

CONCILIATION AGREEMENT

Between

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

and

AQUALON COMPANY, A SUBSIDIARY OF ASHLAND, INC.

PART I. PRELIMINARY STATEMENT

The Office of Federal Contract Compliance Programs ("OFCCP") commenced a compliance evaluation of Aqualon Company, a subsidiary of Ashland, Inc.'s ("Ashland") establishment located at 1111 Hercules Road, Hopewell, Virginia on July 5, 2013 and found that Ashland was not in compliance with Executive Order 11246, as amended ("E.O. 11246"), and its implementing regulations at 41 C.F.R. Sections 60-1 and 60-3. OFCCP notified Ashland of the alleged violations found and the corrective actions required in a Notice of Violation issued on September 11, 2015. 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 Ashland 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 Ashland's 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 alleged violations described in Part III if Ashland violates this Agreement. Nothing in this Agreement precludes OFCCP from initiating enforcement proceedings based on future compliance evaluations or complaint investigation.
2. Ashland 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. Ashland will permit access to its premises during normal business hours for these purposes and will provide OFCCP with all reports and documents requested.
3. Ashland understands that nothing in this Agreement relieves Ashland of its obligation to fully comply with the requirements of E.O. 11246, Section 503 of the Rehabilitation Act of 1973, as amended ("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. Ashland agrees that it will not 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 Ashland submits the final progress report required in Part IV, below, unless OFCCP notifies Ashland in writing prior to the expiration date that Ashland has not fulfilled all of its obligations under the Agreement, in which case, the Agreement is automatically extended until the date that OFCCP determines Ashland has met all of its obligations under the Agreement.
10. If Ashland violates this Conciliation Agreement,
 - A. The procedures set forth at 41 C.F.R. § 60-1.34 will govern:
 - 1) If OFCCP believes that Ashland violated any term of the Agreement while it was in effect, OFCCP will send Ashland a written notice stating the alleged violations and summarizing any supporting evidence.
 - 2) Ashland 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 Ashland 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. Ashland may be subject to the sanctions set forth in Section 209 of the E.O. 11246, 41 CFR 60-741.66, or 41 CFR 60-300.66 and other appropriate relief for violation of this Agreement.

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

PART III: SPECIFIC PROVISIONS

1. **ALLEGED VIOLATION:** Beginning October 1, 2011, Ashland discriminated against Black applicants on the basis of their race in hiring for Transition Operator position, in violation of 41 CFR 60-1.4(a) (1) and 41 CFR 60-3.3(A). Specifically, during the period October 1, 2011, through September 30, 2012 Ashland's failure to apply its selection procedures uniformly for all applicants resulted in a statistically significant difference in the rates at which Blacks and Whites were hired into the Transition Operator positions during this period. Adverse impact was noted in hiring Black applicants that was statistically significant at the level of (b) (7)(E) standard deviations which resulted in a shortfall of hiring four (4) Black applicants. In addition, Ashland used employment tests and other selection procedures for the Transition Operator position that had not been validated under the *Uniform Guidelines on Employee Selection Procedures* ("UGESP").

REMEDY: Ashland agrees to cease the selection procedures that resulted in the discrimination identified in Violation 1. Ashland must examine, monitor and modify its selection procedures as necessary and ensure that selection criteria are applied uniformly and the hiring decisions for the Transition Operator positions are made in a non-discriminatory manner. In addition, Ashland agrees to take the following corrective actions:

a) **Revision of the Hiring process, Implementation and Training:** Within 60 calendar days of the Effective Date of this Agreement, Ashland shall certify that it eliminated the Transition Operator position from the Establishment's workforce on August 16, 2014. If the Establishment creates an entry level position below the Cutter Operator position ("entry level position") any time before the expiration date of the Conciliation Agreement, Ashland agrees to conduct a comprehensive evaluation of its hiring policies, procedures, and practices, as well as implementation, training and monitoring of these policies, procedures and practices relating to its hiring in such entry level positions to include the following:

- Review its hiring procedures including, but not limited to, recruitment, screening, interviewing, selection, rejection and hiring for such entry

level position to ensure compliance with Executive Order 11246, as amended.

