

CONCILIATION AGREEMENT

Between

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

and

LEIDOS, INC.
11955 FREEDOM DRIVE
RESTON, VA 20190

PART I. PRELIMINARY STATEMENT

The Office of Federal Contract Compliance Programs (“OFCCP”) conducted a complaint investigation of Leidos, Inc.’s (“Leidos”) Target Development Cell located at Joint Base Langley in Virginia and found that Leidos was not in compliance with Executive Order 11246, as amended (“E.O. 11246”), and its implementing regulations at 41 C.F.R. Parts 60-1 and 60-20. OFCCP notified Leidos of the specific violations found and the corrective actions required in a Notification of Results of Investigation issued on November 16, 2018. 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 Leidos enter into this contract (“Conciliation Agreement” or “Agreement”) and agree to all the terms stated below.

PART II. GENERAL TERMS AND CONDITIONS

1. In exchange for Leidos’ fulfillment of all obligations in Parts III and 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 violations described in Part III if Leidos violates this Agreement. Nothing in this Agreement precludes OFCCP from initiating enforcement proceedings based on future compliance evaluations or complaint investigations.
2. Leidos 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. Leidos will permit access to its premises during normal business hours for these purposes and will provide OFCCP with all reports and documents requested.
3. Leidos understands that nothing in this Agreement relieves Leidos 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. Leidos 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").
9. This Agreement will expire sixty (60) days after Leidos submits the final progress report required in Part IV below, unless OFCCP notifies Leidos in writing prior to the expiration date that Leidos has not fulfilled all of its obligations under the Agreement, in which case the Agreement is automatically extended until the date that OFCCP determines Leidos has met all of its obligations under the Agreement.
10. If Leidos violates this Conciliation Agreement,
 - A. The procedures set forth at 41 C.F.R. § 60-1.34 will govern:
 - 1) If OFCCP believes that Leidos violated any term of the Agreement while it was in effect, OFCCP will send Leidos a written notice stating the alleged violations and summarizing any supporting evidence.
 - 2) Leidos 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 Leidos 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. Leidos may be subject to the sanctions set forth in Section 209 of the Executive Order and other appropriate relief for violation of this Agreement.

11. This Agreement does not constitute an admission by Leidos of any violation of E.O. 11246, Section 503, VEVRAA, or other laws, nor has there been an adjudicated finding that Leidos violated any laws.

PART III. SPECIFIC VIOLATIONS AND REMEDIES

1. **ALLEGED VIOLATION:** Leidos discriminated against the complainant and [REDACTED] other female employees in Junior and Mid-level Target Development Analyst job classifications on the basis of their gender in compensation and promotion activity. Consequently, the contractor violated 41 C.F.R. § 60-1.4(a)(1) and 41 C.F.R. § 60-20.4(a) through (c). Specifically, OFCCP conducted a review of the compensation practices for the Target Development Analyst job classifications using data provided by Leidos, and found that, as of September 29, 2017, Leidos paid, on average, \$7,359.97 less per year in base salaries to [REDACTED] female Junior and Mid-level Target Development Analysts as compared to [REDACTED] male Junior and Mid-level Target Development Analysts in similar positions. OFCCP determined, based on examination of records and interviews with managers and employees, that these differences in pay were based on gender and caused by differences in the setting of base pay, initial assignment of job title and level, and promotions.

REMEDY: Leidos agrees to take the following actions:

FINANCIAL REMEDY:

- A. **Notice:** Within 15 calendar days of the Effective Date of this Agreement, Leidos must notify the female Target Development Analysts listed in Attachment A of the terms of this Agreement by mailing by certified mail, return-receipt requested, to each individual in the affected class the (1) Notice to Affected Class, (2) Information Verification Form, (3) Release of Claims Under Executive Order 11246, (4) a Form W-4 (2019), and (5) a Form W-9 (for 1099), and (6) a postage paid return envelope. Leidos will notify OFCCP of all letters returned as undeliverable on a weekly basis. In addition, within 15 days after expiration of the response deadline set out in the Information Form, Leidos 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 a signed Information Form. OFCCP will then attempt to obtain and provide updated addresses to Leidos within 15 days of receiving the list from Leidos. Leidos agrees to mail by certified mail, return-receipt requested, a second Notice to affected women Target Development Analysts, Information Form, Release of Claims, and postage-paid return envelope to all individuals for whom updated addresses were obtained within 15 days of receiving the updated addresses.
- B. **Eligibility:** All members of the affected class (listed on Attachment A) who complete, sign, and return the (1) Information Form, (2) Release of Claims, (3) Form W-4 (2019), and (4) Form W-9 (for 1099) to Leidos within 45 days of the postmarked date on the envelope containing the first or second Notice (“Eligible Class Members”) will receive

their designated share of the monetary settlement as identified in Attachment A. If an individual receives, but does not return the forms to Leidos within 45 calendar days of the postmarked date on the envelope containing the second Notice, she will no longer be entitled to a payment under this Agreement.

