

CONCILIATION AGREEMENT
BETWEEN
THE U. S. DEPARTMENT OF LABOR
OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS
AND
EATON CORPORATION
2210 HIGHWAY 72/221 EAST
GREENWOOD, SOUTH CAROLINA 29649-9730

PART I. PRELIMINARY STATEMENT

The Office of Federal Contract Compliance Programs (“OFCCP”) commenced a compliance evaluation of the Eaton Corporation (“Eaton”) establishment located at 2210 Highway 72/221 East, Greenwood, South Carolina 29649, on December 31, 2013. The location at 2210 Highway 72/221 East is referred to as the Laurens Highway location. On February 25, 2016, OFCCP issued a Notice of Violations citing Executive Order 11246, as amended (“E.O. 11246”) and its implementing regulations at 41 C.F.R. §§ 60-1-2. OFCCP also issued a Notice to Show Cause for failure to enter an acceptable conciliation agreement on November 15, 2017.

In the interest of resolving the violations without engaging in further legal proceedings and in exchange for sufficient and valuable consideration described in this document, OFCCP and Eaton enter into this Conciliation Agreement (“Agreement”), and the parties agree to all the terms stated below.

PART II. GENERAL TERMS AND CONDITIONS

1. In exchange for Eaton’s fulfillment of all its obligations in this Agreement, OFCCP will not institute administrative or judicial enforcement proceedings under E.O. 11246, Section 503 of the Rehabilitation Act of 1973 (as amended (“Section 503”), and/or the Vietnam Era Veterans’ Readjustment Assistance Act of 1974 (“VEVRAA”) based on the alleged violations described in more detail in Part III. 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 Eaton violates this Agreement. Nothing in this Agreement precludes OFCCP from initiating enforcement proceedings based on future compliance evaluations or complaint investigations.
2. Eaton 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 as may be relevant to the matter under investigation and pertinent to Eaton’ compliance. Eaton will permit access to its premises during normal business hours for these purposes and will provide OFCCP with all reports and documents required.

3. This Agreement does not constitute an admission by Eaton of any violation of or noncompliance with any laws or of any other wrongdoing whatsoever, including but not limited to any violation of EO 11246, Section 503 of the Rehabilitation Act of 1973, as amended ("Section 503"), the Vietnam Era Veterans' Readjustment Assistance Act of 1974 ("VEVRAA") and their implementing regulations at 41 CFR Chapter 60, or other laws, nor has there been an adjudicated finding that Eaton violated any laws.
4. Eaton understands that nothing in this Agreement relieves Eaton of its obligation to fully comply with the requirements of EO 11246, Section 503, VEVRAA, their implementing regulations, and other applicable equal employment laws.
5. Eaton promises not to harass, intimidate, threaten, discriminate against, or otherwise retaliate against any individual because the individual benefits from this Agreement, or files a complaint or participates in any investigation or proceeding under EO 11246, Section 503, and/or VEVRAA, or engages in any activity listed at 41 CFR §§ 60-1.32(a).
6. OFCCP and Eaton ("the parties") understand the terms of this Agreement and enter into it voluntarily.
7. This document and its attachments contain the complete and final understanding of the parties with respect to the matters referenced therein. This Agreement contains all the 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 Southeast Region (the "Effective Date").
10. This Agreement will expire sixty (60) days after Eaton submits the final progress reports required in Part V below, unless OFCCP notifies Eaton in writing prior to the expiration date that Eaton has not fulfilled all of its obligations under the Agreement, in which case the Agreement is automatically extended until the date OFCCP determines Eaton has met all of its obligations under the Agreement.
11. Each party shall bear its own fees and expenses with respect to this matter.
12. If Eaton violates the Conciliation Agreement,
 - A. The procedures set forth at 41 CFR §§ 60-1.34 will govern:
 - 1) If OFCCP believes that Eaton violated any term of the Agreement while it was in effect, OFCCP will send Eaton a written notice stating the alleged violations and summarizing any supporting evidence.

- 2) Eaton 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 Eaton 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 showcause notice or proceeding through any other requirement for those establishments with an open review at the time of this agreement and seek a full make-whole remedy for victims.
- 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. Eaton 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.

13. The parties understand and agree that nothing in this Agreement is binding on other governmental departments or agencies other than the United States Department of Labor, and cannot be used as evidence that the Eaton is not in violation of any applicable federal, state, or local laws, including but not limited to E.O. 11246, Section 503, VEVRAA, Title VII of the Civil Rights Act of 1964, and the Americans with Disabilities Act.
14. This Agreement is limited to the facts of this case. Neither this Agreement, nor any part of the negotiations that occurred in connection with this Agreement, shall constitute admissible evidence with respect to any OFCCP policy, practice or position in any lawsuit, legal proceeding, administrative proceeding, compliance evaluation or audit, except for legal or administrative proceedings concerning the enforcement or interpretation of this specific Agreement.
15. All references to "days" in this Agreement are calendar days. If any deadline for an obligation scheduled to be performed under this Agreement falls on a weekend or a Federal holiday, that deadline will be extended to the next business day.

PART III. SPECIFIC ALLEGED VIOLATIONS AND REMEDIES

A. VIOLATIONS

1. **VIOLATION**: OFCCP asserts that at least as of December 31, 2011, Eaton paid women less than men employed in Technician roles in violation of 41 C.F.R. § 60-1.4(a)(1). OFCCP performed a regression analysis, based on information gathered during the compliance

review, which it asserts revealed statistically significant pay disparities.

