals involved in any way in determining compensation for Direct Labor Semi-Skilled Operatives positions on all new and revised policies, procedures, and programs developed under Part III-1.D of this Agreement.
- 5) Self-monitoring/Auditing. Erlanger will monitor annualized base salaries for employees in the Direct Labor Semi-Skilled Operatives group for any indication of statistically significant disparities based on sex and will investigate and remedy through wage adjustments (or other adjustments, provided such adjustments are consistent with applicable law, regulation, and OFCCP directives) any such inequity that cannot be explained by legitimate factors.

Erlanger agrees that these alleged violations will not occur in the future.

PART IV: REPORTING

1. Erlanger must submit the documents and reports described below to Agnes Huang, Assistant District Director of OFCCP, 1640 South Sepulveda Boulevard, Suite 440, Los Angeles, CA 90025.

- A. Within three months of the Effective Date of this Agreement Erlanger must submit a copy of the written Revised Compensation Policy described in section III.1.D.3.
 - B. Within three months of the Effective Date of this Agreement, Erlanger must submit documentation that all managers, supervisors, and other personnel involved in making compensation decisions for Labor Semi-Skilled Operatives have received training on all new and revised policies, procedures, and programs developed under Part III.1.D of this Agreement. The documentation must include the dates of the training, the names and job titles of all attendees, an outline of the topics discussed during the training, and the name and job title of each person who conducted the training.
 - C. Erlanger must submit two progress reports during the period that this Agreement is in effect. The first progress report will be due seven months after the Effective Date of this Agreement and must cover the six month period beginning with the Effective Date. One subsequent report will cover the successive twelve month period, and must be submitted within 30 calendar days after the close of that twelve month period. Erlanger will submit the following in each progress report:
 - 1) Documentation of monetary payments to all Eligible Class Members as specified in section III.1.C.3. The documentation must include the names of Eligible Class Members who were paid, and, for each Eligible Class Member, the number and the amount of the check and the date the check cleared the bank. Erlanger must provide OFCCP with copies of all canceled checks upon request;
 - 2) Erlanger must provide documentation describing all wage and other adjustments (which are consistent with applicable law, regulation, and OFCCP directives) made under Section III.1.C.4 of the Agreement. The documentation must include the amount of each adjustment (if a wage adjustment), the date each adjustment was made, and the sex of each individual receiving an adjustment; and
 - 3) Erlanger will provide the Statistical Analyses described in Section III.1.C.4 and III.1.D.5 of the Agreement, via email and/or overnight mail, the datasheet, output, and statistical log from the Statistical Analyses.
2. Erlanger will retain all records and data pertinent to the alleged violations resolved by this Agreement and/or used to prepare required reports until this Agreement expires or as long as required by OFCCP's regulations, whichever date occurs later (or "whichever time period is longer").

Enclosed:

- Attachment A – List of Class Members
- Attachment B – Notification Letter
- Attachment C – Information Verification Form
- Attachment D – Release of Claims

PART V: SIGNATURES

This Conciliation Agreement is hereby executed by and between the U.S. Department of Labor, Office of Federal Contract Compliance Programs (OFCCP) and Meggitt (Erlanger), LLC, 1400 Jamike Avenue, Erlanger, KY 41018.

(b) (7)(C), (b) (6)

STEWART WATSON
Acting President
Meggitt (Erlanger), LLC
1400 Jamike Avenue
Erlanger, Kentucky 41018

9/4/2018
Date

(b) (7)(C), (b) (6)

(b) (7)(C), (b) (7)(E)
Compliance Officer
Office of Federal Contract
Compliance Programs
Los Angeles District Office

09/07/2018
Date

(b) (7)(C), (b) (6)

(b) (7)(C), (b) (7)(E)
AGNES HUANG
Assistant District Director
Office of Federal Contract
Compliance Programs
Los Angeles District Office

09/07/2018
Date

(b) (7)(C), (b) (6)

(b) (7)(C), (b) (7)(E)
JANE SUHR
Acting Regional Director
Office of Federal Contract
Compliance Programs
Pacific Region

9/4/2018
Date

Attachment B

NOTIFICATION LETTER

Certified Mail, Return Receipt Requested

Date: _____

[Name]

[Street]

[City, State, Zip Code]

Dear [Name]:

Meggitt (Erlanger), LLC (hereinafter "Erlanger") and the Department of Labor's Office of Federal Contract Compliance Programs (hereinafter "OFCCP") have entered into a Conciliation Agreement (hereinafter "CA") to resolve alleged disparities in compensation for Direct Labor Semi-Skilled Operatives. You have been identified as one of the individuals who are entitled to back pay.