- C. Monetary Settlement: Leidos agrees to distribute \$65,242.67 (\$61,704.06 in back pay and \$3,538.61 in interest), less legal deductions required by law from back pay 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 in the amounts listed in Attachment A. Leidos 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 back pay 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. Leidos will disburse the monetary settlement to each class member individually within 15 calendar days after receiving the four executed forms referenced in Section III.1.B.

Within 15 calendar days of Leidos' receipt of a check to an Eligible Class Member returned as undeliverable, Leidos will notify OFCCP of this fact via email sent to Tom G. Wells, District Director, and Maurice E. Richard, Assistant District Director, at (b) (6), (b) (7)(C)@dol.gov and (b) (6), (b) (7)(C)@dol.gov, respectively. OFCCP will attempt to locate the Eligible Class Member and if OFCCP obtains an alternate address, Leidos will re-mail the check within 15 calendar days of receiving an alternate or corrected address. Any check that remains uncashed 120 calendar days after the initial date the check was mailed to the Eligible Class Member will be void. With respect to any uncashed funds, Leidos will apply those funds toward EEO training for unit management.

- D. Salary Adjustments: On September 19, 2019, Leidos provided OFCCP with a copy of a job offer/transfer letter that increases the annual salary of the one Class Member who remains employed by Leidos (b) (6), (b) (7)(C) to an equitable rate to her male counterparts in similar jobs, locations, experience, skill level, etc. If she accepts it, this salary increase will take effect immediately (b) (6), (b) (7)(C)

- E. **NON-MONETARY REMEDIES**: Leidos will ensure that all employees are afforded equal employment opportunities. Leidos agrees to comply with all applicable laws, including, but not limited to, EO 11246 and its implementing regulations.
1. Eliminate Discriminatory Compensation Procedures. Leidos agrees to immediately cease using the compensation practices that negatively affect the annual salaries of female employees in Target Development Analyst positions.
 2. Target Development Analyst Pay Equity Evaluation. On multiple occasions prior to July 2019, Leidos undertook a study of its Target Development Analyst positions to evaluate whether promotion decisions, performance evaluation ratings, procedures for assigning work, the availability of training opportunities, leave policies, steering

applicants into lower-paying jobs, and/or limiting the opportunity to transfer to better jobs had a disproportionately negative effect on the compensation of female employees. As a result, Leidos eliminated the Junior Target Development Analyst classification, and reclassified most of its Target Development Analysts, including the one Class Member who remains employed by Leidos, as Mid-Level Analysts comparable to her male counterparts.

3. Evaluation of Pay Practices. Prior to August 2019, Leidos undertook a study of its pay practices for Target Development Analyst positions. As a result, Leidos eliminated the Junior Target Development Analyst classification and implemented the system change to increase the annual salary of the one Class Member who remains employed by Leidos to an equitable rate to her male counterparts in similar jobs, locations, experience, skill level, etc.
 - Prior to May 2019, Leidos implemented improved guidelines for determining the salaries of its employees, including the starting salaries to be assigned to newly-hired employees.
 - Prior to December 2018, Leidos reassessed the job classification assignments (i.e., Junior, Mid-level, and Senior) for its Target Development Analysts. As a result, Leidos eliminated the Junior Target Development Analyst classification and reclassified most of its Target Development Analysts, including the one Class Member who remains employed by Leidos, as Mid-Level Analysts comparable to her male counterparts.
 - Leidos will ensure that its compensation, promotion, work assignment, and hiring decisions are based solely on legitimate, non-discriminatory factors.
4. Training. Within 120 days of the Effective Date of this Agreement, Leidos must train all individuals involved in any way in determining compensation, initial job placement, and/or promotions for Target Development Analyst positions on equal opportunity principles and any new or revised policies, procedures, and programs developed or eliminated under Section 2.C above.
5. Self-monitoring/Auditing. Leidos will monitor base salary as well as the administration of non-base compensation and benefits and adverse employment actions for employees in the Target Development Analyst positions for any indication of disparities based on gender and will investigate and remedy any such inequity that may be established.
 - Leidos expressly agrees to investigate any complaint or information it receives that may indicate compensation disparities.
 - Leidos commits to self-monitor its compensation program for the unit on an annual basis as part of its Functional Affirmative Action Program.