- Identification of the qualifications and criteria to be used to place applicants into such entry level positions' applicant pools.
 - Identification of the qualifications and criteria to be used to eliminate and/or select applicants at each step of the hiring process for such entry level positions, including the qualifications and criteria to be used in any application screen, interview, test, post-hiring screen or other selection procedure.
 - Procedures to ensure decisions are documented at each step in the hiring process of such entry level positions.
 - Procedures to ensure that documents are retained in accordance with 41 C.F.R. 60 § 1.12(a) and Part 60-3.
 - Ashland shall record the foregoing revised hiring process and procedures in writing.
- b.) Training: Within 120 calendar days of the Effective Date of this Agreement, Ashland will train all individuals involved in recruiting, selecting and documenting applicants for the Establishment of Ashland's hiring policies, procedures, and practices, as well as implementation, training and monitoring of these policies, procedures and practices relating to its hiring. The training will include instruction in the proper implementation of the recruitment and selection procedures, the specified qualifications and criteria that will be used at each step in the hiring process, the procedures to be used to document the decision made at each step in the hiring process, and the procedures to be used to ensure that documents are retained in accordance with 41 C.F.R. 60 § 1.12(a) and Part 60-3.
- c.) Notification: (i) Within 30 calendar days of the Effective Date of this Agreement, Ashland shall notify Black applicants shown on Attachment A ("Class Members") of the terms of this Agreement by mailing by first class mail to each Class Member the Notice to Class Members (Attachment B, "Notice"), the Address and Social Security Verification (Attachment C, "Verification"), the Release of Claims Under Executive Order 11246 (Attachment D, "Release"), and a postage paid return envelope.
- (ii) Each Class Member shall be given until November 7, 2016 to respond in accordance with the Notice.

(iii) Within 65 calendar days of the Effective Date, Ashland will provide a list to OFCCP of those Class Members who did not respond to the first Notice during the 30 day period, including those returned as undeliverable. OFCCP will then initiate efforts to locate those Class Members and provide the updated contact information to Ashland. OFCCP will have 30 calendar days from the date the list is provided by Ashland to provide Ashland with the updated contact information.

(iv) Within 10 calendar days, Ashland agrees to mail by first class mail a second Notice, Verification, Release, and postage paid return envelope to Class Members OFCCP locates as per section 1(c)(iii) above. Forty-five (45) calendar days following the date of resending the Notice, Ashland will provide OFCCP with a list of Class Members who did not respond to the second Notice. OFCCP will have 20 calendar days from receipt of this list to obtain responses from Class Members who did not respond to the second mailing. After November 7, 2016, any Class Members listed on Attachment A who have not responded will be ineligible to participate in the monetary settlement.

As of the execution of this Agreement, Ashland has hired 4 members of the Class into the Cutter Operator¹ position paying them the hourly rate of at least \$22.32 as set forth for a Cutter Operator in the collective bargaining agreement which is higher than the previously established rates for the Transition Operator position. Ashland has been given credit for the 4 Black applicants. OFCCP will count these hires to satisfy Ashland's hiring obligations under this Agreement.

- d.) Eligibility: All Class Members who complete, sign, and return the Verification and the Release to Ashland in accordance with the instructions contained in the Notice, as set forth in this Section, paragraph c by November 7, 2016, will equally share the monetary settlement and will constitute the "Final List." If a Class Member has not returned the completed and signed documents in accordance with the Notice by November 7, 2016, the Class Member will no longer be entitled to any relief pursuant to this Agreement.

Within 180 calendar days of the Effective Date of this Agreement, Ashland will provide OFCCP with the Final List of all Class Members who returned the completed and signed Verification and Release, along with a copy of each executed set of Forms it received. Within 200 calendar days from the Effective Date of this Agreement, OFCCP will review and approve the Final List of Eligible Class Members or discuss with Ashland any issues necessary to finalize the list, such as inclusion or exclusion of certain Class Members. The monetary payment discussed in paragraph (e) below will be divided equally among all Eligible Class Members on the final approved list.

- e.) Monetary Settlement: Within 225 calendar days from the Effective Date of this Agreement, in settlement of all claims for back pay, interest and other monetary relief to the affected Class Members, Ashland agrees to pay and to distribute \$175,000.00

(\$161,374.76 in back pay and interest of \$13,625.24)(“Settlement Amount”) less legal deductions required by law from back pay only (such as federal, state and/or local taxes and the Eligible Class Member’s share of FICA taxes), in equal shares among all Eligible Class Members on the final approved list. Ashland will pay the Internal Revenue Services (“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 applicable tax year.