By entering into this CA, Erlanger has not admitted nor has there been any adjudicated finding that Erlanger has violated any laws. Erlanger has entered into this CA for its convenience and to resolve the matter without further legal proceeding.

As part of this CA, you are also eligible to receive a monetary distribution of \$_____, subject to lawful payroll deductions. Under the terms of this CA, it may take as long as four (4) months from the date of this letter for you to receive a payment. In order to be eligible for this distribution, you must execute and return the following enclosed "Information Form" and "Release of Claims", within 30 days of the postmarked date on the envelope containing this letter to:

(b) (7)(C)

Human Resources Process Specialist
Meggitt (Erlanger), LLC
1400 Jamike Avenue
Erlanger, KY 41018

If you fail to return both the Information Form and the Release of Claims within the specified timeframe, you will be ineligible for monetary and/or other relief provided by this CA.

Attachment B (Continued)

If you have any questions, you may call (b) (7)(C), (b) (7)(E) Compliance Officer, at 310-268- and your call will be returned as soon as possible.

Sincerely,

Joe Willig
Human Resources Manager
Meggitt (Erlanger), LLC

cc: (b) (7)(C), (b) (7)(E) Compliance Officer, U.S. Department of Labor
1640 S. Sepulveda Blvd., Los Angeles, CA 90025

Enclosures: Information Form, Release of Claims

Attachment C

INFORMATION VERIFICATION FORM

You must complete this form in order to be eligible for any monetary distribution under the terms of the Conciliation Agreement (CA) between Meggitt (Erlanger), LLC (hereinafter "Erlanger") and the U.S. Department of Labor's Office of Federal Contract Compliance Programs (hereinafter "OFCCP"). Please print legibly, except for the signature.

CURRENT NAME, ADDRESS, AND TELEPHONE NO.:

Name: _____

Address: _____

Telephone Number: _____

Please notify Erlanger's representative at the address below if your address changes within the next ninety (90) days or prior to completion of the Settlement Payment process.

MY PREFERRED METHOD OF PAYMENT OF SETTLEMENT FUNDS IS VIA:

- Check (To Be Personally Delivered via Courier to the Address Listed Above):
- Check (To Be 'Direct Deposited' into the checking/savings account of the designated financial institution):

Name of Bank/Financial Institution: _____

Routing Number: _____ Account Number: _____

SOCIAL SECURITY NUMBER (required for tax purposes only):

_____-__-____

You must return this form to Erlanger's designated representative, postmarked within thirty (30) calendar days of the hand delivery receipt date or USPS (...FedEx, UPS, etc.) postmarked date of the envelope containing this notice. The completed form should be returned to:

(b) (7)(C)
Human Resources Process Specialist
Meggitt (Erlanger), LLC
1400 Jamike Avenue
Erlanger, KY 41018

"I (Print Your Name Here) _____, certify the above as true and correct."

Class Member (Signature)

Date Signed

Attachment D

RELEASE OF CLAIMS

In consideration of the payment by Meggitt (Erlanger), LLC ("Erlanger") of at least \$_____, less deductions required by law, which I agree is acceptable, and also in consideration of the Conciliation Agreement between Erlanger and the Office of Federal Contract Compliance Programs (hereinafter "OFCCP"), I _____ agree to the following:

I.

I hereby waive, release and forever discharge Erlanger and its current and former officers, directors, agents, representatives, servants, employees, attorneys, subsidiaries, departments and units, sister corporations, parent corporations, affiliates, joint ventures, shareholders, and related entities, as well as its predecessors, successors and assigns (hereinafter collectively referred to as "Meggitt") 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 compensated during my employment at any time prior to the effective date of this Release.

II.

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

(b) (7)(C), (b) (7)(E)
Compliance Officer
U. S. Department of Labor/OFCCP
1640 S. Sepulveda Boulevard, Suite 440
Los Angeles, California 90025 (b) (7)(C), (b) (7)(E)
Telephone Number: (310) 268-_____

III.

I understand that Erlanger denies that it treated me unlawfully or unfairly in any way and that Erlanger entered into the above-referenced Conciliation Agreement with OFCCP in the spirit of conciliation and to bring closure to the Compliance Review initiated by OFCCP on August 19, 2016. I further agree that the payment of the aforesaid sum by Erlanger to me, as well as all documents and communications in any way related to the Conciliation Agreement and the Compliance Review, will not be offered or admitted as evidence in any proceeding or construed as an admission of any liability by Meggitt.

IV.

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

V.

I understand that if I do not sign this Release and return it to Erlanger within 30 days of the postmarked date on the envelope containing this Notice, I will not be entitled to receive the payment (less deductions required by law) from Erlanger.

IN WITNESS WHEREOF, I have set my hand to this Release on the _____ day of _____, 2018.

Signature