- In accordance with 41 C.F.R. 60-2.17(d), Leidos will continue to implement an internal audit and reporting system to measure the effectiveness of its total affirmative action program, to include auditing and reporting of its compensation practices.

PART IV. REPORTS REQUIRED

Leidos must submit the documents and reports described below to:

U.S. Department of Labor
Office of Federal Contract Compliance Programs
Tom G. Wells, District Director (b) (6), (b) (7)(C)@dol.gov
Maurice E. Richard, Assistant District Director (b) (6), (b) (7)(C)@dol.gov

- A. The single 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. Leidos will submit relevant, non-classified information responsive to the following in its progress report:
- 1) Copies of the Notices and Information Forms (Attachments B, C, and D) that were mailed to all Class Members.
 - 2) Documentation of monetary payments to all Eligible Class Members as specified in Part III of this Agreement. 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 checks, and the date the checks cleared the bank. Leidos must provide OFCCP with copies of all canceled checks upon request.
 - 3) Copies of personnel documents or printouts from Leidos' human resources information system (HRIS) showing that any necessary salary adjustments have been made for the one class member who still works for Leidos. The documentation must include the names of pertinent class members, the base salary and job title of each class member prior to and following the salary adjustment, the date the salary adjustment became effective, and a copy of the first pay stub following the salary adjustment for each Class Member, in accordance with Leidos policies.
 - 4) Documentation demonstrating that all managers, supervisors, and other personnel involved in making compensation, initial job placement, and/or promotion decisions for Target Development Analyst positions have received training on all new and revised policies, procedures, and programs developed or eliminated under Part III 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.

- B. Leidos will retain all records and data pertinent to the 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.

PART V. SIGNATURES

This Conciliation Agreement is hereby executed by and between the OFCCP and Leidos, Inc., 11955 Freedom Drive, Reston, Virginia 20190.

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

SAMUEL CHARNOFF
Vice President – Sr. Asst General Counsel
Leidos, Inc.

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

MICHELE HODGE
Regional Director
OFCCP Mid-Atlantic Region

Date: 9/24/19

Date: 9/25/19

**ATTACHMENT A
AFFECTED CLASS MEMBERS**

| No. | Employee Name | Back Pay | Interest | Total |
|-----|---------------|----------|----------|-------|
|-----|---------------|----------|----------|-------|

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

Notice of Legal Settlement Between Leidos, Inc. and the U.S. Department of Labor

WHAT IS THIS SETTLEMENT ABOUT?

The U.S. Department of Labor's Office of Federal Contract Compliance Programs (OFCCP) conducted a complaint investigation of Leidos' compensation practices. OFCCP is the government agency responsible for enforcing the nondiscrimination and equal employment opportunity through affirmative action requirements that apply to federal contractors. OFCCP issued a Notification of Results of Investigation alleging that Leidos discriminated against some women in compensation for Junior and Mid-level Target Development Analyst positions. Leidos denied those claims. Ultimately, OFCCP and Leidos agreed to resolve the issue through a Conciliation Agreement. A Conciliation Agreement is a legal document that explains the actions the contractor must take to remedy the problems described in the Notification of Results of Investigation issued by OFCCP.

As a result, you may be entitled to back pay and interest, as well as a salary increase if you are still employed by Leidos.

WHAT DOES THIS MEAN FOR YOU?

You may be eligible to receive a payment of \$_____ (before taxes). The final amount you will receive will be reduced by deductions for items such as income tax withholding and Social Security contributions. Additionally, if you still work for Leidos, you may be eligible for a salary increase.

To get these benefits, you will need to release or agree to give up certain legal claims, and sign the enclosed Claim and Release forms.

WHAT IS YOUR NEXT STEP?

You should read this Notice, the Claim and Release forms, and any other information you received from Leidos.

Please do not ignore these forms or throw them away. Otherwise, you could miss an opportunity to receive money and any other applicable benefits.

To be eligible for a payment and a possible salary increase, you must complete, sign, and return the four enclosed forms: (1) the Claim Form, (2) the "Release of Claims Under Executive Order 11246" Form, (3) Form W-4 (2019), and (4) Form W-9 (for 1099 interest income) within 45 days. Send your completed and signed forms to:

[Name and address for return of both forms or instructions / email address for electronic submission]

The forms must be post-marked or delivered by **[insert actual date]**.

If you fail to return all of the required forms by the deadline, or if your forms are incomplete, or if the information does not verify your eligibility, you will not be eligible to receive any money or any other benefits from the settlement.

HOW CAN YOU GET MORE INFORMATION?