Within five calendar days of Ashland’s receipt of a check to an Eligible Class Member returned as undeliverable, Ashland will notify OFCCP of this fact via email sent to Heidi Lacy, at Lacy.Heidi@dol.gov and OFCCP will attempt to locate the Eligible Class Member. OFCCP will provide such updated contact information within 15 calendar days of the date the email is sent by Ashland. If OFCCP obtains an alternate address or confirms the correct mailing address, Ashland will re-mail the check within five calendar days of receiving an alternate or corrected address. Any check that remains un-cashed 180 days after the initial date the check was mailed to the Eligible Class Member (“negotiability period”) will be voided. With respect to any un-cashed funds, Ashland will make a second distribution to all Eligible Class Members who cashed their first check if the amount of the un-cashed funds would result in a payment of \$30.00 or more to each of the located Eligible Class Members. This second distribution will be made 60 days following the negotiability period, This second distribution will be made less legal deductions, and no portion of this distribution, if any, will be apportioned to represent interest. If the total amount of un-cashed funds would result in a payment of less than \$30.00 to each located Eligible Class Member, Ashland shall use those un-cashed funds to provide training in equal employment opportunity to its personnel in addition to the training it is obligated to provide described in paragraph (b) above. The parties may modify this section by mutual agreement, to include making the second distribution, if any, to Class Members who responded to the Notice after the eligibility period.

2. **ALLEGED VIOLATION:** During the period October 1, 2011, through September 30, 2012, Ashland 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, Ashland failed to preserve copies of all records pertaining to applicant data management, documentation of screening methods used by recruiters and hiring managers, and interview notes for Transition Operators as required.

REMEDY: Ashland agrees to 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 accordance with the requirements of 41 CFR § 60-1.12(a).

3. **ALLEGED VIOLATION:** During the period October 1, 2011, through September 30, 2012, Ashland failed to develop and implement an internal auditing system that periodically measures the effectiveness of its total affirmative action program. Specifically, Ashland failed to monitor hiring at all levels of its organization to ensure that the nondiscriminatory hiring policy is carried out in violation of 41 CFR § 60-2.17(d)(1)-(4).

REMEDY: Ashland agrees to develop and implement an auditing system to measure the effectiveness of its total affirmative action program, as required by 41 CFR § 60-2.17(d)(1)-(4). In addition, Ashland also agrees to:

- 1) Monitor records of all personnel activity, including referrals, placements, transfers, promotions, terminations, and compensation, at all levels 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;
 - 3) Review report results with all levels of management; and
 - 4) Advise top management of program effectiveness and submit recommendations to improve unsatisfactory performance.
4. **ALLEGED VIOLATION:** During the period of October 1, 2011 to September 30, 2012, Ashland failed to conduct adverse impact analyses and evaluate the individual components of the selection process for adverse impact as required by 41 CFR § 60-3.15A and 60-3.4.

REMEDY: Ashland agrees to conduct adverse impact analyses on at least an annual basis for the purpose of determining whether adverse impact exists against applicants based on race, sex, or ethnic group in being provided the opportunity to compete for positions, hiring, promotion, termination, and other personnel activities. These analyses will be done by job title for each group constituting more than 2% of the labor force in the relevant labor area or 2% of the applicable workforce. If adverse impact is identified in the total selection process, Ashland must evaluate each individual component of the selection process for adverse impact. If adverse impact is found to exist in any of the individual components of the selection process, Ashland must validate each component in accordance with the Uniform Guidelines on Employee Selection Procedures or utilize selection procedures which do not result in adverse impact.

PART IV: REPORTING:

Ashland agrees to furnish OFCCP with three (3) progress reports. Ashland will send each report to the following address:

U.S. Department of Labor
Office of Federal Contract Compliance Programs
Attention: Andrew Ransome, District Director
400 North 8th Street, Suite 466
Richmond, Virginia 23219

The first report will be due April 30, 2017 and shall cover the six month period beginning October 1, 2016, through March 31, 2017 and will include:

1. Documentation of the monetary relief provided to all Class Members as specified in the Remedy to Violation 1 above. The documentation shall include copies of all signed "Information Verification Form," and canceled checks disbursed by Ashland to Class Members or other equivalent documentation verifying that all eligible Class Members were paid.
2. Documentation that Ashland provided the training as required by Part III 1 (b) of this Conciliation Agreement. This documentation will include the following: documentation showing who conducted the training (Employment Counsel); the training agenda; documentation of date(s) of training provided; and the names and job titles of those individuals involved in recruiting, selecting and documenting applicants in attendance.