2. **VIOLATION:** Eaton failed to develop and implement a written Affirmative Action Plan pursuant to Executive Order 11246 and its requirements at 41 C.F.R. §§ 60-1.40(a)(1), -2.10-17. Specifically, Eaton failed to develop its Affirmative Action Plan (AAP) correctly by including and incorporating the Maxwell establishment, which is a separate facility requiring its own AAP, into the initial AAP submission for the Laurens Highway establishment.

B. REMEDIES

1. **Remedy.** Pursuant to 41 C.F.R. § 60-2.17(b), Eaton agrees to conduct an analysis of its compensation policies and practices to ensure they comply with 41 C.F.R. § 60-1.4(a)(1). Specifically, Eaton will conduct a statistical analysis of annual base pay for appropriate groupings of fulltime nonexempt Technicians at the Laurens Highway facility, controlling for the factors Eaton utilizes to establish pay. Eaton will also review its processes for training selection, advancement opportunities and employee placement into jobs and access to earnings opportunities. If Eaton finds pay disparities that cannot be justified by a legitimate business factor, Eaton will eliminate the disparity by providing pay adjustments to the affected individuals currently employed at Eaton. Eaton will continue to conduct pay equity analyses on at least an annual basis to determine if there are any race- or gender-based disparities.
2. **Revised Policies and Procedures.** Eaton will review and, as necessary, revise its compensation practices and establish monitoring and oversight mechanisms to ensure that all aspects of its compensation system provide an equal opportunity to all of its employees as required by 41 C.F.R. § 60-1.4(a). All revised pay practices will ensure nondiscrimination in rates of pay or other forms of compensation.
3. **Training.** Eaton will provide training to all of its managers and supervisors who make compensation decisions, as well as to all human resources personnel who are located at the Laurens Highway facility. This training will include subjects regarding equal employment opportunity rights and responsibilities, and training on any new policies and practices in effect pursuant to the terms described in Part III of this Agreement.. Eaton's training will include a formal assessment of trainee comprehension. The assessment will ensure that managers who have completed the training understand and can implement the requirements to (1) follow compensation practices that do not discriminate against employees, as outlined in 41 C.F.R. 60-1.4(a), (2) consistently and fairly implement Eaton's new or revised written practices, and (3)(2) properly document the results of their compensation decisions and retain appropriate records.
4. **Recordkeeping.** Pursuant to 41 C.F.R. § 60-1.12, Eaton will ensure its managers properly maintain all records on Eaton's revised policies and procedures, including any associated underlying data and information such as human resources information system and payroll data, job applications, applicant and hire data, disposition codes, personnel records, and

any other records or data used to generate the required reports. Eaton also will provide OFCCP with the data requested in Part IV below.

5. **Written AAPs.** Eaton has agreed to develop and implement a written AAP pursuant to Executive Order 11246, including the appropriate establishments. Eaton will preserve its Executive Order 11246 AAP, as required at 41 C.F.R. § 60-1.12(b). Eaton will annually update and implement the contents of its AAP, as required at 41 C.F.R. § 60-2.10-17. Eaton will provide OFCCP with copies of the narrative portions of the current AAP for the Laurens Highway facility.
6. **Future Conduct.** Eaton will undertake all efforts necessary to provide equal employment opportunity and prevent record-keeping and other violations referenced in OFCCP regulations at 41 C.F.R. Chapter 60.

Part IV. REPORTS REQUIRED.

1. Eaton agrees to furnish the OFCCP with the report detailed below. The report shall be due 120 calendar days after the Effective Date of this Agreement, should be sent via email to District Director Pamela Quinn at **Ex (7)(C)** @dol.gov, and shall include:
 - Certification that it conducted its pay analysis, and addressed any disparities as described in Part III; and;
 - Documentation of training, as described in Part III;
 - Documentation of any pay adjustments made as a result of the pay analysis, as described in Part III – to include the amount of each adjustment, the date each adjustment was made, and the race/ethnicity of each individual receiving an adjustment;
 - Copies of any revised pay policies, as described in Part III; and
2. Eaton 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. TERMINATION DATE: This Agreement will expire pursuant to the terms included in Part II, Paragraph 10.

Part VI. INTEGRATION CLAUSE: This Agreement represents the full Agreement between Eaton and OFCCP and this Agreement supersedes any other agreements, oral or written. In signing this Agreement, neither Eaton nor OFCCP relies upon any promise, representation of fact or law, or other inducement that is not expressed in this Agreement. This Agreement may be modified only by written agreement of the Parties affected and may not be modified by any oral agreement.

Part VII. SIGNATURES

This Conciliation Agreement is hereby executed by and between the OFCCP and Eaton Corporation. The person signing this Conciliation Agreement on behalf of Eaton Corporation personally warrants that he is fully authorized to do so, that Eaton Corporation has entered into this Conciliation Agreement voluntarily and with full knowledge of the effect thereof, and that execution of this Agreement is fully binding on Eaton Corporation. This Conciliation Agreement is hereby executed by and between the Office of Federal Contract Compliance Programs and Eaton Corporation.

DATE 10/21/2019

Ex (6), Ex (7)(C)

Cesar Escarcega
Plant Manager
Eaton Corporation
2210 Highway 72/221 East
Greenwood, South Carolina 29649

DATE 10/23/2019

Ex (6), Ex (7)(C)

Ex (7)(C), Ex (7)(E)
Compliance Officer—Columbia
Office of Federal Contract Compliance
Programs

DATE 10/24/2019

Ex (6), Ex (7)(C)

Samuel Maiden
Regional Director—Southeast
Office of Federal Contract Compliance
Programs

DATE 10/24/2019

Ex (6), Ex (7)(C)

Pamela Quinn
District Director—Charlotte
Office of Federal Contract Compliance
Programs