If you have any questions, you may contact Compliance Officer (b) (7)(C), (b) (7)(E)

at (b) (7)(C), (b) (7)(E)

(b) (7)(C), (b) (7)(E) You can also visit the U.S. Department of Labor Web site about this case at www.dol.gov/ofccp/cml.

Claim Form – Affected Employees- Pay Discrimination

PLEASE CAREFULLY READ THE ENCLOSED NOTICE BEFORE COMPLETING THIS CLAIM FORM.

INSTRUCTIONS FOR FILING A CLAIM TO BE CONSIDERED FOR
MONEY (BACK WAGES) AND/OR AN OPPORTUNITY
FOR A PAY INCREASE FROM THE SETTLEMENT

DEADLINE TO RESPOND IS XX DAY, XX MONTH, XXXX YEAR

You may be eligible for a money payment from the settlement and a possible pay increase.

To receive benefits (such as money), you must complete and return the four enclosed documents. All forms must be postmarked or delivered on or before [*Deadline above*], to:

[*Name and Address*]

If you do not submit a completed Claim Form and Release Form on or before [*Deadline above*], then your claim will not be on time and **you will not receive any benefits from this settlement.**

Enclosed is a stamped, pre-addressed envelope you can use.

This Claim Form will only be used to confirm important information we need in order to make sure you are eligible to receive money under this settlement and process your payment.

NOTE: This notice is only for the person it was sent to and cannot be transferred or used by another person who is not part of the settlement.

Step 1: Please provide the following contact information to process your payment (please PRINT legibly).

First Name: _____ Last Name _____

Any other names you have used: _____

Home Phone: _____

Cell Phone: _____

Email Address: _____

- 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: _____

Please verify [or provide] the last four digits of your social security number: _____
The last four digits of your Social Security Number are required in order to process your payment for tax purposes. Your Social Security Number will not be used for any other purpose.

Notify us at the address below if your address changes or contact us if you have any questions about this claim form, the notice, or the settlement.

Name
Address
Phone
Email/website link

Step 2: Sign and return along with the Release Form

I certify the above as true and correct.

Signature

Date

RELEASE OF CLAIMS UNDER EXECUTIVE ORDER 11246

PLEASE CAREFULLY READ THE ENCLOSED NOTICE BEFORE COMPLETING THIS RELEASE. YOU MUST RETURN A SIGNED RELEASE TO RECEIVE MONEY FROM THE SETTLEMENT.

This Release of Claims under Executive Order 11246 and Title VII of the Civil Rights Act of 1964 ("Title VII") ("Release") is a legal document. This document states that in return for Leidos, Inc. ("Leidos") providing you with money, you agree that you will not file any lawsuit against Leidos for allegedly violating Executive Order 11246 or Title VII in connection with compensation and promotion issues predating your signature on this Release. It also says that Leidos does not admit it violated any laws. This Release says you had sufficient time to look at the document, to talk with others about the document, including an attorney if you choose, and that no one pressured you into signing the document. Finally, it says that if you do not sign and return the document by a certain date, you will not receive any money.

In consideration of the payment of \$ _____ (less deductions required by law) by Leidos to me, which I agree is acceptable, I agree to the following:

I.

I hereby waive, release and forever discharge Leidos, its predecessors, successors, related entities, parents, subsidiaries, affiliates and organizations, and its and their shareholders, owners, directors, officers, employees, parents, successors, and assigns, of and from any and all actions, causes of action, damages, liabilities, and claims that are actionable or could have been brought under Executive Order 11246, as amended, or Title VII, as amended, which I or my representatives (heirs, executors, administrators, or assigns) have or may have which relate in any way to my compensation or promotion at any time through the effective date of this Release. By signing this agreement, I agree that I have been made whole for any claim relating to my compensation or promotion with Leidos through the effective date of this Release, and I agree not to seek and/or accept any additional relief obtained through any action based on or involving my compensation or promotion.

II.

I understand that Leidos denies that it treated me unlawfully or unfairly in any way and that Leidos entered into a Conciliation Agreement with the U.S. Department of Labor, Office of Federal Contract Compliance Programs ("OFCCP") and agreed to make the payment described above to resolve without further legal proceedings all issues related to OFCCP's complaint investigation of Leidos initiated on January 4, 2018. I further agree that the payment of the aforesaid sum by Leidos to me is not to be construed as an admission of any liability by Leidos.

III.

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 and seek legal advice. I further declare that I have decided of my own free will to sign this Release.

IV.

I understand that if I do not sign this Release and return it to Leidos such that it is received by [DATE], I will not be entitled to receive any payment (less deductions required by law).

IN WITNESS WHEREOF, I have signed this document of my own free will.

Signature: _____

Date: _____

Printed Name: _____