The second report covering the period between April 1, 2017 through September 30, 2017 and shall be submitted on October 30, 2017 and will include:

1. The documentation described above for Item 1 in the first progress report with respect to any additional Class Members for the Transition Operator positions receiving the Settlement Fund pursuant to this Agreement.
2. If, as defined in Part III 1 (a), the Establishment creates an entry level position, the report will include an applicant flow log identifying all applicants for the entry level positions during the reporting period specified above, including name of each external applicant; date of application; race and gender; veteran and individual with disability status; referral source; and date of hire, job title, and starting wage rate (if applicable). For all applicants not selected, identify the reasons for non-selection.

3. If, as defined in Part III 1 (a), the Establishment creates an entry level position, the report will include:

(A) A description delineating the ways Ashland has revised its selection process for filling jobs in the entry level position vacancies, including any revisions to its written recruitment process, its' prescreening of job applications, hiring session, and interviews of applicants.

(B) A description of the internal audit and reporting systems put into place for monitoring Ashland's internal applicant pools and employee bidding placements, transfers, and promotions progress and program effectiveness for such entry level positions.

(C) Copies of all advertisements of recruitment for individuals that apply for the entry level positions.

(D) A summary of the results of Ashland's in-depth analysis of its total employment process to determine whether and where impediments to equal employment opportunity exist for such entry level positions.

(E) A narrative of how Ashland revised its internal audit system to ensure periodic assessment of the effectiveness of its total affirmative action program for such entry level positions.

The third report covering the period between October 1, 2017 through March 31, 2018, and shall be submitted on April 30, 2018 and will include:

1. The documentation described above in the second report for Items 2, 3(D), and 3(E) with respect to any entry level positions for the reporting period specified above.
2. If, as defined in Part III 1 (a), the Establishment creates an entry level position, the report will include: copies of the adverse impact determinations for the entry level positions conducted during the reporting period specified above. If adverse impact (as that term is defined and described in 41 CFR § 60-3.4D) exists, Ashland will provide the results of its review and/or examination of each individual component in the selection process for positions in the job group. Documentation will also include a detailed description of any actions taken by Ashland to address the adverse impact found in its review.

Ashland will retain records pertinent to the violations resolved by this Conciliation Agreement and to the reports submitted under it, including the underlying information on which the reports are based, until the expiration date of the Conciliation Agreement or consistent with regulatory requirements, whichever is later.

This Conciliation agreement will remain in full force and effect until sixty (60) days following Ashland's submission of the final report, or until such time as OFCCP has deemed that Ashland has met all conditions of this Agreement. The date of signature by the OFCCP Regional Director will constitute the effective date of this Agreement.

PART V: SIGNATURES

This Conciliation Agreement is hereby executed by and between the U.S. Department of Labor, Office of Federal Contract Compliance Programs and Aqualon Company, a subsidiary of Ashland, Inc., located 1111 Hercules Road, Hopewell, VA 23860.

(6 & 7) (c)

PAUL TUCK
Plant Manager
Aqualon Company,
A subsidiary of Ashland, Inc.

Date: JUNE 8, 2016

(6 & 7) (c)

MICHELE HODGE
Regional Director
OFCCP/Mid-Atlantic Region

Date: JUNE 6, 2016

(6 & 7) (c)

ANDREW RANSOME
District Director
OFCCP/Richmond Area Office

Date: JUNE 6, 2016

**ATTACHMENT A
CLASS MEMBERS**

(6 & 7) (c)

(6 & 7) (c)

ATTACHMENT B

NOTICE TO CLASS MEMBERS

Dear Potential Class Member:

We are writing to you with regard to your application for employment with Aqualon Company, a subsidiary of Ashland, Inc. (Ashland) located in Hopewell, Virginia. Your application for Transition Operator was submitted during the period of October 1, 2011, through September 30, 2012. Recently, the U.S. Department of Labor, Office of Federal Contract Compliance Programs (OFCCP) conducted an evaluation of the company's hiring practices during the period of time you submitted you application. As a result of that evaluation, the OFCCP and the company have entered into a Conciliation Agreement (Agreement) to resolve alleged disparities in selecting applicants for the Transition Operator position. .

As part of this Agreement, Ashland has agreed to a monetary settlement, which will be equally divided amongst individuals who decide to participate in the settlement. Because you submitted a job application and were not hired during the period of time covered by the evaluation, you are eligible to receive a monetary payment subject to lawful payroll deductions.

In order to be eligible for this distribution, you must complete and sign the enclosed Address and Social Security Verification, IRS Form W-4, as well as the enclosed Release of Claims, and return them to the following address no later than November 7, 2016 for you to be entitled to participate in this settlement:

Mr. Dickie Custer
High Performance Manager
Aqualon Company, a subsidiary of Ashland, Inc.
1111 Hercules Road
Hopewell, VA 23860

By entering into this Agreement, Ashland has not admitted, nor has there been any adjudicated finding that Ashland violated any laws when it did not hire you for the position for which you applied. Ashland has entered into this Agreement for its convenience and to resolve the matter without further legal proceeding.

IF YOU FAIL TO COMPLETE AND RETURN THE ENCLOSED DOCUMENTS TO ASHLAND ON OR BEFORE November 7, 2016, YOU WILL NOT BE ELIGIBLE TO RECEIVE A PAYMENT.

If you have any questions you may call Mr. Dickie Custer at Ashland at 804-629-2622, or OFCCP Heidi Lacy at 804-888-6714. Your call will be returned as soon as possible.

Sincerely,

DICKIE CUSTER
High Performance Manager

Enclosures

Information Verification
IRS Form W-4
Release of Claims under Executive Order 11246
Postage Prepaid Self Addressed Envelope

ATTACHMENT C

ADDRESS AND SOCIAL SECURITY VERIFICATION

You will complete this form and the attached Form W-4 in order to be eligible for the monetary settlement under the terms of the Conciliation Agreement (CA) between Ashland, Inc. and the U. S. Department of Labor's Office of Federal Contract Compliance Programs (OFCCP) dated _____.

Please print legibly, except for the signature.

Name: _____

- 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: _____

Notify Ashland, Inc. at the address below if your address changes within the next twelve months.

Your Social Security Number is required and is to be used for tax purposes only:

____ - ____ - _____

You must return this form to:

Mr. Dickie Custer
High Performance Manager
Aqualon Company, a subsidiary of Ashland, Inc.
1111 Hercules Road
Hopewell, VA 23860

IF YOU FAIL TO COMPLETE AND RETURN THE ENCLOSED DOCUMENTS TO ASHLAND ON OR BEFORE November 7, 2016, YOU WILL NOT BE ELIGIBLE TO RECEIVE A PAYMENT

"I certify the above as true and correct."

Signature _____

Date _____

ATTACHMENT D

RELEASE OF CLAIMS UNDER EXECUTIVE ORDER 11246

In consideration of the net payment to me (less deductions required by law) and in consideration of the Conciliation Agreement between Ashland and the U.S. Department of Labor/Office of Federal Contract Compliance Programs (hereinafter OFCCP), I agree to the following:

I.

I hereby waive, release and forever discharge Ashland, its predecessors, related entities, subsidiaries, and organizations, and its and their current or former directors, officers, employees, agents, representatives, successors, and assigns, 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, which I or my representatives (heirs, executors, administrators, or assigns) have or may have which relate in any way to me not being hired by Ashland 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 OFCCP for assistance at (804) 888-6714.

III.

I understand that Ashland denies that it treated me unlawfully or unfairly in any way and that Ashland 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 July 5, 2013. I agree that the payment of the aforesaid sum by Ashland to me is not to be construed as an admission of any liability by Ashland.

IV.

I understand that this Release is a legal document, and 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 complete and sign this Release and the Address and Social Security Verification and return both of the documents to Mr. Dickie Custer, High Performance Manager, Aqualon Company, a subsidiary of Ashland, Inc., 1111 Hercules Road, Hopewell, VA 23860, **on or before November 7, 2016**, I will not be entitled to receive the above-referenced payment.

PRINT NAME

Signature

Date